
CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2010



FONDIARIA-SAI S.p.A.

FONDIARIA-SAI S.P.A. - TURIN OFFICES - CORSO G. GALILEI, 12 – FLORENCE OFFICES - VIA LORENZO IL
MAGNIFICO, 1 - SHARE CAPITAL EURO 167,043,712 FULLY PAID-IN – TAX, VAT AND TURIN COMPANY
REGISTRATION NO. 00818570012 - COMPANY AUTHORISED TO UNDERTAKE INSURANCE ACTIVITIES PURSUANT
TO ARTICLE 65 R.D.L. NO. 966 OF APRIL 29, 1923, ENACTED INTO LAW NO. 473 OF APRIL 17, 1925

CORPORATE BOARDS FONDIARIA-SAI S.p.A.

BOARD OF DIRECTORS

Salvatore Ligresti

Honorary Chairman

Jonella Ligresti*

Chairman

Giulia Maria Ligresti *

Vice Chairman

Massimo Pini *

Vice Chairman

Antonio Talarico *

Vice Chairman

Fausto Marchionni *

Chief Executive Officer - General Manager

Andrea Brogginì

Maurizio Comoli

Francesco Corsi

Carlo d'Urso

Vincenzo La Russa*

Gioacchino Paolo Ligresti *

Lia Lo Vecchio

Valentina Marocco

Enzo Mei

Giuseppe Morbidelli

Cosimo Rucellai

Salvatore Spiniello

Sergio Viglianisi

Graziano Visentin

Alberto Marras

Secretary of the Board and the Executive Committee

BOARD OF STATUTORY AUDITORS

Benito Giovanni Marino

Chairman

Marco Spadacini

Statutory Auditor

Antonino D'Ambrosio

Statutory Auditor

Maria Luisa Mosconi

Alternate Auditor

Alessandro Malerba

Alternate Auditor

Rossella Porfido

Alternate Auditor

INDEPENDENT AUDITOR

RECONTA ERNST & YOUNG S.P.A.

GENERAL REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS

Sandro Quagliotti

GENERAL MANAGEMENT

Fausto Marchionni

Stefano Carlino

Emanuele Erbetta

EXECUTIVE RESPONSIBLE

for the preparation of the corporate accounting documents

Pier Giorgio Bedogni

** Members of the Executive Committee*

The Chairman, Ms. Jonella Ligresti, and the Chief Executive Officer, Prof. Fausto Marchionni are the representatives of the company pursuant to article 21 of the Company By-Laws and have all ordinary and extraordinary administrative powers with all rights thereto, to be exercised in single signature and with possibility to confer mandates and proxies, with the exclusive exception of the following powers:

- sale and/or purchase of property above the value of Euro 15 million for each operation;
- sale and/or purchase of investments of a value above Euro 30 million for each operation and, in any case, of controlling interests;
- obtaining of loans above Euro 50 million for each operation;
- provision of non-insurance guarantees in favour of third parties.

The Chairman and the Chief Executive Officer report to the Executive Committee or to the Board of Directors in each meeting in relation to the exercise of the above powers, with particular regard to atypical, unusual or operations with related parties (where not reserved to the Board) and, in general, on the most significant operations.

The Executive Committee has all the powers not already attributed to the Chairman and to the Chief Executive Officer, except for those which for law or the company by-laws are the exclusive competence of the Board of Directors, while providing that - in accordance with the principles of correct conduct in relation to inter-group transactions and those with related parties approved by the Board of Directors' meeting of December 16, 2009 - the exclusive competence to the Board of all deliberations in relation to inter-group transactions and those with related parties which for subject, payment, terms, conditions and time period may have effects on the safeguarding of the company assets or on the completeness and correctness of the information, including accounting, relating to the issuer, with the exclusion of the operations made between subsidiary companies and subsidiary companies with associated companies. The attribution of exclusive duties to the Executive Committee in relation to specific types of operations or operations with limited amount does not exist. The Committee reports to the Board of Directors at each meeting on the exercise of its powers.

The Board of Directors was appointed by the Shareholders' Meeting of April 24, 2009. The Shareholders' Meeting of April 23, 2010 appointed Mr. Graziano Visentin as a director in replacement of Mr. Oscar Zannoni who has passed away.

The Board will expire, together with the Board of Statutory Auditors, with the shareholders' meeting for the approval of the financial statements for 2011.

FIRST HALF-YEAR 2010 HIGHLIGHTS

- 17/03/2010: Fondiaria-SAI S.p.A. sold to the third parties of Messrs. Alberto Amilcare Foà, Roberto Brasca, Giordano Martinelli and Giovanni Brambilla 450,000 ordinary shares, representing 90% of the share capital, of SAI Asset Management SGR – società di gestione del risparmio S.p.A., at a price of Euro 4.9 million. The Group intends to maintain a holding of 10% in the share capital of the asset management company in view of the industrial project of the buyers which is focussed upon - in addition to the development of the ordinary individual and collective asset management activities - the strengthening of consultancy activity on behalf of private and institutional investors.
- 26/03/2010: The rating agency Standard & Poor's, within a general review of the Italian insurance market, revised the rating of the Fondiaria-SAI Group and its principal subsidiary Milano Assicurazioni, from A- to BBB+. This change in the rating is related to the deterioration in the operating performance as well as the reduced financial and capital flexibility. The outlook is confirmed as negative, due to concerns on the capacity of the Group to return profitability to its historic levels. However the report underlines the solid leadership position held in the Non-Life sector in Italy and the continued improvement of the ERM (Enterprise Risk Management). The Standard & Poor's rating reflects the current difficult market conditions within the Non-Life sector.
- 29/04/2010: Fondiaria-SAI S.p.A., Milano Assicurazioni S.p.A. and its subsidiaries Liguria Assicurazioni S.p.A. and Liguria Vita S.p.A. approved a corporate/industrial reorganisation project, to be carried out through a share capital increase of Liguria and Liguria Vita, reserved to Milano, through conferment of the Milano business units dedicated to the agency networks which distribute the brand products, respectively of SASA and SASA Vita. The re-allocation to a single entity, legally independent, will allow the Fondiaria SAI Group to manage more effectively and efficiently its organisational, communicative and commercial strengths concerning the various types of distribution networks and opens up a series of potential advantages in a market context still characterised by an uncertain macroeconomic scenario and high levels of competition.

In 2009 the Business unit recorded total premiums of approx. Euro 501 million (Euro 424 million Non-life, Euro 77 million Life).

The Liguria Group recorded total Non-Life-Life premiums written of Euro 295 million in 2009 (Euro 273 million Non-Life, Euro 22 million Life).

The operation will therefore create the 10th largest insurance group in Italy, operating both in the Non-Life and Life sectors, with total premiums of approx. Euro 0.8 billion, principally in the Non-Life sector and a net equity of approx. Euro 0.2 billion. The creation of a single commercial and organisational entity, as well as creating a significant force within the domestic market, will also allow the Fondiaria SAI Group to take advantage of any combined entity valuation opportunities.

The two share capital increases presented to the relative extraordinary shareholders' meetings of Liguria and Liguria Vita, after obtaining the necessary authorisations, will be carried out through the issue of:

- in relation to the conferment to Liguria of the SASA Business Unit, 70,941,075 ordinary Liguria shares of a nominal value of Euro 1 each, for a total nominal value of Euro 70,941,075, as well as Euro 61,800,087 share premium reserve and therefore for a total value of Euro 132,741,162;
- with regard to the conferment to Liguria Vita of the SASA Vita Business Unit, 2,608,704 ordinary Liguria Vita shares of a nominal value of Euro 5 each, for a total nominal value of Euro 13,043,520, as well as Euro 1,141,935 share premium reserve and therefore for a total value of Euro 14,185,455.

- 14/05/2010: Fondiaria-Sai S.p.A. began a restructuring which will further centre operations on the core insurance business and finance, thereby further strengthening the Group's competitive capacity. Operationally, the restructuring results in the centralisation to two new General Managers – reporting directly to the Chief Executive Officer and General Manager Mr. Fausto Marchionni – of the operational responsibility for the insurance business and finance: the General Insurance Manager position has been entrusted to Mr. Emanuele Erbetta (with operational responsibility for the Non-Life Division) with General Finance and Life Management entrusted to Mr. Stefano Carlino (with responsibility for the Life and Finance Divisions). Along with the centralisation of operating responsibility the staff functions will report directly to the Chief Executive Officer and General Manager.
- 17/06/2010: Banco Popolare di Milano S.c.r.l. and Milano Assicurazioni S.p.A., under agreements signed on December 23, 2009 in relation to the mutual winding-up of the partnership in the bancassurance sector and having received the necessary legal authorisations, announced the transfer to Banco Popolare di Milano of the 51% holding in Bipiemme Vita S.p.A. held by Milano Assicurazioni for a total amount of Euro 113 million (including, as contractually provided for, the pro-quota dividends already received by the seller).

The agreement also provides for an earn-out linked to the achievement of thresholds in favour of Milano Assicurazioni in the case in which Banca Popolare di Milano sells the majority shareholding in Bipiemme Vita S.p.A. to third parties within 12 months, as well as the maintaining by BPM of the current financial management services provided to the Fondiaria SAI Group.

Key Group data

(in Euro millions)

1st Half 2010 **1st Half 2009**

Net profit *	(157)	32
Total Gross premiums written	7,414	6,449
of which:		
Gross Non-Life premiums written	3,704	3,706
Gross Life premiums written	3,710	2,743
Investment policies written	24	28
APE	336	253
Combined ratio – Non-Life sector	105.4	101.8
Expense ratio of the Non-Life sector	21.8	21.3
Expense ratio of the Life sector	3.4	5.5

(in Euro millions)

30/06/2010 **31/12/2009**

Investments	36,660	34,646
Net technical reserves - Non-Life division	10,915	10,978
Net technical reserves - Life division	22,478	19,870
Shareholders' Equity	3,035	3,711

** The result includes the minority interest share.*

OPERATIONAL PERFORMANCE

The consolidated half-year report at 30/06/2010 includes the recommendations of Isvap Regulation No. 7/07 and was prepared in accordance with article 154 of Legislative Decree 58/98 and subsequent modifications and based on the regulations for the preparation of financial statements applying the same accounting and consolidation principles utilised for the preparation of the consolidated financial statements at 31/12/2009. In particular, the balance sheet and income statement data and relative Explanatory Notes were prepared as per accounting standard IAS 34 relating to interim accounts. In the preparation of the interim data, the application of the accounting principles and policies for the financial statements require, as also recalled in the notes, a greater recourse to estimates and projections.

The data therefore has the function of representing in a reasonably reliable manner the financial position of the Group at June 30 and of providing information on the principal risks and uncertainties for the remaining six months of the year.

Pursuant to CONSOB Communication No. DEM/6064293 of 28/07/2006 and CESR recommendation in relation to alternative performance indicators it is reported that the principle indicators utilised in the present report are in line with the most widely accepted methods in the finance industry. Where indicators are utilised which are not calculated in accordance with these requisites the necessary information is provided in order to understand the basis of the calculations utilised.

The income statement data for the first half 2010 concerning discontinued operations was prepared in accordance with IFRS 5. For the data relating to the same period of the previous year prepared in accordance with this standard reference is made to Part E of the Explanatory Notes.

In the first half of 2010 the Group – and also for the comparative data utilised in the present document - reclassified the book values of some of the properties held by the subsidiaries Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni from the account Property, plant and equipment to the account Investment Property.

The current classification was adopted following the partial non-proportional spin-off of the ex Immobiliare Lombarda in the previous year as it more closely reflects the real estate management policies, focused on a greater stability in assets over time in comparison to the focus of the ex Immobiliare Lombarda - from which these properties originate.

The book value of the reclassified properties at December 31, 2009 was Euro 431 million. The reclassification did not have a significant impact on the result for the period or the previous periods in that the cost method was adopted for the valuation for both the Property, plant and equipment and Investment Property accounts.

Consolidated Income Statement

The table below reports the results in the first six months of 2010 compared to the same period of the previous year and for the full year 2009.

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Net premiums	7,209,804	6,216,493	993,311	11,888,742
Net charges relating to claims	6,849,571	5,937,473	912,098	11,872,025
Net commissions	15,859	19,382	(3,523)	32,425
Net income from investments	405,833	339,314	66,519	563,244
Net Income from financial instruments recorded at fair value through profit or loss	272,728	417,627	(144,899)	906,125
Management expenses	979,199	972,926	6,273	1,910,631
Other income and charges	(234,672)	(55,968)	(178,704)	(133,015)
Profit (loss) before taxes	(159,218)	26,449	(185,667)	(525,135)
Income taxes	536	(5,950)	6,486	(132,940)
Net Profit/(loss)	(159,754)	32,399	(192,153)	(392,195)
Profit from discontinued operations	2,341	-	2,341	682
Consolidated profit/(loss)	(157,413)	32,399	(189,812)	(391,513)
Minority interest profit/(loss)	(12,623)	11,620	(24,243)	(48,920)
Group profit/(loss)	(144,790)	20,779	(165,569)	(342,593)

The net result in the half year was a loss of Euro 157 million (profit of Euro 32 million in H1 2009). The principal factors affecting the result were as follows:

- in relation to the comparison between the first half year 2010 data and H1 2009 a significant deterioration in the technical result of the Non-Life Classes is evident, the causes of which have already been illustrated in the 2009 annual accounts and the 2010 first quarter report.
Against a substantially unchanged amount of premiums written, the claims ratio deteriorated by approximately three percentage points, due to the need to strengthen - in particular in the Motor Classes - the prior year reserves.
However the data relating to the half-year performance appears more positive, in consideration of a significant decrease in claims and a reduction in claim frequency in the Motor TPL Class and in the other classes the absence of particularly serious events;
- the continued effects of the current economic-financial crisis which led to reduced income from investments, following low interest rates and a decrease in dividends from investments, along with the losses from the valuation of financial instruments available for sale in portfolio under the Group impairment policy (gain of Euro 75.7 million compared to a charge of Euro 65 million in the first half of 2009);
- the Life sector however has recorded encouraging results due on the one hand to strong bancassurance premiums and on the other to an investment policy which has benefited from the recent market volatility with the realisation of significant gains.

As a result of the these factors:

- The half-year **consolidated result** was a loss of Euro 157.4 million (a profit of Euro 32.4 million in H1 2009), of which Euro 144.8 million attributable to the Group and Euro 12.6 million attributable to minority interests.
- The overall **technical performance** in the insurance sectors report stability in premiums written in the Non-Life sector (unchanged on the first half of 2009) and a strong increase in the Life sector (+35.2%), with a significant contribution from the bancassurance companies, despite the deconsolidation of the subsidiary Bipiemme Vita.
- The **Non-Life sector** recorded a pre-tax loss of Euro 220.7 million, a significant deterioration on the pre-tax profit of Euro 25 million in H1 2009.

In particular the Civil Responsibility Classes continued to post negative results, with an ex-generation claims performance affected by the need to strengthen the residual load, due also to the progressive introduction of the new physical injury tables across the country.

However, with premiums written substantially unchanged, following the entry into force of the new tariffs from December 1, 2009 the premium quality improved - increasing the average premium and decreasing the policies insured and therefore the exposure to risk.

The turnaround in the Land Vehicle Classes was noteworthy – unaffected by the generalised increase in claims throughout 2009. In the General Classes the current generation performance improved on the first half of 2009 thanks to the introduction of new products, the review of existing product tariffs, greater controls and a reduction in discounting in the retail sector. In the corporate sector, the prudent selection of new risks continued, in addition to the review of the products in portfolio with discontinuation and/or extensive review of the guarantees given.

The current generation claims cost in the Non Motor Classes therefore decreased on H1 2009.

In this context, the current generation claims performance improved particularly in the Motor TPL division - both on FY 2009 and on Q1 2010.

- The **Life sector** recorded a pre-tax profit of Euro 107 million: against an increase in premiums of over 35% the financial area made a significant contribution with large gains (of which over Euro 23 million deriving from the sale by the Group of Lehman Brothers securities) and a lesser impact from the valuation of financial instruments available-for-sale (Euro 15.0 million compared to Euro 50.3 million in H1 2009).
- The **Real Estate sector** recorded a pre-tax loss of approx. Euro 16 million (loss of Euro 23 million in the first half of 2009) due to the high amount of overhead costs not offset by significant sales. In addition, from the present year the properties in the sector, spun-off from Immobiliare Lombarda, are valued at cost according to the criteria of IAS 40 with consequent recording of the related depreciation.
- The **Other Activities sector**, which includes the companies operating in the financial, asset management and hotel sectors, reports a pre-tax loss of Euro 29.7 million (profit of Euro 3 million in H1 2009). The loss principally relates to the Atahotels Group which has been affected by the seasonality of the business and the charges related to the restructuring in progress. The result was also affected by the financial markets which have not allowed significant gains to be realised.
- Total **management expenses** amounted to Euro 979 million (Euro 973 million in the first half of 2009). In the Non-Life sector these expenses, net of those strictly related to the management of the investments, amounted to Euro 791 million and represent 21.3% of the premiums (Euro 776 million in the first half of 2009, equal to 20.9%), while in the Life sector the total amount of the expenses was Euro 123 million and accounted for 3.3% of premiums (Euro 150 million in the first half of 2009, equal to 5.5%).

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- The **net commissions** for financial services amounted to Euro 16 million (Euro 19 million in the first half of 2009) and almost exclusively refers to the diversified sector in which the banking subsidiaries carry out financial asset management activities.
 - **Net income from financial instruments recorded at fair value through profit and loss** amounted to Euro 273 million (Euro 418 million in the first half of 2009). This account includes the net income from financial assets where the risk is borne by the policyholders (positive for Euro 257 million although offset by the correlated increase in net charges relating to Life Division claims) and residually the adjustment to the fair value of financial instruments belonging to the sector.
 - Excluding the contribution of the net income deriving from financial instruments at fair value through profit or loss, the **total net income from investments**, including net charges from investments in subsidiaries, associated companies and joint ventures of Euro 14 million, amounted to Euro 406 million (Euro 339 million in the first half of 2009). Interest income contributed Euro 351 million, other net income Euro 62 million and valuation losses, net of the relative revaluations, approx. Euro 110 million, with net gains to be realised of Euro 154 million. **Interest expense** amounting to Euro 37 million (Euro 59 million in the first half of 2009) refers almost entirely to financial debt.
 - **Other revenues and costs** amounted to a cost of Euro 235 million (Euro 56 million costs in the first half of 2009). The account includes amortisation and depreciation on intangible and fixed assets totalling approx. Euro 40 million.
The change is due to the utilisation, during H1 2009 of Euro 150 million, relating to the provision made in 2008 by the subsidiary Popolare Vita against restructuring charges of the index linked policies with underlying securities of Lehman Brothers.
 - The **profit from discontinued operations** principally relates to the gain on the conferment to the Rho Real Estate Fund of the building located in Riva Tommaso Gulli in Trieste. The conferment of this building, already planned as part of the wider operation carried out in 2009, took place in March 2010 following the registration in the Friuli Venezia Giulia region land registrar.
 - The **income tax charge** was unrepresentative due to the non recording of tax savings on the valuation losses on AFS shares recorded to the Income Statement in the half-year, as well as the tax losses incurred by some subsidiaries.

The result for the period was not impacted by significant non-recurring or unusual operations compared to the normal operations of the company.

The Comprehensive Income Statement

With EU Regulation No. 1247 of 17/12/2008 a new version of IAS 1 was published. The new version continues the convergence with US accounting principles; in particular it includes the introduction of an income statement more related to the Anglo-Saxon basis of “comprehensive income”. The comprehensive income statement also includes equity movements not reflected in the income statement.

In relation to this ISVAP issued Instruction No. 2784 on March 8, 2010 which modified Regulation No.7, establishing among others an obligatory Comprehensive Income Statement, which is summarised below:

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Consolidated Profit/(loss)	(157,413)	32,399	(189,812)	(391,513)
Other Comprehensive Income Statement items	(328,034)	(27,627)	(300,407)	359,237
Total Comprehensive Income Statement	(485,447)	4,772	(490,219)	(32,276)
of which:				
Group	(423,262)	(8,580)	(414,682)	(52,863)
Minority interest	(62,185)	13,352	(75,537)	20,587

The above statement is affected in a significant manner by the stock market performance of the available for sale financial instruments.

The comparison between H1 2010 and H1 2009 shows a significant reduction in the “Other Comprehensive Income Statement items”. This reduction is almost entirely related to the decrease in the fair value of financial instruments, net of the amounts borne by the policyholders and of the related tax charges.

Premiums Written

The first half of 2010 reported total premiums written of Euro 7,413,916 thousand (+14.96%), broken down as follows:

(in Euro thousands)	1 st Half 2010	1 st Half 2009	Change %
<u>DIRECT PREMIUMS</u>			
Non-Life Division	3,699,191	3,700,965	(0.05)
Life Division	3,709,037	2,742,577	35.24
Total direct premiums	7,408,228	6,443,542	14.97
<u>INDIRECT PREMIUMS</u>			
Non-Life Division	5,066	4,611	9.87
Life Division	622	930	(33.12)
Total indirect premiums	5,688	5,541	2.65
TOTAL	7,413,916	6,449,083	14.96
of which:			
Non-Life Division	3,704,257	3,705,576	(0.04)
Life Division	3,709,659	2,743,507	35.22

SECTOR CONSOLIDATED INCOME STATEMENT

	Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Sectors		Inter-segment Eliminations		Total	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009
1.1 Net premiums	3,510,478	3,487,277	3,699,326	2,729,216	0	0	0	0	0	0	7,209,804	6,216,493
1.1.1 Gross premiums written	3,652,019	3,658,877	3,709,659	2,743,508							7,361,678	6,402,385
1.1.2 Premiums ceded to re-insurers	-141,541	-171,600	-10,333	-14,292							-151,874	-185,892
1.2 Commission income			9,354	20,595			23,586	23,694	-1,113	-934	31,827	43,355
1.3 Income and charges from financial instruments at fair value through profit or loss statement	5,902	74,630	265,382	337,406	-482	-54	1,926	5,645		0	272,728	417,627
1.4 Income from investments in subsidiaries, associates and joint ventures	21	75			154	1,539		18		-18	175	1,614
1.5 Income from other financial instruments and property investments	192,876	188,322	430,858	358,583	19,305	23,206	38,835	45,831	-15,338	-14,982	666,536	600,960
1.6 Other revenues	215,828	180,757	29,780	180,807	52,528	85,261	319,398	258,366	-349,170	-333,588	268,364	371,603
1 TOTAL REVENUES AND INCOME	3,925,105	3,931,061	4,434,700	3,626,607	71,505	109,952	383,745	333,554	-365,621	-349,522	8,449,434	7,651,652
2.1 Net charges relating to claims	-2,785,345	-2,673,293	-4,064,226	-3,264,180	0	0	0	0	0	0	-6,849,571	-5,937,473
2.1.2 Amounts paid and changes in technical reserves	-2,867,030	-2,783,875	-4,073,759	-3,275,778							-6,940,789	-6,059,653
2.1.3 Reinsurers' share	81,685	110,582	9,533	11,598							91,218	122,180
2.2 Commission expenses			-8,146	-16,493			-7,822	-7,480			-15,968	-23,973
2.3 Charges from investments in subsidiaries, associates and joint ventures	-1,994	-1,536	-1,044		-2,839	-2,821	-8,887	-314			-14,764	-4,671
2.4 Charges from other financial instruments and property investments	-146,993	-134,605	-63,512	-80,274	-29,677	-32,098	-18,931	-24,070	12,999	12,458	-246,114	-258,589
2.5 Management expenses	-794,274	-778,799	-126,173	-152,987	-195	-232	-172,006	-161,845	113,449	120,937	-979,199	-972,926
2.6 Other costs	-417,219	-317,801	-64,328	-90,582	-54,822	-98,095	-205,839	-137,203	239,172	216,110	-503,036	-427,571
2 TOTAL COSTS AND CHARGES	-4,145,825	-3,906,034	-4,327,429	-3,604,516	-87,533	-133,246	-413,485	-330,912	365,620	349,505	-8,608,652	-7,625,203
PROFIT/(LOSS) BEFORE TAXES	-220,720	25,027	107,271	22,091	-16,028	-23,294	-29,740	2,642	-1	-17	-159,218	26,449

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Interim Directors' Report

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

In the advanced economies, the recession of the past two years has led to a significant increase in government deficits and borrowing; the uncertainties surrounding the recovery are now affecting the state of public finances. A recovery took hold in the leading economies last year and will continue in 2010, although at differing rates and with pervasive uncertainties.

In the updating of the World Economic Outlook at the end of H1 2010, the International Monetary Fund revised upward world growth estimates for the current year, while maintaining those for 2011 unchanged, with a growth forecast for the global economy of 4.6% (+0.4% on the April forecast). For next year the estimate remained unchanged at growth of 4.3%.

In particular, Chinese GDP is estimated to increase by 10.5% in 2010 and 9.6% in 2011, while the United States will see expansion of 3.3% in 2010 and 2.9% in 2011.

Despite the financial markets turbulence, the global recovery should continue: an increase in financial stress may however be a potential risk, fed by growing worries of “sovereign risk” at individual state level. International Monetary Fund forecasts underline the importance of the strengthening of national strategies to build confidence and stability, particularly in the Euro Area, and have re-asserted the need to implement recovery plans which do not hinder economic growth.

Given the low level of inflation forecast in the advanced economies, monetary policy should prove highly effectual in mitigating any possibility of slipping back and providing the principal defence in many of the advanced economies.

The European and Italian markets

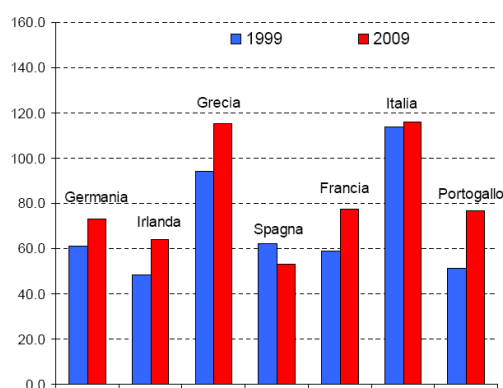
In the Euro Zone the recovery also appears to be taking hold at differing rates due to the wide range of support policies to stimulate demand and the varying capacity of businesses to tap in to the acceleration in world trade. In the coming months consumption may remain tentative - as highlighted by the household consumption indicators. The still large unutilised production capacity limits the willingness of business to invest. In the short-term, improved competitiveness following the weakening of the Euro and the strengthening of world trade will be the principal growth drivers in Europe.

The Euro Zone, affected severely by the debt crises of some countries, is forecast to grow by 1.0% in 2010 and by 1.3% in 2011, with Germany expanding by 1.4% in 2010 (+1.6% in 2011), in line with France (+1.4% in 2010 and +1.6% in 2011), Italy growing 0.9% this year (+1.1% in 2011) while the Spanish economy contracting by 0.4% in 2010 (+0.6% in 2011).

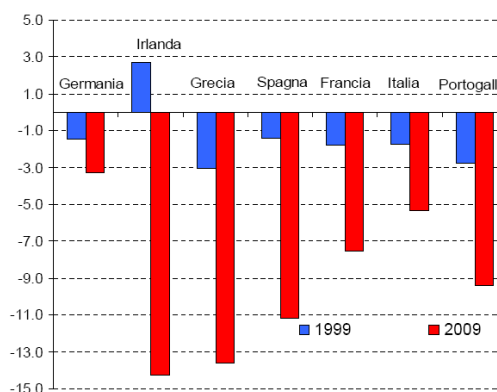
At the beginning of 2010 the financial crisis tested the cohesion of the European Union: in a period in which an extraordinary quantity of private bonds matured, the growth in public debt increased the risk premium on sovereign debtors, as happened in Greece, despite problematic signals already in evidence from October 2009 when the recently elected Government revealed a public finance situation which was significantly worse than that previously recognised.

The Greek crisis occurred within a severe deterioration of the public accounts - to a greater or lesser degree - across all advanced economies. In the G7 countries, the government deficits in 2009 averaged 9% of GDP; the public debt surpassed the 100% threshold of domestic product and, in the absence of adequate corrective measures, according to International Monetary Fund estimates, would increase by over 20 points in the coming five-year period, due to automatic stabilisers and fiscal stimuli.

Graph 1 – Public debt (as % of GDP)



Graph 2 – Public surplus/deficit (as % of GDP)



Source: Bank of Italy (June 2010 – Hearing of the Accounts, Treasury and Planning Commission of the House of Deputies) and the Ameco Study Centre.

Demand remains weak in Italy. Household consumption increased slightly in the second half of 2009, supported by vehicle purchase incentive schemes. Spending has however been curtailed by the contraction in real disposable income, returning to the levels seen in the mid 1990s; additional fears in relation to unemployment have exacerbated the situation.

Compared to the fourth quarter of 2009, which incurred a sudden halt, Q1 Italian GDP grew by 0.4% (slightly under 2% on an annual basis), supported by growth in exports against the continued stagnation of internal demand. According to available economic indicators, economic growth should continue at a similar pace in the second quarter. In addition to the recovery of exports, government investment incentives (now expired) and a moderate increase in consumption have benefited the situation. In the second part of the year, GDP growth may therefore weaken, driven principally by foreign demand.

According to ISTAT the unemployment rate remained unchanged in May for the third consecutive month at 8.7%. The employment rate stands at 56.9%, a decrease of 0.1% on April and 0.8% on the same period in 2009.

The insurance sector

The contraction of the EU car market continued also during May, with a total of 1,129,508 new vehicle registrations (-9.3% on May 2009). The decrease is due to the ending of incentives and the continued challenging economic situation.

Germany with 249,708 new vehicle registrations (-35.1%) is the largest European auto market, followed by Italy (-13.8%) and France (-11.5%). New vehicle registrations in Great Britain however increased in May (+13.5%) and in Spain (+44.6%), particularly as a result of the low levels recorded in May 2009.

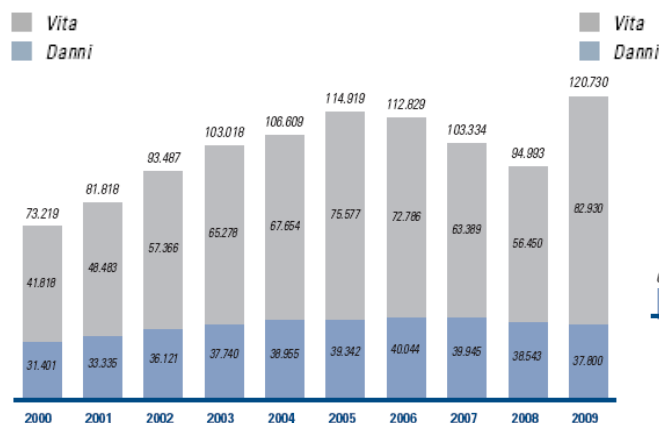
In this difficult economic environment, featuring growing uncertainty, the solidity of the Italian insurance industry has ensured continued guarantees and security for households and businesses. In 2009, Italian households set aside over one third of their financial investments for Life insurance policies and the positive trend continued in the first months of 2010.

In the Non-Life Classes, excluding the Motor TPL Class, premiums written remained largely unchanged, due to the slowdown in economic activity and the decreased value of insured assets, with a strongly deteriorating technical performance.

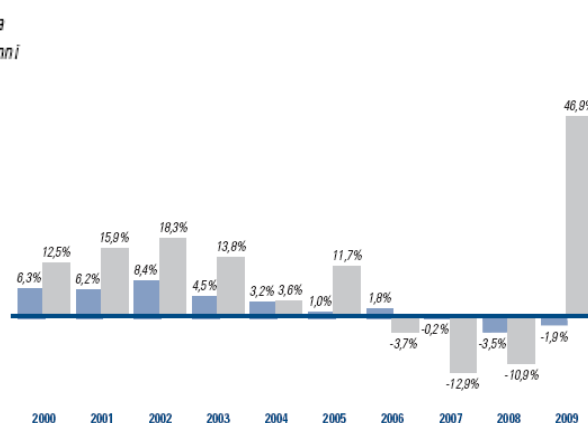
In an international context, Italy is characterised by a significantly lower amount of insurance coverage in comparison to other advanced economies. This constitutes a weakness within the Italian system as the non insured household is more vulnerable financially, while an under insured business is a less solid business, exposed to the consequences of events which - in the most serious cases - may result in the closure of a business.

Total premiums written in the Non-Life and Life Classes by Italian companies in the first quarter of 2010 amounted to Euro 36.7 billion, an increase of 43.7% on the same period of 2009. Specifically, the Non-Life portfolio (total of Euro 8.5 billion) decreased by 3.6%, accounting for 23.2% of the total portfolio (34.6% in the same period of 2009), while the Life premiums (Euro 28.2 billion) recorded an increase of 68.6%, accounting for 76.8% of the total Life and Non-Life global portfolio (65.4% in the same period of 2009).

**Graph 3 – Gross premiums - total business
(in Euro millions)**



**Graph 4 – Gross premiums - total business
(nominal growth rate)**



Source: ANIA – Italian Insurance 2009-2010

Total Italian direct premiums written in 2010 (Non-Life and Life) are expected to increase. The Insurance Industry Association forecasts growth of 5.5% on the previous year, thanks to a gradual economic recovery: premiums should reach Euro 124 billion, accounting for 8.1% of GDP, an increase on 7.74% in 2009.

Regulatory framework

With reference to the principal regulatory norms concerning the Italian insurance market in the first half of 2010, the following information is provided.

Disclosure and advertising obligation regulations for insurance products

In May, ISVAP issued Regulation No.35 to implement a number of provisions of Legislative Decree No. 209/05 ("Private Insurance Code"). This Regulation seeks to increase the transparency and clarity of pre-contractual documents concerning insurance products, through introducing disclosure obligation regulations for companies and regulations concerning the advertising of products in order to protect the consumer.

The entry into force of the Regulation is set for December 1, 2010 and will be applied to all commercial contracts entered into from this date, providing (through a summary table or a disclosure note according to the type of product) data concerning:

- Share capital;
- Capital reserves;
- Solvency ratio (ratio between the available solvency margin and the solvency margin required by law).

The data should concern the latest approved financial statements and should be updated by May 31 of each year and communicated to the contracting party also through distance communication methods; when during the period prior to the annual updating, changes occur in relation to the information contained in the documents, the company must supplement promptly the information document in circulation and provide prompt notice of such on the internet site.

The most relevant and important new developments for the consumer relate to the following types of contract:

- Contracts relating to the signing of mortgages or personal loans:
 - a) it is explicitly prohibited to contemporaneously assume, directly or indirectly, the position of grantee/binding party of insurance services and as broker of the contract (article 52, paragraph 1, of Regulation No.35). This regulation is particularly directed at policies connected to mortgages or to loans in which the banks (or the financial companies) are both the party issuing the loans and that brokering the policy (receiving on average commissions greater than 80% of the premium);

-
- b) in the case of transfer or advanced settlement of mortgages and of other loans related to insurance contracts for which a single premium is paid (charge incurred by the debtor/insured party) the part of the premium already paid and relating to the residual period to the original expiry must be repaid to the debtor/insured party (article 49 of Regulation 35);
 - c) in the Information Note, the company must report all of the costs borne by the contracting party, with indication of the average premium portion of the broker.

- Health contracts:

within these contracts, for the insurance companies, cancellation is no longer possible in the case of a claim (article 48, paragraph 1 of the Regulation). This prohibition will not however be applied (in accordance with article 37, paragraph 8, of Legislative Decree No. 209/2005) to health insurance contracts which have a long-term duration or which in relation to an annual contract have a renewal option on expiry; in this case the insurance company may exercise the right to withdraw, following the claim, only within the first two years following the signing of the contract.

- Motor TPL contracts:

an information document broken down by specific vehicle category (cars, mopeds and motorcycles) and boats was published in order to provide the potential customer with specific information regarding the type of vehicle for which coverage has been requested (article 30, paragraph 4 of the Regulation).

- Life insurance product contracts:

the information document supplied to potential contracting parties before the signing of a proposal concerning the insurance product must be drawn up.

The information must be clear and concise and relate to the main features of the contract, the guarantees, the costs, the obligations and any financial risks borne by the contracting party (articles 4 and 5 of the Regulation).

The insurance companies must update every year by May 31 both the summary table and the Notes and where in the preceding period amendments are made to the information which require reporting in this document, the companies must in a timely manner update the documents in circulation and provide also timely notice on the internet site (article 11 of the Regulation).

- Non-Life insurance contracts:

standardised tables of the Notes required were introduced (contained in the information document with the insurance Conditions and the Proposal Form, where required) and clear numerical elaborated examples were required in order to facilitate the understanding of the clauses relating to exemptions, amounts outstanding and maximum limits, as well as examples of circumstances regarding the modification of risk.

For the contracts signed before the date of entry into force of the Regulation, none of the provisions relating to the information document and the Notes are applicable.

Direct compensation

After the first three years of the CARD convention, from January 1, 2010 some aspects of the Convention between Insurers for Direct Damage were amended and integrated, in order to update the regulations to the new provisions which govern the compensation system: for further information, reference is made to the 2009 Annual Accounts.

New regulations on consumer credit

The new consumer credit regulation was approved by the European Parliament in 2008; however Italy only began the process to enact the regulation into law in June 2010 with approval expected by the Summer break, enabling the entry into force of the new provisions. The new law will provide uniformity and common regulations in all EU member states in relation to loans issued. Firstly, the thresholds were reviewed: the consumer credit regulations previously had an approximate limit of Euro 30,000, while contracts covered by the new regulation may range from Euro 200 to Euro 75,000. Whomever assumes credit will have the right to cancel a loan contract within fourteen days from signing of the contract, without a stated reason, under pre-established methods.

The regulation will also modify the conditions relating to the advanced settlement of a loan - previously advanced cancellation charges were a maximum of 1% of the repaid amount, while under the new regulation, the maximum penalty will be 1% of the advanced repaid amount if the time between the advanced settlement and the date of the expiry of the contract is greater than one year.

In the case in which this period is less than one year, the advanced settlement charges may not be greater than 0.5% of the advanced repaid amount.

Non-Life Insurance Sector

THE NON-LIFE INSURANCE MARKET

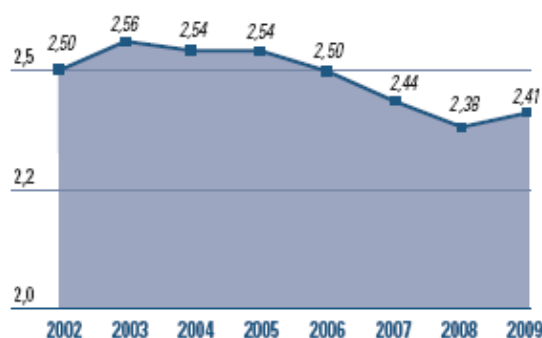
At the end of the first quarter of 2010, the premiums portfolio of the Motor TPL classes and the Maritime TPL classes totalled Euro 4.2 billion (-3% on the first quarter of 2009), comprising 48.8% of total Non-Life Division premiums (48.5% in the same period of 2009) and 11.3% of total premiums (16.8% in the first quarter of 2009).

The decrease in premiums written in these Classes was affected both by the general containment of the tariff increases by the companies which often apply discounts on commercial grounds, and by the effects of the bonus/malus regulations which have enabled a large number of insured parties to utilise a more favourable merit class than they would have previously had. According to a survey carried out by the Industry Association, under an ISVAP approved method the number of vehicles insured in 2009 at 43.5 million was stable on the previous year (+ 0.2%). Therefore, the average unitary price of coverage decreased by 3.9% due to strong competition in the market.

The largest amount of premiums written in the Other Non-Life classes were: Land Vehicles with 8.7% (8.5% in the first quarter of 2009), Accident with 8.4% (8.6% in Q1 2009), General TPL with 7.8% (8.5% in 2009), Health with 6.5% (6.2% in 2009), Other Property Damage with 6.3% (6% in 2009) and Fire and Natural Events with 5.8% (same as 2009).

The analysis by distribution channel continues to highlight the large proportion of premiums written through brokerage agencies, amounting to 82.3% of the Non-Life portfolio (83.8% in 2009) and 89.8% of the Motor TPL division (90.1% in the first quarter of 2009).

Graph 5 – % of Non-Life premiums of GDP



Source: ANIA –Italian Insurance 2009-2010 (the figures indicated take account of the review of GDP data by ISTAT recently carried out)

After six years of gradual decrease, the percentage of Non-Life premiums on Gross Domestic Product recorded a small increase due to a contraction of GDP greater than premiums; specifically the percentage in 2009 was 2.4% (a small increase on 2008).

In the last five years, the average price of Motor TPL insurance reduced by 11.8%. The contraction in 2005 was 1.5%, 0.8% in 2006, 2.7% in 2007, 3.6% in 2008 and 3.9% in 2009.

In 2009, the ISTAT index of Motor TPL prices recorded an average increase of 2.9% against an overall consumer price increase of 0.8%. The figures do not take account of:

- the effects of the bonus for policyholders who do not cause claims (approximately 92%);
- the discounts given to customers which increased due to the intensified competition between companies and for which a maximum cannot be fixed (Law No. 248/2006);
- the growing number of policyholders who every year change company in the search of better prices;
- the effects of the bonus/malus provisions.

In the two year period 2008-2009, a notable increase in the disparity between the increase in the ISTAT index and of the average price therefore took place.

In the coming months, the economic recovery forecast for 2010, although very gradual, should also have a positive effect on the Non-Life Class premiums written. The adjustments necessary from the introduction of the maximum compulsory minimum guarantee (with entry into force in December 2009) and the necessity to re-balance the technical accounts is expected to result in an overall premium volume increase for 2010 of approximately 3-4% on 2009.

In relation to compulsory insurance, premiums however should increase by between 1% and 2%, based on the first indications for the Motor TPL Classes which recorded a Q1 increase of 1.5% in premiums on the same period of 2009.

A reduction in premiums written for the Land Vehicle classes is however forecast (-1%) due to the expected contraction in new vehicle sales with a consequent depreciation in value of insured vehicles. The volume of premiums in the property sector (Fire and Other Damage to Property) and the General TPL classes should remain substantially unchanged. A small increase in the Injury and Health Classes is expected.

OPERATIONAL PERFORMANCE

At the end of 2009, the **Fonditaria-SAI Group** was the second largest group in terms of direct Italian premiums written, consolidated as per IAS/IFRS, with total premiums in the Non-Life Division of Euro 7.1 billion (market share of over 19%), confirming the strong presence in Italy.

In particular, the Group is the leading company in the Motor TPL Class with premiums amounting to 22.79% of the total.

As described in the introduction, the results of the sector were affected by a significant fall off, recording a loss of Euro 221 million compared to a profit of Euro 25 million in the first half of 2009.

The deterioration of the results is largely due to the technical performance which in turn is affected by:

- the reduction in premiums in the Non Motor class;
- the necessity to prudently strengthen the prior year reserves, due in part to the rulings of the Milan Court;
- the continuation of high physical injuries within the Motor TPL class, which often witnesses fraudulent behaviour.

However an improvement in the current generation Motor TPL class is reported, with a decrease in claims and a small contraction in frequency, while the drop in premiums in the Motor Classes has improved the premium quality with an accompanying positive benefit for the future technical balance.

Premiums

The Fonditaria SAI Group in the first half of 2010 recorded premiums of Euro 3,704,257 thousand (-0.04%).

The direct premiums written amounted to Euro 3,699,191 thousand (-0.05%).

The breakdown by Class is shown below:

(in Euro thousands)	1 st Half 2010	1 st Half 2009	Cge. %	Percentage	
				30/06/2010	30/06/2009
Accident & Health	337,560	355,686	(5.10)	9.1	9.6
Marine, aviation and transport insurance	100,802	99,288	1.52	2.7	2.7
Fire and other property damage	423,696	410,815	3.14	11.4	11.1
General TPL	267,675	282,492	(5.25)	7.2	7.6
Credit & Bonds	46,283	45,695	1.29	1.2	1.2
General pecuniary losses	19,552	20,178	(3.10)	0.5	0.5
Legal expenses	10,220	10,258	(0.37)	0.3	0.3
Assistance	28,449	27,488	3.50	0.8	0.7
TOTAL OTHER NON-LIFE DIVISION	1,234,237	1,251,900	(1.41)	33.2	33.7
Motor vehicle TPL	2,094,146	2,061,703	1.57	56.7	55.7
Motor vehicles – other classes	370,808	387,362	(4.27)	10.0	10.5
TOTAL MOTOR	2,464,954	2,449,065	0.65	66.7	66.2
TOTAL DIRECT PREMIUMS	3,699,191	3,700,965	(0.05)	99.9	99.9
INDIRECT PREMIUMS	5,066	4,611	9.87	0.1	0.1
TOTAL NON-LIFE DIVISION	3,704,257	3,705,576	(0.04)	100.0	100.0

The premiums ceded amounted to Euro 156 million (Euro 174 million in the first half of 2009).

The increase in the Motor TPL premiums written of 1.57% follows a number of vehicle fleets just recently insured by the Group, without which a small decrease in premiums written would have been recorded. The performance continues to be affected by the “Bersani” regulatory changes, which strongly reduced the discriminatory power of the “Bonus Malus” system, allowing the new low class policies to be matured in the “household”, and allowing the “Malus” only in case of principal responsibility.

The review process continued of the commercial policies undertaken in relation to conventions and the fleets with particular attention to the recovery of profitability both in the Motor TPL and Land Vehicle classes - of which all of the principal contracts are monitored at least monthly.

The withdrawal from the multi-claim portfolio also continued along with the containment of discounts afforded to clients.

The small improvement on the performances in 2009 and in the first quarter of 2010 is more significant in consideration of the strong decrease in new vehicle registrations in the first half of 2010 (in June a contraction of approximately 19% on the same period of the previous year was recorded), a phenomenon which occurred throughout Europe due to the ending of government incentives and the continuation of the crisis in consumption.

The new Motor TPL tariff, implemented from December, only partly explains the effects on the premiums in portfolio. The new tariff has the objective to strengthen both the portfolio and profit levels. This strategy has therefore reduced the tariff mutuality, taking into account regulatory changes (“Bersani” and Direct Indemnity) and competitive dynamics, focusing the analysis on the client risk.

In particular the tariff focuses on the vehicle, to take account of the cost of the repairs of the vehicle for the clients, but also increasing the options available through the technical characteristics. In addition the range of tariff factors related to the age and geographic area was extended, identifying in even greater detail the niche profit markets. Finally greater value is given to the information reported on the expected risk.

Premiums recorded in the **Land Vehicle classes** contracted once again (-4.27%) due to the ongoing demand crisis which continues to affect the uptake of Land Vehicle associated guarantees, while also due to the lower contribution of agreements with vehicle manufacturers, both due to a number of non renewals and the significant decrease in vehicles sold.

In relation to the General Classes the decrease in premiums of 1.4% is due to the greater prudence in the underwriting of corporate risk.

Claims paid and reported

The gross claims paid (including indirect) amounted to Euro 3,034 million, an increase of 4.6% on the first half of 2009 (Euro 2,900 million).

A breakdown of the claims reported and paid on direct Italian business, including the expenses directly attributable to the claim and all indirect expenses relating to the settlement structure are shown below:

	Claims paid (*) (in Euro thousands)			Claims reported by year (*) (Number)		
	1 st Half 2010	1 st Half 2009	Cge. %	1 st Half 2010	1 st Half 2009	Cge. %
Accident	121,244	122,194	(0.78)	46,826	52,701	(11.15)
Health	98,208	87,254	12.55	131,359	117,745	11.56
Railway	-	-	-	-	-	-
Aviation	2,262	279	-	7	13	(46.15)
Maritime	5,730	5,825	(1.63)	415	264	57.20
Goods in transit	6,310	6,592	(4.28)	2,385	1,739	37.15
Fire and other natural events	113,821	126,768	(10.21)	35,102	38,981	(9.95)
Other property damage	139,826	133,182	4.99	82,963	78,051	6.29
Aviation TPL	973	49	-	14	2	-
Maritime TPL	784	702	11.66	121	141	(14.18)
General TPL	195,787	192,001	1.97	54,944	54,694	0.46
Credit	249	312	(20.19)	0	4	-
Bonds	27,577	20,184	36.63	921	686	34.26
Pecuniary losses	4,792	4,550	5.32	1,903	1,620	17.47
Legal expenses	952	1,243	(23.41)	887	1,150	(22.87)
Assistance	8,894	13,489	(34.06)	56,033	52,751	6.22
TOTAL OTHER NON-LIFE DIVISION	727,409	714,624	1.79	413,880	400,542	3.33
Motor TPL	1,904,425	1,769,706	7.61	459,955	475,949	(3.36)
Land vehicles	239,653	235,383	1.81	174,647	177,148	(1.41)
TOTAL MOTOR	2,144,078	2,005,089	6.93	634,602	653,097	(2.83)
TOTAL NON-LIFE DIVISION	2,871,487	2,719,713	5.58	1,048,482	1,053,639	(0.49)

(*) the table does not include the data of DDOR Novi Sad

The Motor TPL Division includes the claims paid for the charges incurred for the management of the claims as “Operator” within the new direct compensation system, net of those recovered as a flat-rate in the CONSAP compensation procedure.

The Motor TPL claims in the table refer to the events in which our policyholders were civilly responsible. In relation to claims made in the Motor TPL Division, the so-called “natural” claims were also included as claims caused (those occurring between policyholders of the same company) for comparative purposes.

The number of Motor TPL claims managed by the Group amount to 448,338.

Technical reserves, gross of reinsurance, amounted to Euro 11,600 million (Euro 11,668 million at 31/12/2009).

The percentage of management expenses to premiums was 21.8% (compared to 21.3% in the first half of 2009).

The table below shows the principal technical indicators in the first half year of 2010 and 2009.

<i>Data shown in %</i>	30/06/2010	30/06/2009
Loss ratio	79.3	76.6
Expense ratio	21.8	21.3
Combined operating ratio	101.1	97.9
OTI ratio (*)	4.3	3.9
Combined ratio	105.4	101.8

(*) Includes the balance of the other technical accounts.

The Non-Life Class technical account continues to be negatively affected by the charges incurred in the period for the amortisation of acquisition commissions (Euro 27.2 million compared to Euro 34.5 million in H1 2009). These charges, as in the previous year, were not considered for the determination of the technical efficiency ratios due to their non-recurring nature.

The **Motor TPL Class** recorded a particularly negative performance due to the contracts issued in previous years, particularly in certain regions of Centre-South Italy, with a higher percentage of claims reporting physical injury and where the risk of fraud to the company is greatest.

Current generation contracts however improved significantly, with an increase in the average policy premium and a decrease in the frequency. The effects of the actions undertaken, in relation to the increase of the average premium and the reduction in the frequency, will continue to consolidate in the rest of the year following the gradual introduction of the new tariff, the discontinuation of the multi-claim portfolio and of the actions undertaken in relation to agencies with particularly poor performances.

In relation to claims costs, the greater utilisation of the new Physical Injury compensation tables, originally adopted by the Milan Court, will result in an increase in the average claims paid and require a particularly prudent reservation policy.

The Land Vehicle Classes recovered on the previous period, which reported a particularly negative performance by some accessory guarantees such as vandalism and windshield guarantees, affecting the overall profit margin. Profit levels were assisted by the new guarantee sales methods which offset the claims recorded in relation to certain types of coverage and the adoption of specific compensation forms, particularly in relation to windshield guarantees.

In relation to the other Non-Life Classes, mixed performances were seen due in part to the difficult economic context which persists. The positive results in the Injury, Fire, Legal Protection and Assistance classes were negated by the still negative performance in the General TPL Class, particularly in relation to the corporate portfolio as well as in the Health Class.

In this environment the performance monitoring activities were stepped up, with specific initiatives in the more sensitive business sectors (principally the health area) and in relation to agencies with unsatisfactory performances.

In the General Classes the current generation performance improved on the first half of 2009 thanks to the introduction of new products, the review of existing product tariffs, greater controls and a reduction in discounting in the retail sector. In the corporate sector, the prudent selection of new risks continued, in addition to the review of the products in portfolio with discontinuation and/or extensive review of the guarantees given.

The current generation claims cost in the Non Motor Classes decreased by over 7% on H1 2009.

With reference to the Parent Company Fondiaria-SAI the premiums written in the Motor TPL Class amounted to Euro 1,117 million (+5.8%), while the Land Vehicle Class recorded a decrease of 4.8%.

The number of Motor TPL claims in the period totalled 238,658, a decrease of 4.1%, while the number of claims paid totalled 221,624 (+2.1%).

For the **Motor TPL class**, the claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 76.9% for the current half year and 86.3% at global level. The speed of settlement of the current generation on the claims managed (NO CARD Claim + Managed CARD Claims) was 61.3% for the claims in the first six months and 52.2% for the claims in previous years.

On the claims caused, the speed of settlement was 45.5% for the current half year and 51.3% for the previous years.

In the first half of 2010, the claims reported and accepted from our policyholders (including late claims) within the new compensation regime (so-called CARD Managed claims system) amounted to 165,282, of which 109,879 were fully paid.

The reported claims from the clearing houses with CONSAP, in relation to the claims in which our policyholders were in full or in part responsible (so-called CARD Debtor) amounted to 157,118 - of which 103,360 gave rise to the full payment of the indemnity and 61,569 resulted in the recording of a reserve.

For accounting purposes, up to 30/06/2010 recharges were received for a value of Euro 328 million from the clearing house. The amount of the credits received was Euro 311 million.

A large reduction in claims was recorded in the **Land Vehicle Class** (-3.9%) and of claims paid (-1.2%), resulting in a decrease in the claim cost of 6.2%. The class technical performance improved on the first half of the previous year.

With reference to the **Non-Motor Classes of the Parent Company** the direct Italian premiums written amounted to Euro 620 million, an increase of 2.9% compared to the first half of 2009. The number of claims reported increased by approx. 1.3% with claims paid increasing 3.9%.

The Fire Class (affected greatly by the high number of natural events in the first months of 2009) saw a significant decrease both in the number of claims paid (-20%) and the number of claims reported (-13%).

Overall the Non Motor Classes technical performance was negative, although an improvement on the first half of 2009 – a period negatively impacted by the tragic Abruzzi earthquake.

Auto Presto&Bene

Auto Presto&Bene, with over 36,000 claims managed in 2009, operates throughout Italy with over 1,700 workshops and 250 windshield centres. The over 9 million clients of the Fondiaria-SAI Group, a quarter of the motor insurance sector, can avail of an innovative and particularly efficient service, made possible thanks to the exclusive availability of original spare parts and guaranteed repair for life, through a network of repair centres, carefully selected by Auto Presto&Bene based on highly selective requirements (the ability to carry out high quality repairs in the shortest time possible).

The types of claims currently covered by the Presto&Bene service are for all of the claims included in the direct indemnity and direct risks procedure (Land Vehicles), with savings in the order of approx. Euro 300 for the Motor TPL Division and approx. Euro 250 for the other Non-Life Classes.

Auto Presto&Bene assists the Policyholders through two types of intervention:

1. vehicles able to move automatically: the Agency or the consultant who responds to the free telephone number provides the details of the Auto Presto&Bene repair centre where the insured party can arrange an appointment. The specialised personnel of the centre, already alerted by the Auto Presto&Bene operating system, will provide a check of the vehicle and will carry out the repair, supplying where necessary a replacement car;
2. vehicle immobilised as a consequence of the claim: the recovery service is available free, throughout Italy, for vehicles involved in accidents immobilised, organised by the consultants at the free telephone number. Once the vehicle reaches the Auto Presto&Bene repair centre and has been checked in, the client can receive the Auto Presto&Bene courtesy car until completion of repairs to the vehicle.

The average repair time of the Auto Presto&Bene centres is 5 working days, taking into account that this statistic includes some very significant claims and complex repairs.

The performance in the first half of 2010 of the principal subsidiaries is summarised in the table below:

	PREMIUMS WRITTEN	CHANGE%	INVESTMENTS	GROSS RESERVES	RESULT
(in Euro thousands)					
NON-LIFE INSURANCE SECTOR					
CAPITALIA ASSICURAZIONI S.p.A.	22,575	14.15	69,781	79,437	1,055
DDOR NOVI SAD ADO (*)	55,077	(19.49)	32,766	94,678	4,936
DIALOGO ASSICURAZIONI S.p.A.	16,068	14.01	38,438	40,664	(7,286)
EUROPA TUTELA GIUDIZIARIA	754	(6.43)	10,900	5,686	280
LIGURIA ASS.NI S.p.A.	142,184	(3.42)	267,564	336,138	(15,784)
MILANO ASS.NI S.p.A.(*)	1,605,859	(1.75)	4,631,930	5,031,750	(207,180)
PRONTO ASSISTANCE S.p.A.	20,410	(9.60)	10,024	1,463	1,770
SIAT S.p.A.	90,452	3.76	94,992	336,567	1,159
THE LAWRENCE RE IRELAND Ltd.	59,594	(34.71)	433,256	419,197	8,056

(*) Consolidated data of the Non-Life Sector

The principal information on the largest insurance companies of the Group for the first half of 2010 based on IAS/IFRS accounting standards are provided below.

- DDOR NOVI SAD ADO

The subsidiary DDOR Novi Sad ADO in the first half of 2010 recorded a profit of RSD 447 million (RSD 567 million as per IAS/IFRS standards). The main developments in the half-year are reported below:

- a decrease of 10% in gross premiums written, due principally to the slow economic recovery and the portfolio maintenance policy adopted by the company: this decrease was seen across nearly all of the Non-Life Classes and in particular the Motor TPL class (-19%), the Land Vehicle Class (-7.3%), Other Property Damage (-9.3%) and Fire (3.9%). The decrease in the Motor TPL Class is principally due to the contraction in sales following strong competition in the market. However, a notable increase in Life premiums was recorded (+4.2%) on the first half of 2009;
- the seasonal effects were reflected in the premiums reserve, calculated automatically according to the “pro-rata temporis” criteria and increasing by approx. RSD 670 million on 31/12/2009. At the same time, considering that the financing to the insured parties for the deferment of premiums is traditionally signed and/or renewed in the first half year, the obligatory provisions relating to the impairment test amounted to RSD 303 million;
- direct claims settled reduced 13.5% on the same period of 2009; the decrease is particularly significant within the Other Property Damage Classes (22.4%) and the Motor TPL Class (20.8%);
- increase in the claims reserve, a direct consequence of the increase in the reserve for open claims but not yet settled and the IBNR reserve.

- DIALOGO ASSICURAZIONI S.p.A.

In relation to the telephone and internet channels, the premiums written in H1 2010 by Dialogo Assicurazioni S.p.A. amounted to Euro 16.1 million, an increase of 14% on Euro 14.1 million in H1 2009.

As established in the industrial plan, at the beginning of the year a new advertising campaign was launched, with reduced costs than those previously incurred (Euro 2.4 million compared to Euro 3.5 million in H1 2009), entirely expensed to the income statement.

The Motor TPL Class which comprises the majority of the portfolio recorded an unfavourable technical performance principally due to the higher amount of physical injury claims and the increase in the average cost, also due to the application of the new compensation tables by the courts.

- LIGURIA SOCIETÀ DI ASSICURAZIONE S.p.A.

In H1 2010, the company recorded direct premiums written of Euro 142 million (Euro 147 million in the first half of 2009).

In the Motor TPL Class, premiums amounted to Euro 98.7 million, a decrease of approx. 1.8% on the previous half year.

The technical balance remained negative, although the Company closely monitored and discontinued unprofitable contracts.

- MILANO ASSICURAZIONI S.p.A.

The Group net loss for the first half of 2010 was Euro 195.3 million (profit of Euro 50.7 million in the first half of 2009). The loss follows principally the impairment on “available-for-sale” financial instruments for a total amount of Euro 167.6 million. The impairments were recorded in particular on the holding of Milano Assicurazioni in the parent company Fondiaria-SAI which, considering the listed price at June 30 of Euro 7.73, had a negative impact on the Income Statement of Euro 152 million (of which Euro 144 million in the Non-Life sector): this write-down did not affect the consolidated result of the Fondiaria SAI Group).

The principal factors affecting the result may be summarised as follows:

- the Non-Life sector recorded a pre-tax loss of Euro 226 million (against a profit of Euro 49.9 million in H1 2009), significantly affected by the impairment on financial instruments (Euro 155.3 million).

In relation to the technical performance, the combined ratio net of reinsurance in the half year amounted to 105.3% against 108.9% for the full year 2009 and 105.8% for Q1 2010, and although remaining negative has begun to benefit from the effects of the actions undertaken to recover profitability.

- the real estate sector recorded a loss of Euro 6.3 million (profit of Euro 4 million in H1 2009). The result was principally affected by the loss of Immobiliare Milano S.r.l. (Euro 4.7 million) largely due to financial charges relating to the Citylife project, not yet offset by profits on sales of real estate assets, which will be seen in a more advanced phase of the project.

In comparing the data of the real estate sector it is noted that the 2009 result benefited from income of the companies Meridiano Eur and Meridiano Orizzonti which in 2010, following the merger into Milano Assicurazioni, are included in the Non-life sector;

- the financial and asset management was affected significantly by impairments on “Available-for-sale” financial instruments for a total amount of Euro 167.6 million (Euro 30.6 million in the first half of 2009);

Against this, prudent trading activity which seeks to exploit the disparities within the market, also in the first half of 2010 took advantage of high levels of volatility with the recording of net gains of Euro 35.8 million, an increase on the first half of 2009;

- The management expenses in the Non-Life insurance sector amounted to Euro 325.1 million, with a percentage on net premiums of 21.1% (20.3% in H1 2009);

- SIAT – SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.P.A.

The performance in the first half of 2010, in comparison to the same period of the previous year, reports a small increase in the technical component, due to the containment of general expenses.

Within the “Transport” market, the “Hull” sector for the maritime policyholders did not report significant changes on the previous year. In addition, the weakness in the numbers recorded in previous years recovered and prices stabilised, even showing signs of improvement. There is substantial stability in policy values (which in 2009 recorded significant reductions) and a progressive reduction in the number of empty ships.

In relation to the “Goods” sector, the market reports the same difficulties which characterised 2009. Competition continued to be intense, traffic has not yet recovered (although improving) and the prices of raw materials continue to remain low compared to a number of years ago.

Relating to the claims, there were no serious events in the first half of 2010.

In relation to the outward reinsurance, there were no changes from the recent past, with the continued interest of the professional operators in the technical value of the policies underwritten.

The premiums written amounted overall to approx. Euro 90 million, a small increase on the same period of the previous year.

Premiums have benefited from the strength of the US Dollar (the currency in which a large part of the Transport business is undertaken, particularly in the “Vehicles” class) against the Euro.

These premiums relate entirely to the “Transport” sector, in that the business classified in the Motor and General Classes, based on the breakdown by division in the financial statements, are entirely based of the above-stated sector.

The Transport Class claims do not include particularly serious claims. The overall amount of claims paid (Euro 91 million, of which Euro 7 million for indirect business) is substantially in line with the first half of 2009 and principally relates to the Land Vehicle Class.

The decrease in the “Transport” sector claims reserve occurred without significant matters to report.

The administration expenses reduced in a significant manner on the same period of 2009. The reduction is a result of more contained personnel expenses (in a period of a moderate yet progressive reduction in numbers) and the containment of general expenses.

- THE LAWRENCE R.E. IRELAND LIMITED

For 2010, the company continued to operate as reinsurer for the Fondiaria-SAI Group.

The company undertakes the analytical valuation of the portfolio of the individual companies of the Group, in order to establish, and consequently provide, the necessary reinsurance cover to support specific positions. On this basis, the company ensures uniform portfolio commitments, with particular attention to the cases of intergroup co-insurance, and obtains the necessary reinsurance protection on the international market. Before defining the size of this latter, the company also verified specific further retentions at Group level.

The net profit for the first six months of 2010 amounted to Euro 8,872 thousand after income taxes (a strong decrease on the same period of 2009 which recorded a net profit of Euro 11,122 thousand). The decrease is principally due to the reduced financial management returns following the decrease in profits from the assets managed. The company continues to adopt a prudent investment policy.

The premiums accepted for the first half year of 2010 amounted to Euro 64.8 million (of which Euro 5.2 million in the Life segment). The premiums ceded to the market amounted to Euro 47.7 million (of which Euro 0.4 million relating to the Life segment). The premiums accepted decreased significantly on the first half of 2009 with volumes affected by the extensive changes to the Motor TPL Class Group reinsurance plan and not altering the premiums ceded in that they relate to inter-group agreements.

The Company also continues to undertake the run-off activity of the companies of the Group, which avail of this service. In relation to the reinsurance of previous years the objective of the company is to continue to conclude settlement agreements, which permit the reduction of the administrative charge, without affecting the profit margin. The company ceded part of this business, which reported a balanced result.

New products launched on the market

In March, the **Difesa Più Casa One** (home protection) policy was launched. This new multi guarantee product for the home broadens the “Difesa Più” line of products. Due to its modularity, flexibility and the increased level of guarantees, it provides strong protection and develops the household portfolio - one of the largest Retail sectors. The launch of the new product was supported by initiatives such as the sale of accessory guarantees at subsidised tariffs.

The new policy **Difesa Più Alla Guida** (motor policy) was also launched, a product which insures the driver and passengers for injuries resulting from traffic accidents.

In the half year initiatives for the development of the Retail portfolio were also introduced, with the issue of attachments or specific appendices. The attachments to the Injuries and Household policies are particularly mentioned, which allow for additional capital in the case of a claim and the incentives related to the “Sanicard Ricovero”, incorporated in an appendix which excludes the 7 day threshold for convalescence indemnity.

Corporate/industrial restructuring project

A corporate restructuring project concerning the subsidiary Liguria Assicurazioni S.p.A. (99.97% Milano Assicurazioni) and its 100% subsidiary Liguria Vita S.p.A. and the agency network activities of Milano Assicurazioni relating to multi-mandate agents distributing insurance policies under the SASA and SASA Vita brands took place following the merger by incorporation of SASA Assicurazioni S.p.A. and SASA Vita S.p.A. into Milano Assicurazioni S.p.A. in 2008.

The strategic and industrial reasons behind the conferment of Liguria to Milano and the merger by incorporation into the Company of SASA and SASA Vita were based on the objective to concentrate in Milano all of the agency networks of the Group with specific brand and agency characteristics, those present in specific regions and in medium to small urban centres - as well as the opportunity to achieve savings from the optimisation of the cost structure from the merger/conferment, with the maintenance of the commercial identities and the independent management opportunities which ensure the loyalty of the agency networks.

Within the context described above, the opportunity became apparent that the two distribution networks in question, which are less integrated into the overall commercial structure of the Fondiaria SAI and Milano Groups in which - even before the entry into force of the Bersani Law - a predominance of multi-mandate agents existed, could be separately valued, at a difficult time in the market and experiencing strong competition, from the other networks historically linked to the Group, such as those who operate under a single mandate.

The above reorganisation project provides in particular for the creation of a single insurance entity, legally separate, to which - as stated - regroups the agency networks of the Company and its subsidiaries more focussed on a multi-mandate offer, to be created through the share capital increases of Liguria and Liguria Vita, in accordance with article 2441, paragraph 4 of the civil code, reserved to Milano, with conferment of the business units of Milano which concern the agency networks distributing the brand products respectively of SASA and SASA Vita.

The operation would allow a more efficient and effective organisational, communicative and commercial management of the various networks, in a market context affected by the continuation of a difficult economic environment and experiencing high levels of competition.

The creation of a “multi-mandate entity” under a single commercial and organisational profile, in addition to being significant in terms of size in the domestic market, would also allow Milano Assicurazioni and the Fondiaria SAI Group to take advantage of any opportunities related to combined entity status, also through external means (merger, sales, etc.). The opportunity to sell the new entity to other operators interested in consolidating their presence in the domestic market or foreign operators who may be interested in entering the Italian market acquiring a significant market share and, particularly, an agency network which represents a unique opportunity due to its size and breadth throughout the country is also in fact under consideration. Considering the non strategic nature for Milano and for the Fondiaria SAI Group of this entity, it may also be sold to third parties who are interested in entering the insurance market with an already structured network and an independent IT system.

The reorganisation operation, subject to authorisation by ISVAP provides for (i) a share capital increase of Liguria by Milano through the conferment of the SASA Business Unit and (ii) a share capital increase of Liguria Vita by Milano through the conferment of the SASA Vita Business Unit. In addition to the authorisation in relation to the transfers of portfolios, authorisation in accordance with article 196 of Legislative Decree 209/2005 to the modifications which will be made to the by-laws of Liguria and Liguria Vita following the above stated share capital increases was requested.

The operation will strengthen Liguria and Liguria Vita, who based on the 2009 results, in addition to concentrating their activities into an historically multi-mandate agency network, would have achieved the following preliminary pro-forma results:

- Non-Life premiums written of approx. Euro 700 million;
- Life premiums written of approx. Euro 100 million;
- a network of approximately 750 agents, of which over 600 multi-mandate;
- 75% of agents located principally in the centre north with a good mix of geographical coverage between cities and small urban centres;
- the creation of the tenth largest Italian insurance company in terms of premiums written, with a significant focus on the Non-Life Classes (approx. 70% Motor and 61% Motor TPL).

The operation provides for a share capital increase both of Liguria and of Liguria Vita, with exclusion of the rights option in accordance with articles 2440 and 2441, paragraph 4, of the civil code, through the conferment by Milano, respectively, of the SASA and SASA Vita Business Units.

In order to determine the amounts of the above-stated share capital increases, taking account that they will be recorded in the accounts of the respective conferee companies Liguria and Liguria Vita at values calculated for the transfer by the conferring Milano, Liguria and Liguria Vita appointed the advisor KPMG Corporate Finance, a division of KPMG Advisory S.p.A., to establish the estimated values in order to carry out a uniform valuation of the two Business Units and of the conferee companies, necessary to identify the range of the number of new Liguria and Liguria Vita shares to be issued for the share capital increase required for the relative conferment.

The Advisor was appointed to establish a range of new Liguria and Liguria Vita shares to be issued for the conferments by MILANO of the SASA and SASA Vita Business Units. KPMG utilised the most widely accepted valuation methods identified in professional market practice of an analytical and empirical nature. In particular, methods were adopted which enabled a uniform and comparable valuation, taking account of the respective distinct characteristics of the conferee companies and the Business Units subject to conferment, of the capital values attributable to the conferee companies and the Business Units (relative values). The Advisor had the principal objective of establishing estimates which were comparable and not to establish the exact share capital values of the conferee companies and the Business Units subject to conferment.

The reference date for the estimates prepared by the Advisor was December 31, 2009.

The SASA and SASA Vita Business Units subject to the conferment will be recorded in the financial statements of the respective conferee companies Liguria and Liguria Vita at the values recorded in the balance sheet prepared by the conferring Milano for the transfer. Therefore the correctness of the issue price is based on the ratio between the economic value of the assets conferred and the value of the conferring companies from which the number of new shares to be issued is based.

Based on the number of new shares established as described above, having regard to the value of the assets to be conferred in the accounts of the conferee companies, utilising values within the range presented by KPMG and corresponding to the central values from the application of the principal methods as established by KPMG, the two share capital increases already approved by the shareholders' meetings of Liguria and Liguria Vita will be carried out, subject to the authorisation by ISVAP, through the issue of:

- with regard to the conferment to Liguria of the SASA Business Unit, 70,941,075 ordinary Liguria shares of a nominal value of Euro 1 each, for a total nominal value of Euro 70,941,075, as well as Euro 61,800,087 share premium reserve and therefore for a total value of Euro 132,741,162;
- with regard to the conferment to Liguria Vita of the SASA Vita Business Unit, 2,608,704 ordinary Liguria Vita shares of a nominal value of Euro 5 each, for a total nominal value of Euro 13,043,520, as well as Euro 1,141,935 share premium reserve and therefore for a total value of Euro 14,185,455.

Following the conferment by Milano of the SASA Vita Business Unit, the share capital of Liguria Vita (currently held 100% by Liguria) will amount to a total of Euro 19,043,520, broken down as follows:

- Milano: 2,608,704 shares of a nominal value of Euro 5 each, for a total of Euro 13,043,520, amounting to approx. 68.49% of the share capital;
- Liguria: 1,200,000 shares of a nominal value of Euro 5 each, for a total of Euro 6,000,000, amounting to approx. 31.51% of the share capital.

The audit company of Liguria and Liguria Vita, Reconta Ernst & Young S.p.A., in accordance with article 2441, paragraph 6 of the civil code, issued a report on the correctness of the issuing share price.

The conferment values of the SASA and SASA Vita Business Units, as determined by the Board of Directors of Liguria and Liguria Vita, were subject to a subsequent valuation by an independent expert PricewaterhouseCoopers chosen by the conferring company, in accordance with article 2343-ter of the civil code.

The Boards of Directors of Milano, Liguria and Liguria Vita approved independently the operation, making reference to the results of the work carried out by KPMG.

The shareholders' meetings of Liguria and Liguria Vita, meeting on June 16, approved the respective share capital increases under the terms set out above.

Life Insurance Sector

THE LIFE INSURANCE MARKET

In Q1 2010, the premiums written in the Life Classes for Class I (insurance on human life), recorded an increase of 65.1% on the same period of 2009 (Euro 21.5 billion). Class III (insurance whose value is directly related to investment funds or internal funds or related to indices or other reference values), with Euro 4.6 billion grew by 119.2% on the first three months of 2009. Class V premiums (securitisation) increased by 39.6% to Euro 1.6 billion. These Classes account respectively for 76.3%, 16.4% and 5.7% of Life premiums (respectively 77.9%, 12.6% and 6.9% in the same period of 2009).

In relation to the remaining Classes, the premiums of Class VI (pension funds) with Euro 0.4 billion accounts for 1.5% of Life premiums (2.4% in the first quarter of 2009).

The total assets managed by pension funds increased by 45.5% on March 31, 2009 (Euro 9 billion). At March 31, 2010 the total assets managed by pension funds was broken down as follows: open pension funds (Euro 3 billion), traded pension funds with guarantees (Euro 2.5 billion), traded pension funds without guarantees not included in Class VI (Euro 3.6 billion).

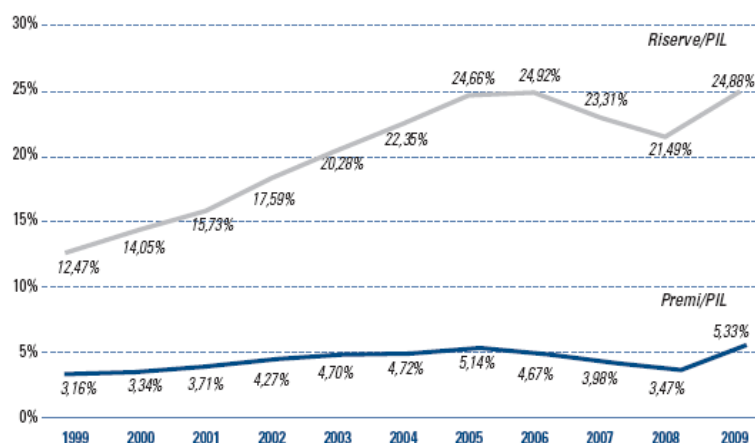
Premiums written through bank and postal branches accounted for 64.6% of the Life portfolio (66.6% in 2009). These were followed by financial promoters (16.4% compared to 6.8% in the first three months of 2009), mandated agents (11.5% compared to 15.8% in the first three months of 2009), in-house agents (6.2% compared to 9.4% in the same period of 2009), brokers (0.7% compared to 1% in the first three months of 2009) and the other forms of direct sales (0.5% compared to 0.4% in the first quarter of 2009).

As a result of the financial market crises, which began in the second half of 2008, investors are less interested in index-linked policies or rather those insurance products with a high financial content and whose performance is related to the financial markets. The financial markets are still uncertain following the entry into force of the new regulations which involved the entire restructuring of the index-linked products from those previously sold and policyholders are therefore more orientated towards traditional saving products with guaranteed yields, related to separated management.

These products, in addition to guaranteeing competitive returns in the current climate in comparison to Government bonds, meet the needs of the clientele, in particular during phases of extreme market turbulence, avoiding volatility in investment values and the entry timing risk. This is all thanks to the provision of unique guarantees on the market such as a minimum yield (contractually and economically guaranteed by the solvency which the companies hold by law) whereby the capital will never diminish. Within a situation of low interest rates, which will likely continue into the coming months, investments on the market which can provide performances better than the minimum guaranteed will become more difficult. The insurance companies however hold a still significant amount of contracts in which commitments in terms of guaranteed minimum yield, assumed in previous years and still in force, are above the current offer.

After the contraction of recent years, the significant improvement in the Life segment in 2009 has resulted in an increase in the percentage both of premiums and of actuarial reserves in comparison to GDP. In particular the percentage of reserves to GDP in 2009 totalled 24.9%, in line with 2006. The premium percentage of GDP grew from 3.5% in 2008 to 5.3% in 2009, close to that recorded in 2005 (5.1%).

Graph 6 – Premiums and reserves as a percentage of GDP



Source: ANIA – Italian Insurance 2009-2010

The Industry Association forecasts that, with a decrease in volatility in the financial markets in the second half of 2010 and increases (although contained) of the risk appetite of investors, premium volumes will rise 7% on 2009 in the Life sector. A contraction in Class I premiums policies in the order of 5% is forecast for 2010, while the financially-based products (policy linked) are expected to double.

Overall, premiums written in the Life sector in 2010 should amount to Euro 87 billion. In this case, the percentage of premiums on GDP should increase - from 5.3% in 2009 to 5.6% in 2010.

PENSIONS IN ITALY

The COVIP data concerning the number of subscribers updated to the end of 2009 (limited to the number of subscribers and the returns from the complementary pensions) allows us to establish a trend in the integrated pensions sector.

In 2009 the number of subscribers again increased, reaching 5.1 million (+4.2% on the total number of subscribers at the end of 2008), with the total number of employees in the private sector subscribing to pension funds at 3.7 million (+3.3% on the end of the previous year). On the other hand however, it seems that the progress made, with approx. 22% of all employees and self-employed persons signed up is still insufficient..

Three years from the entry into force of the last sector reform, the positive effects have diminished significantly from 2007, when employees following the introduction of the reform were called to decide whether to confer the employee leaving indemnity matured to an integrated pension. At current rates, it will take approximately 20 years until a significant amount of employees will enjoy a large supplement to the basic pension. Young persons and workers in small and medium sized enterprises continue to show little interest in pensions, as well as the great majority of public sector employees and self-employed persons.

The pension fund returns in 2009 benefited from the financial markets recovery. Overall the complementary pension form returns were positive (+8.5%) with a revaluation of employee leaving indemnity of 2.0%.

The equity segments recorded the best results, enjoying the benefits of improved share prices, with returns ranging from 16.1% for the traded pension funds to 23.3% for the PIP's. The bonds and guarantee sectors recorded positive returns and better than the employee leaving indemnity. Separated management returns dedicated to PIP's on average were 3.5%.

Operational performance

The sector pre-tax profit was Euro 107 million (Euro 22 million in H1 2009). The strong performance of the sector was aided by increased trading operations resulting in net gains of Euro 103 million compared to Euro 19 million in the first half of 2009. Of this approx. Euro 23 million related to the gain on Lehman Brothers securities in portfolio, an operation which led to net income of over Euro 83 million.

In addition impairment losses (Euro 15.0 million compared to Euro 50.3 million in H1 2009) reduced in the period. The full deconsolidation of the subsidiary Bipiemme Vita following the sale on 17/06/2010 took place. The net assets of the subsidiary had already been reclassified to discontinued assets at the end of 2009.

Premiums

Direct premiums written in the first half of 2010 amounted to Euro 3,709,037 thousand, an increase of 35.2%.

The details by class compared to the previous half-year are shown in the table below.

(in Euro thousands)	1 st Half 2010	1 st Half 2009	Change %
<u>DIRECT PREMIUMS</u>			
I – Insurance on human life expectancy	2,214,709	1,233,160	79.60
III – Insurance related to investment funds	1,230,052	1,321,221	(6.90)
IV - Health insurance	98	194	(49.48)
V – Securitisation operations	264,178	188,002	40.52
TOTAL DIRECT PREMIUMS	3,709,037	2,742,577	35.24
INDIRECT PREMIUMS	622	930	(33.12)
TOTAL LIFE DIVISION	3,709,659	2,743,507	35.22

Total premiums written by bank branches amounted to Euro 2,867 million and represent 77.3% of the total direct premiums written (69% in 2009).

The total premiums in the sector also includes Euro 24 million (Euro 28 million in the first half of 2009) on investment contracts which may not be considered under IFRS 4 and therefore not included under premiums written but rather under financial liabilities according to the deposit accounting technique.

The strong Class I increase follows the fact that the contracts, characterised by minimum guaranteed yields consolidated annually, are well taken up by clients in periods - such as the current one - in which the financial markets are particularly volatile. The growth was seen across nearly all of the product range, both for the medium-high single premium products and for the smaller annual or recurring premiums.

The premiums ceded amounted to Euro 10.3 million (Euro 14.2 million in the first half of 2009). Charges relating to claims, net of reinsurance amounted to Euro 4,064.2 million (Euro 3,264.1 million in the first half of 2009).

A breakdown by Class and type of the sums paid in the direct Life segment is shown below:

(in Euro millions)	Claims	Redemptions	Maturity	Total at 30/06/2010	Total at 30/06/2009
I – Insurance on human life expectancy	33.3	486.2	370.7	890.2	798.9
III – Insurance to which classes I and II are connected to investment funds	17.5	205.4	70.2	293.1	402.0
IV -- Health insurance	-	-	-	-	-
V – Securitisation operations as per Art. 40 of Leg. Decree 174/95	0.6	115.2	56.7	172.5	261.8
Total	51.4	806.8	497.6	1,355.8	1,462.7

There was a decrease in the percentage of management expenses to premiums (3.3% in the first half of 2010 compared to 5.5% in the first half of 2009).

Gross technical reserves amount to Euro 22,651 million, an increase of Euro 2,601 million on the end of the previous period.

New premiums written in terms of equivalent annual premiums (Annual Premium Equivalent, APE), is calculated based on the sum of the new business annual premiums and 10% of the single premiums. For the Fondiaria SAI Group, this is calculated both under the IAS/IFRS criteria, excluding therefore the contracts treated under the “deposit accounting” method, and under Local criteria taking into consideration all new premiums in the sector, including investment contracts not within the application of IFRS 4. The results of the above-mentioned valuations are reported below.

(in Euro millions)	30/06/2010	30/06/2009	Cge %
IAS/IFRS standards	336,025	253,437	32.59
Traditional products	66,628	48,242	38.11
Bancassurance	269,397	205,195	31.29
Local GAAP	336,982	253,558	32.90
Traditional products	67,248	48,351	39.08
Bancassurance	269,735	205,207	31.45

In the first half of 2010, the Individual Life policies underwritten by the distribution network was primarily focussed on the Separated Management products characterised by minimum guaranteed returns and capital protection:

- in the single premium form, with particular attention to the life capital maturity segment and securitisation policies;
- for the recurring premiums (in March the new OPEN GOLD product was launched and the restyling of the OPEN RISPARMIO with a decrease in the loading) which recorded a significant increase in new business;
- both for the constant annual premium (particularly positive results for the product dedicated to young persons OPEN BRAVO, launched in Q1 2009, and the OPEN ASSICURATO product, a new Mixed product launched in Q4 2009).

In the first half of the year the new OPEN GOLD product was launched, a recurring premium without proportional loading on entry, which has been particularly successful with the distribution networks.

The securitisation products confirm the reduced advanced redemptions and the recovery of new inflows and contracts, confirming renewed interest in this insurance instrument.

The insurance segment places particular attention on institutional contracts and, although generally remaining stable, they continue to underperform.

In the half-year, the “pre-existing” pension fund management activities - which centres on contributions from employee salaries and is therefore directly related to the number of employees and their relative level of salary - has remained stable despite the difficulties in the labour market.

A similar situation was experienced by the Open Pension Funds created by the Company, which have continued to attract new subscribers (although contained) and have seen a consolidation in contributions.

In relation to products connected to employee leaving provisions (Employee Leaving Indemnity and Agents' Leaving Indemnity) the economic conditions and more restrictive regulations continue to negatively influence the portfolio, which however remains substantially in line with the previous year.

The performance in the first half of 2010 of the subsidiaries is summarised in the table below:

	PREMIUMS WRITTEN	CHANGE%	INVESTMENTS	GROSS RESERVES	RESULT
(in Euro thousands)					
LIFE INSURANCE SECTOR					
BIM VITA S.p.A.	53,694	n.a.	202,504	141,915	374
DDOR NOVI SAD ADO (*)	2,436	(6.69)	10,383	11,846	468
LIGURIA VITA S.p.A.	12,910	31.99	121,389	114,011	(218)
MILANO ASS.NI S.p.A. (*)	266,692	(48.77)	4,218,205	3,912,121	17,955
POPOLARE VITA S.p.A.	1,643,579	n.a.	8,257,058	7,260,090	23,794
SYSTEMA VITA S.p.A.	14,941	n.a.	102,636	94,313	44
THE LAWRENCE LIFE ASS. CO. Ltd.	1,169,625	(1.52)	3,881,267	3,393,149	4,832

(*) Consolidated data of the Life Sector

The principal information on the largest insurance companies of the Group for the first half year based on IAS/IFRS accounting standards are provided below.

- MILANO ASSICURAZIONI S.p.A.

The sector recorded a pre-tax profit of Euro 29.8 million, growth on the first half of 2009 (profit of Euro 26 million) despite an impairment of financial instruments of Euro 12.3 million, gross of the portion borne by policyholders (of which Euro 8 million relating to the parent company Fondiaria-SAI)..

In the first half of 2010 premiums written amounted to Euro 266.7 million, like-for-like growth of 16.6% on the first half of 2009. The increase is due to the strong uptake recorded by the agency networks of traditional policies with high insurance content and managed securitisation policies centrally (+11.2% for Class I, +55.7% for Class V).

In relation to individual insurance also in the first half of 2010 policies have almost in their entirety consisted of Separated Management products, featuring clauses which guarantee the repayment of capital and a minimum return. Very strong results were recorded for the product dedicated to young persons “Open Bravo” and the “Open Assicurato” product.

In relation to collective insurance and pension funds, an increase in “pre-existing” pension funds managed for employees was reported, while the Open Pension Funds created by the Company recorded a contained amount of new subscribers and a stable amount of contributions from subscribers. Employee leaving indemnity related products recorded a decrease.

The reinsurance premiums ceded amounted to Euro 6.3 million and represent 2.4% of gross premiums; the reinsurance structure remains unchanged on the previous year.

Management expenses amounted to Euro 13.7 million, with a percentage on net premiums of 5.3% (7.6% in the first half of 2009).

- POPOLARE VITA S.p.A.

In the first half of 2010, the net profit amounted to Euro 23,794 thousand (a profit of Euro 7,899 thousand in the first half of 2009).

Gross premiums written amounted to Euro 1,644 million in the first half of 2010 (Euro 522 million in H1 2009) and over 95% comprised of Class I products.

Management expenses in the first half of 2010 amounted to Euro 46,512 thousand (in H1 2009 amounting to Euro 16,232 thousand) and consisting of approx. 62% of acquisition expenses (net of commissions received from reinsurers).

At June 30, 2010, overall investment volumes totalled Euro 8,257 million (growth on 31/12/2009 - Euro 7,470 million) and comprised for 56% by Financial assets at fair value recorded to the Income Statement.

The gross technical reserves amounted to Euro 7,261 million (Euro 6,027 million at December 31, 2009).

The products of the Company are marketed through the branches of the Banco Popolare Group.

The result for the period was positive, benefiting from among others the gain on the sale of Lehman securities in portfolio for Euro 18.8 million.

- THE LAWRENCE LIFE ASSURANCE COMPANY LTD

In the first half of 2010 the premiums written by the Company amounted to Euro 1,169.6 million (Euro 1,187.6 million in H1 2009). In the first half year the Company recorded a profit of Euro 4.8 million (Euro 5.2 million in the first half of 2009).

Sale of the holding in Bipiemme Vita S.p.A.

Banco Popolare di Milano S.c.r.l. and Milano Assicurazioni S.p.A., under agreements signed on December 23, 2009 in relation to the mutual winding-up of the partnership in the bancassurance sector and having received the necessary legal authorisations, on June 17 concluded the transfer to Banco Popolare di Milano of the 51% holding in Bipiemme Vita S.p.A. held by Milano Assicurazioni for a total amount of Euro 113 million (including, as contractually provided for, the pro-quota dividends already received by the seller).

The agreement also provides for an earn-out linked to the achievement of thresholds in favour of Milano Assicurazioni in the case in which Banca Popolare di Milano sells the majority shareholding in Bipiemme Vita S.p.A. to third parties within 12 months, as well as the maintaining by BPM of the current financial management services provided to the Fondiaria SAI Group. Currently, and based on the information available, it is not possible to estimate the effect of the above-stated earn-out clause.

Reinsurance

The Group reinsurance structure is in line with the protection system of the Parent Company. The proportional programme permits each insurance Company to hold an adequate part of premiums with reference to the volume of the individual portfolio, and to protect reinsuring the underwriting points which could negatively impact on the final result.

The Group reinsurance company, The Lawrence Re, provides adequate protection to each insurance Company on a reinsurance basis, and subsequently integrates the various portfolios in order to obtain specific reinsurance protection on the international market.

Non-Life Reinsurance

In the first half of 2010, the reinsurance policy of the Non-Life Division of the Fondiaria-SAI Group resulted in outward reinsurance premiums ceded of Euro 156.3 million and inward premiums of Euro 5.1 million: the outward reinsurance balance recorded a negative value of Euro 21.2 million.

In 2010, the placement of all the portfolios of the companies of the Fondiaria SAI Group on the international market takes place through The Lawrence Re Ireland Ltd with the following exceptions:

- the Transport Classes placed through the subsidiary SIAT;
- the Aviation Classes placed directly by the underwriting companies;
- the non-marine portfolio of SIAT placed with Milano Assicurazioni;
- the Protected Assistance class placed directly by the subsidiary Pronto Assistance;
- the significant risks ceded optionally directly by the companies.

The reinsurance policy is based on cessions on a non-proportional basis for the protection of the individual or cumulative risks deriving from a single event for the classes Fire, Accident, Theft, General TPL, Motor Vehicle TPL and Land Vehicles, while on a proportional basis for the Credit class. In the Transport, Aviation, Guarantees and Technological Risk classes, the structure is based on proportional agreements and excess claims coverage. The balance of the reinsurance cessions was favourable for our reinsurers and in line with expectations with no significant claims borne by the reinsurers.

The subsidiary SIAT placed on the reinsurance market the protection relating to the Transport sector operating as reinsurer of the companies of the Group, with a mixed structure based on proportional settlements and protection in excess of claims. The remaining “non marine” Classes, in any case being disposed of, were integrated into the various Group programmes through Milano Assicurazioni.

The subsidiary Liguria, following the guidelines issued by the Parent Company, placed the Transport Classes through SIAT, while Group programmes were utilised for the other guarantees, with the exception of the Assistance Class as indicated above.

In particular cases, where there was a lower priority, specific underlying programmes were placed.

The reinsurance includes at 30/06/2010 all the optional business and the acceptances by the insurance companies of the Group and at 30/06/2009 for all the other types of agreements. After the prudent reserves recorded in the previous accounts and net of the relative reinsurance, the equilibrium of the result of the overall portfolio is confirmed.

Life Reinsurance

The reinsurance programme, as in previous years, consists of a proportional agreement in excess. The retentions are variable according to the individual policies of the Group. The subsidiary The Lawrence Re reinsures this portfolio and obtains coverage on the international market through a non-proportional structure for the specific risks and a Stop Loss protection on the retained portfolio of the Group.

The retentions continue to be held for the participating insurance companies, especially when compared to the total capacity provided.

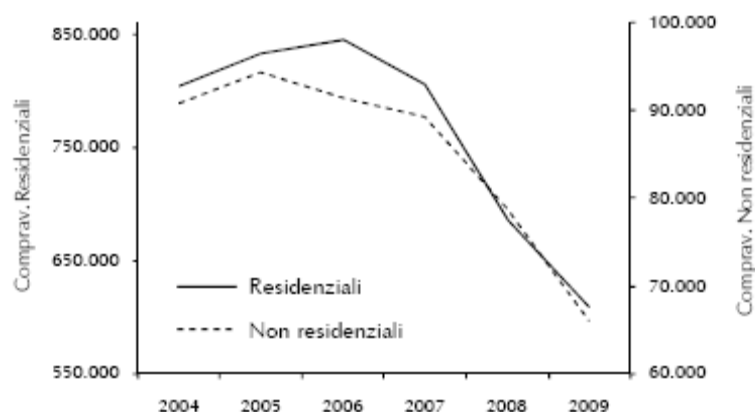
Real Estate Sector

The real estate sector continues to remain weak: forecasts of the major research institutes do not indicate substantial changes from 2009 with the number of sales stabilising at approx. 600,000 units annually in 2010, in line with the previous year.

Prices have remained quite rigid, with movements expected to remain more contained on the previous year. However the sharp correction which has been experienced in other countries is not expected to occur: the probable stability of property prices in Italy is in fact principally due to the absence of large scale speculation in previous years (more widespread for example in the Anglo-Saxon countries). Estimates point towards price stability or possibly a drop of 2% (therefore more contained than the average drop of approx. 4% in 2009).

The significant effect of the economic and financial crises, which affected also the Italian real estate market in 2009 and for the first months of 2010, is now fortunately beginning to show the first signs of recovery especially in the new residential housing market - even if the prices will not recover before the second half of 2011 - with varying trends in the upmarket and tourists areas. The situation continues however to remain depressed for the industrial warehouse sector, shops, hotels and the service sector.

Graph 7 – Number of residential and non residential sales (*)



Source: estimates of Nomisma (2010 Property Market Report) based on the data of the Territory Agency.

(*) service, commercial and productive sector.

Newly constructed buildings on the market, although still in over-supply, will be in part reabsorbed thanks to a slight improvement in the credit policies of the banks which were particularly restrictive in the first part of 2009.

The market weakness is seen through the length of sales and rental times, as well as the increase in discounts to conclude contracts.

The quality of real estate will become increasingly important, with a higher attention to building standards (finishing, energy efficiency etc.). The high-end of the market and the central metropolitan areas should maintain their values more so than suburban or smaller communities. In peripheral areas, a stronger contraction may be recorded, particularly in lower priced homes, purchased by persons with lower expendable income and requiring more significant mortgages, which are proving difficult to obtain. This may result in a decrease in sales with a consequent effect of a possible increase in the property offer on the market.

The rental sector will continue to be affected by the weak macroeconomic situation, with a greater reduction in rents than prices and a consequent contraction in property yields.

In relation to forecasts for the coming months, much will depend on the macroeconomic and employment situation in Italy: if unemployment increases, uncertainly may rise in consumption with difficulty in accessing loans for the purchase of homes.

Operational Performance

The results of the real estate sector include the subsidiaries **Immobiliare Fondiaria-SAI** and **Immobiliare Milano** (following the spin-off of Immobiliare Lombarda S.p.A.), of the Closed Real Estate Funds **Tikal R.E.** and **Athens** and other minor companies.

The key data of the real estate sector is summarised below:

(in Euro thousands)	30/06/2010	30/06/2009
Profits realised	3,350	1,165
Total revenues	71,505	109,953
Interest expense	4,308	9,082
Total costs	87,533	133,247
Losses before taxes	(16,028)	(23,294)
(in Euro thousands)	30/06/2010	31/12/2009
Investment property	1,293,840	920,009
Financial liabilities	314,508	304,825

The pre-tax result of the sector was a loss of Euro 16 million compared to a loss of Euro 23 million in 2009. The result includes depreciation, interest expense and overhead costs for the period, not offset by any income. The increase on December 31, 2009 of Investment Property is principally due to the reclassification of the buildings held by Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni which were previously recorded as inventory under Property, plant and equipment in the Buildings account. The current classification appears more suitable given the real estate management policies, focused on a greater stability in assets over time in comparison to the focus of the ex Immobiliare Lombarda, from which these properties originate.

In the half year no significant and/or important property operations took place. Management was focussed on the current properties in portfolio.

Castello Area

On July 8, 2010, the Company's Headquarters were notified of the request by the Public Prosecutor's Office of Florence of a Notification related to the conclusion of the preliminary findings with requested related guarantees from the Company.

The notification relates to the criminal proceedings begun by the Public Prosecutor's Office in Florence in relation to the offence of corruption. The case relates to the building works in the Castello area of Florence.

The Parent Company is charged with the illegal acts under articles 5 and 25 of Legislative Decree 231/2001 in relation to the offences at articles 319 and 321 of the Penal code. The Company proceeded to appoint defending council.

Citylife

In the first half of 2010, Lamaro Appalti sold the entire holding to Generali Properties S.p.A. and Allianz S.p.A., following the revocation by the Fondiaria SAI Group of the pre-emption right. In the period Immobiliare Milano Assicurazioni S.r.l. paid approx. Euro 12.3 million in the form of share capital increases following the non payment of the shareholder Lamaro: the Group holding presently stands at 27.20%.

On June 29 the associated company signed with the same pool of banks a restructuring of the old loan contracts which will allow greater flexibility in the use of the credit lines to cover the project costs.

The works on the residential lots Hadid and Libeskind have respectively reached 23% and 6% of the total works. In terms of sales, the residential units involved in the pre-sale of the above-mentioned lots were respectively 20% and 5% of the total.

The completion of the construction and the commercialisation phase is expected for 2015.

On June 11, 2010 a sales option with the other shareholders was agreed concerning the Group's share in the project at a price not lower than the book value.

Porta Nuova Varesine project

Fondiarria-SAI is involved in a joint venture with the US Group Hines concerning a real estate development project in the “Porta Nuova Varesine” area of Milan, in which the parent company Premafin and the subsidiary Immobiliare Milano Assicurazioni are also involved.

The area of the Porta Nuova Varesine project is in Milan, between Via M. Gioia, Viale Liberazione, Via Galileo and Via Vespucci and provides for the development of approximately: 42,000 sq.m. for office use, 34,000 sq.m for residential use and 6,000 sq. m for retail use. In July 2009, the contract for Lot 1 including the component for office use and the related underground floors was awarded; the preliminary works began during the summer and the building work is progressing in line with the programme for the creation of 3 buildings, 2 of which of medium height and a tower of 30 floors.

In the second half of 2009 the tender phase for the awarding of the Lot 2 contract began, comprising the residential component and the relative underground floors. In March 2010 the contract was awarded and the preliminary phases and the building works began.

At the end of 2009, the organisational restructuring was completed through the transfer of the area to the Porta Nuova Varesine closed real estate fund, managed by Hines Italia SGR. This corporate restructuring did not have any impact on the overall commitments of the Group.

In March 2010, the sale began of a second residential lot of approx. 20 apartments which were successfully completed, improving the average sales values from the first lot.

The construction works of Lot 1 have reached the stage of above-ground structural works, while for Lot 2 the foundation work for the 4th basement floor is proceeding.

In February 2010 the tender for the selection of the agent to assist Hines Italia SGR in the renting of the service component of the project began. The choice of the agent and the consequent beginning of activities is scheduled for September 2010.

Renewal of the shareholder agreement relating to IGLI S.p.A.

On June 12, Argo Finanziaria, Autostrade per l'Italia and Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. for the Fondiaria SAI Group signed a renewal and modification agreement for the shareholder pact - parties already subscribed and with expiry on June 12 - which concerns 100% of the share capital of IGLI, the holding company which in turn holds, as its only asset, a 29.9% stake in Impregilo S.p.A. The new agreement substantially confirms the governance regulations already in place both for IGLI and for Impregilo, introducing only the following modifications:

1. the extension of the duration of IGLI until 31/07/2012 and the alignment of the Pact duration with this date;
2. introduction of the following among the matters for which it is required that the Board of Directors of Impregilo may only approve with unanimous support of the IGLI Directors:
 - a) purchase or sale (or transfer) of Impregilo holdings in so-called strategic subsidiaries (i.e. currently Fisia Italimpianti S.p.A., Impregilo International Infrastructures NV, Primav Ecorodovias SA and Impregilo Edilizia e Servizi S.p.A.);

- b) the exercise of the right to vote in the extraordinary shareholders' meetings of the strategic subsidiaries, in which previously in both cases, the support of only two shareholders was sufficient;
3. the introduction, on the expiry of the Pact and in the case of the non renewal, of the proportional spin-off of IGLI where previously the sale of the Impregilo shares held by IGLI to shareholders was provided for - a sale which now will only occur in the case for whatever reason the spin-off does not take place.

On July 5, 2010 the Antitrust Authority announced that this agreement does not constitute a concentration as defined by article 5 c.1 of Law 287/90.

The Fondiaria SAI Group holding in IGLI is now equally divided between Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. following the non proportional partial spin-off in 2009 of Immobiliare Lombarda through the assignment to the above-stated companies of the principal assets including the holding that Immobiliare Lombarda held in IGLI and consisting of 8,040,000 shares (33.33% of the share capital), a holding which was assigned to the two beneficiary companies in equal measure.

Following the spin-off Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni subscribed to the original IGLI Shareholder Pact. This Pact established, in the case of transfer of IGLI shares between companies of the same Group, that the transferring company, in our case Immobiliare Lombarda, remained obliged, together with the beneficiary/beneficiaries for the fulfilment of all obligations under the Pact. Under this obligation, Immobiliare Lombarda was also required to subscribe to the above-mentioned renewal of the IGLI Pact.

In the 2009 financial statements, in order to determine the value in use of the investment, the value of the adjusted net equity was estimated, as the sum of the book net equity and of the losses of the investment in Impregilo. This latter was determined on the basis of the DCF method, Asset Side version, which utilised as a reference the operating cash flows of Impregilo, expected for the period 2009-2012 based on the latest estimates provided by analysts.

The resulting value was then increased for identifiable surplus assets, among which those related to the sale of the waste-to-energy plant at Acerra. The analysis undertaken resulted in the identification of a valuation range per Impregilo share of an average expected value of Euro 3.2.

The Group confirmed this valuation following the profit recorded by Impregilo in the first quarter and the loss by IGLI in the first half of 2010.

The table below reports the results of the subsidiaries operating in the real estate sector:

	REVENUES	CGE %	COSTS	RESULT
(in Euro thousands)				
REAL ESTATE SECTOR				
ATHENS	1,583	n.a.	3,157	(1,574)
IMMOBILIARE LOMBARDA	21,440	(80.70)	22,341	(1,065)
IMMOBILIARE FONDIARIA-SAI	30,700	n.a.	33,049	(2,351)
IMMOBILIARE MILANO	4,307	n.a.	8,976	(4,669)
NUOVE INIZIATIVE TOSCANE	26	(19.72)	454	(428)
TIKAL R.E. FUND	12,191	(17.20)	17,716	(3,536)

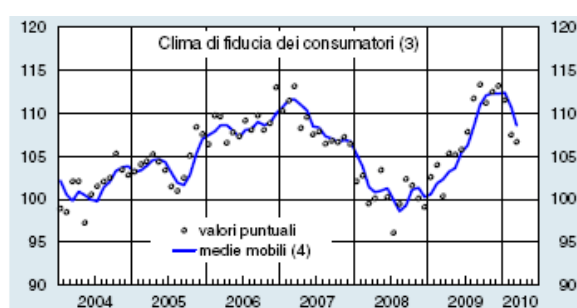
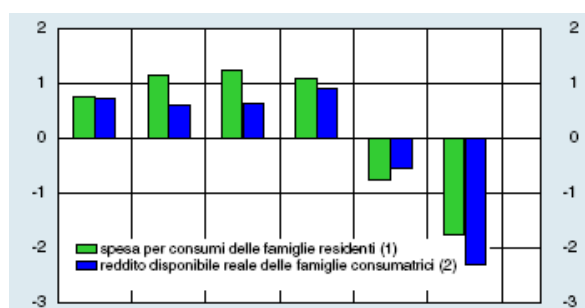
Other Activities Sector

The savings of Italian households

Following an increase of over one percentage point on the previous quarter, household consumption stagnated again in the fourth quarter of 2009. The contraction in the purchases of semi-durable goods (-2.2% on the previous quarter) and durable goods (-1.4%, despite the car scrappage stimulus scheme which expired in December) was slightly offset by the growth in consumption of non-durable goods (0.6%), the first increase after six consecutive decreases. Spending on services however remained unchanged.

In 2009, the contraction in consumption (-1.8%) was principally due to decreased household disposable income.

Graph 8 –Italian household consumption & income **Graph 9 – Italian household consumer confidence**

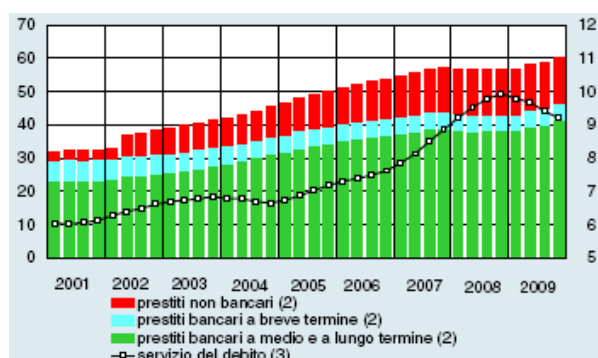


Source: Bank of Italy (Bulletin No.60), based on ISAE and ISTAT data. (1) Quantity at combined prices ; percentage change on the previous year. (2) Deflated with the deflator for household consumer spending. (3) Indices: 1980=100, seasonally adjusted (4) Three month moving average at period end

In the first months of 2010, retail sales fell further (-0.3% in January, in volume terms and net of seasonal factors). Consumer confidence was affected by greater pessimism concerning the general economic situation and the increased concerns surrounding unemployment. The consumer sentiment index was affected also by the contraction of household income: the forecast for saving is viewed as considerably less favourable.

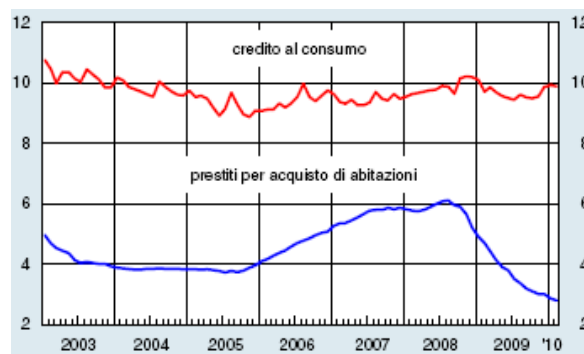
In the fourth quarter of 2009, household debt in comparison to disposable income reported a small rise to 60%. This principally follows an increase in medium-long term bank loans and the reduction in disposable income. The level of debt however remains greatly lower than the average in the Euro Zone (close to 95% in September 2009).

Graph 10 – Household debt
(in % of gross disposable income)



Source: based on Bank of Italy (Economic bulletin No.60) and ISTAT data
(1) Loan data includes that securitised. The disposable income for 2009 is based on the national quarterly statistical data. The loan data in the 4th quarter of 2009 is provisional. (2) End of period data. (3) Right column. The index relates only to households and to the twelve months ended in the quarter. The service of the debt includes the payment of interest and the repayment of the capital portions. The interest is calculated by multiplying the amounts loaned in a given period by the average rate which takes account of the composition by expiry and by type of broker; the repayment of the capital portions are estimated based on the supervision authority guidelines.

Graph 11 – Interest rates on household debt
(AER on new operations)



Source: Bank of Italy (Economic bulletin No.60).
(1) The bank rates refer to transactions in Euro and are calculated according to the methodology established by Eurosystem. The “new credit” are the contracts agreed in the reference period or the renegotiation of previous loans. The AER (annualised interest rate) includes accessory expenses (administration, processing, insurance) and is obtained as the weighted average of the operations in the month.

Household spending on the service of debt (payment of interest and repayment of capital) continued to decrease - to 9.2% of disposable income - thanks to a further lowering of interest rates on loans for the purchase of homes. Consumer credit rates however reported a small increase.

Consumer credit

After significant decreases in the final quarters of 2009, the current year should see a levelling off of consumer credit levels in Italy. The sector should gradually return to growth in 2010 (consumer loans: +4%, personal loans: approx. +3%). For the leading companies in the consumer credit market the strategy for the future remains focused on achieving greater efficiency and improving the management of funds. The sector, despite seeing significant concentrations in the past two years, still has further capacity for consolidation.

Playing catch up on other European countries, the Italian consumer credit market in 2009 accounted for 6.9% of GDP: behind all the other major European countries (UK: 18%, Spain: 9.5% and France: 9%).

According to the European Central Bank data, differing performances have been seen across the principal European countries - particularly in the household loan sector - with Spain contracting severely and France experiencing a slight recovery. Overall the Euro Zone reports substantially unchanged levels. In relation to the credit market, the stagnation across Europe is a result of lower capital held by institutions and by an aversion to risk. In fact in terms of new loans in 2009, property loans decreased by almost 10% to Euro 5.5 billion and consumer credit by 11.3% to Euro 55.4 billion.

In the first months of the year however the volume of mortgages in Italy grew, while in the Euro Zone contracting by close to 2%. The most negative performance was again recorded by Spain, with over 600,000 unsold homes.

The uncertainty surrounding the sustainability of government deficits and the corrective actions taken in the larger European countries (Germany, France, Spain, Portugal, Great Britain and Italy) could affect the first signals of recovery. Furthermore, the unemployment rate and the shrinking of household income have directly affected the assumption of credit.

In June 2010 the European directive in relation to the new regulations on consumer credit was enacted. For greater detail, reference is made to the introductory paragraph "Regulatory developments".

Operational performance

The sector includes the Group companies operating in the banking, hotel and diversified sectors, as opposed to the insurance and real estate sectors.

The pre-tax result of the sector was a loss of Euro 29.7 million (profit of Euro 2.6 million in the first half of 2009).

The contribution of the Atahotels Group with a loss in H1 2010 of Euro 18.6 million negatively affected the result. This result is due both to the seasonality of the tourism sector and the decrease in revenues from the Corporate sector with a reduced amount of conferences held. The result was also affected by amortisation and depreciation in the period of approx. Euro 6.3 million.

The key highlights of the companies operating in the banking and managed funds sector are shown below:

	BROKERAGE MARGIN	CHANGE %	RESULT
(in Euro thousands)			
OTHER SECTORS			
BANCA GESFID S.A.	11,833	7.17	3,434
BANCASAI S.p.A.	14,967	23.75	(3,587)
SAI INVESTIMENTI SGR S.p.A.	2,072	(6.79)	858

The results of the other companies in the sector are reported below:

	NET PROFIT/LOSS 1H 2010	NET PROFIT/LOSS 1H 2009	CHANGE %
(in Euro thousands)			
OTHER SECTORS			
FINITALIA	825	870	(5.23)
FINSAI INTERNATIONAL	480	1,501	(68.03)
FONDIARIA NEDERLAND	907	1,778	(49.00)
SAIAGRICOLA	(1,299)	(2,089)	37.83
SAI HOLDING ITALIA	586	1,184	(50.54)
SAIFIN – SAIFINANZIARIA	(3,831)	1,059	n.a.
SAILUX	560	741	(24.50)
SAINTERNATIONAL	(273)	(879)	68.94

- BANCA GESFID S.A.

A net profit of CHF 4,743 thousand was recorded in the first half year. The gross profit of CHF 7,557 thousand reduced slightly on the same period of 2009 while however an increase (CHF 1,042 thousand) on the 2010 budget.

The particularly difficult situation in which the bank has operated and the significant increase in the value of the Swiss Franc on the major currencies led to a small decrease in the commissions of CHF 1,066 thousand to CHF 14,713 thousand.

However a strong result was recorded in brokering operations (+ CHF 689 thousand) on the same period of the previous year.

Management expenses amounted to CHF 11,170 thousand, comprising CHF 8,223 thousand of personnel expenses, substantially in line with the previous year and CHF 2,948 thousand of general expenses, also practically unchanged on the previous year.

An analysis of the balance sheet highlights the extensive use by clients of bank liquidity instruments, continuing on from that seen also in 2009. Client loans therefore amount to CHF 201,845 thousand, due to a low propensity for risk within a less favourable financial market. The investments profile illustrates therefore the significant amount of receivables from banks (CHF 177,919 thousand).

Customer deposits contracted by 14%, due principally to the weakening of the Euro against the Swiss Franc.

The strong balance sheet of the institute is confirmed by the significant amount of funds at its disposal - amounting to CHF 83,802 thousand.

- BANCASAI S.p.A.

At June 30, 2010, assets managed by the Bank amounted to Euro 1,629 million, growth of 11% on December 31, 2009 (Euro 1,463 million).

Both direct deposits, increasing by 10% from Euro 813 million at December 31, 2009 to Euro 892 million, and indirect deposits, increasing by 13% from Euro 649 million at the end of 2009 to Euro 736 million, reported growth.

Within the direct deposits, the issue of bonds report strong growth. In particular in the first half of the year bonds for a total of Euro 119.8 million of nominal value were issued, of which Euro 18 million placed through private customers and Euro 101.8 million through institutional clients.

Overall the volume of bonds at June 30 amounted to Euro 177 million, nearly 20% of total direct deposits. In the second part of the year further placements are expected particularly through the private segment, with the objective both to continue the stabilisation of direct deposits, balancing the duration of the sources with the commitments, and to satisfy the demand by the commercial network for products with a contained risk and with higher profit margins than the free-risk money rates, within a financial market context characterised by great uncertainty.

In the first half of 2010 the number of current accounts remained stable, although decreasing slightly in volume terms on December 31 to Euro 695 million compared to Euro 732 million at December 31, 2009 (-5%).

Indirect deposits

As stated previously, indirect deposits increased substantially in the first half of the year: both administered deposits, which increased from Euro 251 million to Euro 310 million (+23%) and managed funds, which increased from Euro 397 million to Euro 426 million (+7%) grew.

In relation to administered deposits, the contribution from clients with significant equity portfolios assisted growth, deriving from the acquisition of the group company Sai Sim at the end of the previous year.

In relation to assets managed, following a significant recovery in the financial markets and the stabilisation of funds in 2009, assets managed by our institution recovered within a financial market characterised once again by strong volatility and doubts over the stability of the Euro and of the major developed economies.

Loans

At June 30, 2010, the overall value of loans to clients increased to approx. Euro 810,907 thousand (+14% on December 31, 2009). The positive trend in loans confirms the growing role of the Bank in the economic system and owes much to the attention paid to the customer, in particular Small to Medium Sized Enterprises.

In the period, the increase in loans was sustained principally through mortgage demand by households as well as the demand for loans by businesses.

In the first half of 2010 however, the mortgage sector weakened on the previous half year, due to a reduction in network incentives for the placement of these products, in addition to the application of more restrictive lending policies.

In relation to credit afforded to businesses, the Bank has focused on improving relationships in the Small to Medium Enterprise sector, seeking to offer an improved service from other financial brokers, in particular offering services tailor-made for the needs of individual enterprises.

The Bank continues to focus on the “fractioning of the risk” which is still one of the important requisites of the loan portfolio, both in relation to the distribution by economic activity and concentration by individual client.

In fact, apart from the credit line granted to the subsidiary Finitalia (utilised for Euro 44 million) which represents approx. 5% of the total portfolio, the distribution of the credit lines by economic activity sees loans provided to Households/Private for almost 39% of the total, to the construction sector for 10%, manufacturing for 8%, financial services and insurance for 8%, sale and repair of motor vehicles for nearly 6% and a residual percentage for the other sectors.

In relation to the concentration risk, the largest 50 clients of the bank, in terms of drawdown, account for 35.2% of business - in line with 31/12/09, while the average credit lines granted to these parties grew from Euro 4.5 million to Euro 5.1 million, partly due to the merging of some of the clients.

The distribution channel accounts for approx. 57% of loans, in the various technical forms, issued by the five branches (Turin, Florence, Milan, Genoa and Padua - operational from Q4 2009). The distribution network consisting of financial promoters and insurance agencies principally distributed residential mortgage products (accounting for 25% of loans).

In the first half of 2010 the growth in problematic loans seen already in the previous two years continued, despite the stepping up of credit monitoring activities, a situation which has led to a reduction in the percentage of the current portfolio from 96.4% at 30/06/2009 to 93.6% at 30/06/2010. The individual positions are all continually monitored and adequately written-down, the percentage of non-performing loans on total loans is 4%; the level of coverage on non-performing loans is 27%.

The increased deterioration of loans appears to have finally exhausted itself and comprises overdue and non-performing loans, or the persistent breaching of credit limits, caused by the current recession, and in particular the widespread deterioration of the SME's and households, segments in which BancaSai has a strong presence which has seen some respite in recent months. Impairments were made against these loans whose risk levels resulted in the prompt instigation of necessary recovery actions.

The overall cost of credit (including therefore the recovery of values and the adjustment of values, in addition to the portion of net provision for risks and charges concerning the provision of credit) at June 30, 2010 amounted to Euro 5,824 thousand (Euro 2,021 thousand at the end of the same period of the previous year).

In relation to risk policies, one of the principal pillars in the management and the formulation of the strategic choices of BancaSai is the territorial presence of the Institute through its branch network and, to a lesser extent, through the insurance agency and promoter networks of the Fondiaria SAI Group. Based on this principle, the loan portfolio of BancaSai is concentrated in Northwest and Central Italy while the bank covers the other areas to a lesser extent and principally in relation to home loans. The Bank also utilises the Credit Rating System for the determination of internal ratings assigned to clients. The analysis compared to the previous year recorded upgrading for 20% of the portfolio, downgrading for 22% of the portfolio, while the remaining part remained unchanged or without rating.

- FINITALIA S.p.A.

The net profit in the first half of 2010 totals Euro 825 thousand, compared to Euro 870 thousand in H1 2009, after the deduction of Euro 808 thousand of tax charges, compared to Euro 874 thousand in 2009.

In comparison to the budget estimates (Euro 1,042 thousand) the net profit decreased by 21% due to missed premium and monetary loan targets.

Administrative expenses in the first half of 2010 amounted to Euro 5,226 thousand, a small increase on the same period of 2009 (Euro 5,037 thousand). The increase is principally due to the rise in personnel costs from new hirings in 2010 (6 persons in the half-year period), in addition to the small increase in other expenses.

Client loans increased from Euro 219,734 thousand at the end of 2009 to Euro 223,328 thousand at June 30, 2010.

In the same period the adjustment on loan values increased from Euro 10,124 thousand to Euro 11,002 thousand (of which Euro 3,067 thousand relating to new adjustments in 2010, compared to Euro 3,290 thousand at June 2009).

The market continues to see rising default rates due to the continuation of the difficult economic climate and the consequent worsening of household income levels and difficulties for Small to Medium Sized Enterprises. Specifically default levels (gross of value adjustments) on total loans increased from 5.03% at the end of 2009 to 5.82% at June 2010.

The same figure, considered however net of bad debts, increased from 2.31% in December 2009 to 2.60% in June 2010.

The amounts loaned by the Company at June 2010 grew by 1.71% on the same period of 2009, despite a contraction of approx. Euro 11 thousand of personal loans.

The number of operations increased on 2009 by 14.65%, also due to the business generated by “insurance premium loans in favour of physical persons and Small to Medium Size Enterprises” through the virtual revolving credit card My Cash Card available on the private network of the Fondiaria SAI Group.

At 30/06/2010, total loans of Euro 112,596 thousand had been issued, compared to Euro 110,701 thousand at 30/06/2009.

The commercial actions which are being implemented or will be implemented together with the insurance Group Commercial Management will see a further improvement in the placement of “premium loans” and therefore an increase also in the number of agencies which will become active in offering premium payments through loans is also expected.

In relation to “personal loans” further promotional initiatives are planned - such as:

- Promotional mailings to policyholders to promote premium loans together with personal loans;
- Further proposals to the best customers - those availing of personal loans - promoting premium loan services for the household, at competitive conditions for Motor, General and Life policies.

- Atahotels S.p.A.

Following the substantial meeting of the budget targets until April by the Company, in May and June, in particular in the Milan area, a generalised reduction in revenues was recorded, particularly due to the contraction of the convention sector, in which the Company is recognised as the market leader. In comparison to the previous year which had already been hit by the crisis, the decrease in revenues in this market segment in the first six months of the year amounted to approx. Euro 2 million. The Hotel Companies Association (AICA) figures indicate reduced occupancy levels, due in part to the lack of major trade fairs and the reduction in business traffic, resulting in a reduction in average sector revenues in Milan of approx. 16% on the same month in 2009.

In the first six months of the current year, revenues increased by 7.4% approx. on the same period of 2009 against unchanged operating costs. Overall revenues remain lower than budget, with the company net result in the first half of 2009 presenting a loss of approx. Euro 18.6 million. This result has also been affected by increased rent of Euro 2.5 million in the period.

The performance of the subsidiary Italresidence S.r.l. was more positive with a growth in revenues of 0.5% in the data to June (in line with budget) and a reduction in operating costs of 21.6% (an improvement on budget). The operating loss of the subsidiary therefore reduced by three quarters on the previous year.

The results for June confirm the weakness in demand, which is particularly affecting the Milan area. The summer season usually results in an improvement in numbers, thanks to the amount of hotels located in coastal areas.

Within this context, the Company is sharply focused on implementing a range of actions to improve overall management and the reduction of costs. In particular, the new administrative and operating procedures have been drawn up and are being implemented, focused on quicker processes, which are more efficient and able to significantly reduce employee numbers. In relation to this the introduction of IT management systems is being concluded, necessary for the correct functioning of the above-stated procedures and the centralisation of the booking office and the revenue management for the hotels of Milan, Varese, Turin and Rome.

The hotel rental contracts are currently being reviewed.

Sale of the investment held in SAI Asset Management SGR.

On March 17, Fondiaria-SAI S.p.A. sold to the third parties of Messrs. Alberto Amilcare Foà, Roberto Brasca, Giordano Martinelli and Giovanni Brambilla 450,000 ordinary shares, representing 90% of the share capital, of SAI Asset Management SGR – società di gestione del risparmio S.p.A. at a price of Euro 4.9 million.

The sale is conditional on the Bank of Italy's approval.

On July 2, the Bank of Italy silent approval period expired. Therefore the sale was completed on July 6. The sale will result in a gain of Euro 0.6 million in the second half of the year.

The Fondiaria-SAI Group intends to maintain a holding of 10% in the share capital of the asset management company in view of the industrial project of the buyers which is based upon, in addition to the development of the ordinary individual and collective asset management activities, the strengthening of consultancy activity on behalf of private and institutional investors.

Banca Sai Network Project

With prior authorisation by ISVAP on February 9, 2010 the company SAI NETWORK S.p.A. was incorporated with a share capital of Euro 2 million, subscribed and paid-in for 51% by BancaSai and for 24.5% each by Fondiaria-SAI and Milano Assicurazioni.

This company, previously transformed into a Bank through the procedure with the Bank of Italy, is a vehicle company established for the implementation of a project created to improve the interaction between the insurance and banking channels of the Group, establishing for agents another bank – BANCA SAI NETWORK, to develop together a project which provides for, among other matters, the entry of the agents into the share capital of the future bank.

Asset and financial management

INVESTMENTS AND LIQUIDITY

At 30/06/2010, the volume of investments amounted to Euro 36,660 million, an increase of 5.8% on 31/12/2009.

Those relating to the buildings held by the subsidiaries Immobiliare Fondiaria-SAI and Immobiliare Milano were re-stated, (previously recorded under property, plant and equipment), due to the changed use of this asset following the spin-off operation of Immobiliare Lombarda at the end of 2009.

The investments, tangible fixed assets and liquidity at 30/06/2010 compared to the previous year are shown below.

(in Euro thousands)	30/06/2010	Percent. %	31/12/2009	Percent. %	Cge. %
INVESTMENTS					
Investment property	3,012,699	7.90	3,011,505	8.43	0.04
Investments in subsidiaries, associates and joint ventures	374,123	0.98	366,688	1.03	2.03
Investments held to maturity	609,984	1.60	808,473	2.26	(24.55)
Loans and receivables	2,756,763	7.23	2,908,010	8.14	(5.20)
Financial assets available-for-sale	20,369,507	53.41	18,896,658	52.90	7.79
Financial assets at fair value through the profit or loss account	9,536,861	25.01	8,655,108	24.23	10.19
Total investments	36,659,937	96.13	34,646,442	96.99	5.81
Other fixed assets: buildings and other fixed assets	624,937	1.64	500,329	1.40	24.91
Total non-current assets	37,284,874	97.77	35,146,771	98.39	6.08
Cash and cash equivalents	849,445	2.23	576,033	1.61	47.46
Total non-current assets and cash equivalents	38,134,319	100.00	35,722,804	100.00	6.75

The financial assets available-for-sale and the financial assets valued at fair value through profit or loss are as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Cge. %
Financial assets available-for-sale	20,369,507	18,896,658	7.79
Equity securities	1,606,137	1,695,610	(5.28)
Fund units	791,829	937,833	(15.57)
Debt securities	17,969,530	16,261,242	10.41
Other financial investments	2,011	1,973	1.93
Financial assets at fair value through the profit or loss account	9,536,861	8,655,108	10.19
Equity securities	23,941	97,857	(75.53)
Fund units	452,623	410,088	10.37
Debt securities	8,471,062	7,470,196	13.40
Other financial investments	589,235	676,967	(12.96)

The table below shows the results of the financial and real estate activities in the first half year compared with the same period in the previous year:

(in Euro thousands)	30/06/2010	30/06/2009	Changes
Net income from financial instruments recorded at fair value through profit or loss	272,728	417,627	(144,899)
Net income from investments in subsidiaries, associates and joint ventures	(14,589)	(3,057)	(11,532)
Income from other financial instruments and property investments of which:			
Interest income	350,617	425,686	(75,069)
Other income	97,573	96,584	989
Profits realised	218,215	78,584	139,631
Valuation gains	131	106	25
Total income	924,675	1,015,530	(90,855)
Charges from other financial instruments and property investments of which:			
Interest expense	37,014	59,213	(22,199)
Other charges	35,378	30,701	4,677
Losses realised	64,180	78,437	(14,257)
Valuation losses	109,542	90,238	19,304
Total interest expense and charges	246,114	258,589	(12,475)
TOTAL NET INCOME	678,561	756,941	(78,380)

The net income from financial instruments recorded at fair value through the profit and loss includes net income relating to contracts in the Life sector whose risk is borne by the policyholders for Euro 257 million (Euro 386 million in the first half of 2009).

This increase is offset by the corresponding change in the technical reserves of the Life sector relating to this class of activity. These amounts are concentrated almost exclusively in the companies operating in the Bancassurance sector.

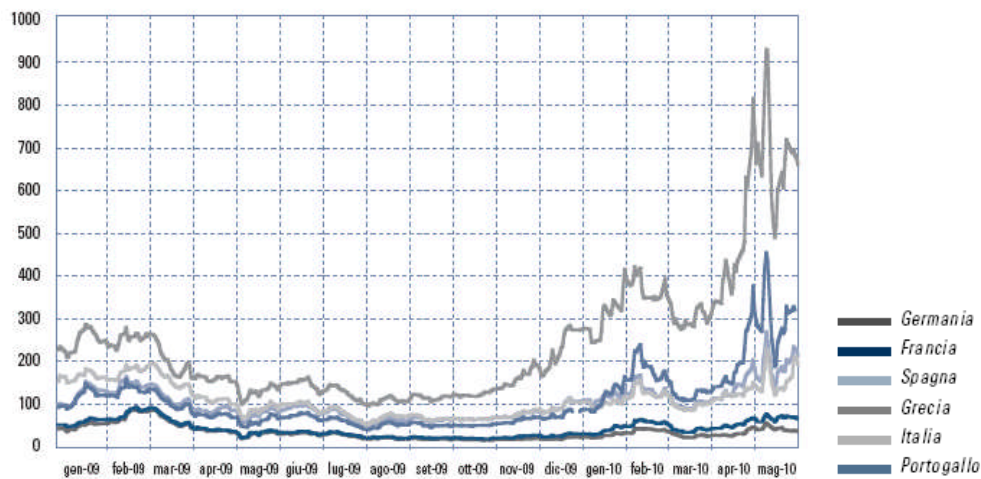
FINANCIAL MANAGEMENT

Towards the end of 2009, as in the first months of the present year, the insolvency risk on Government bonds issued by some European countries such as Greece, Ireland, Portugal and Spain, with spiralling public deficits, increased significantly. The downgrades issued by the international rating agencies on some countries added to such fears which reached very high levels resulting in a shift in portfolio focus towards assets considered more secure such as gold.

The premiums requested on Credit Default Swap contracts on five year Government bonds therefore rapidly increased, to unusual levels.

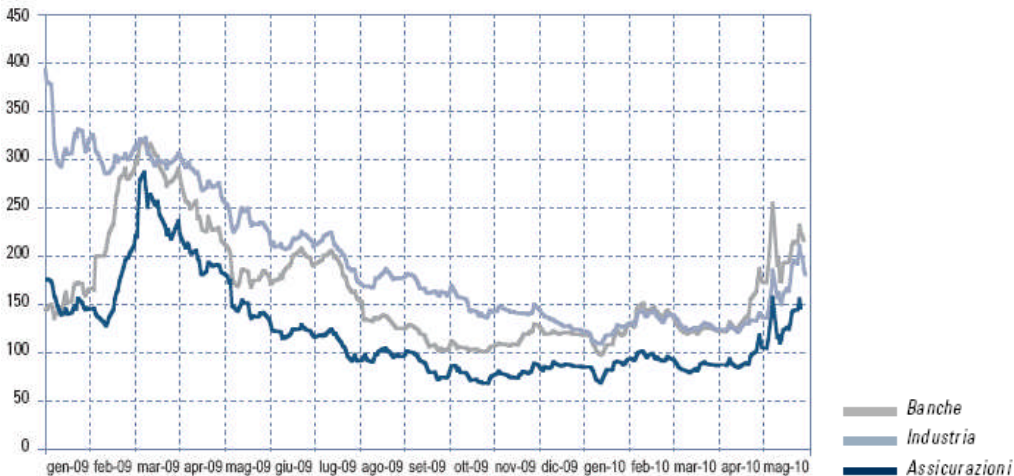
The premiums on Credit Default Swap contracts in the insurance sector were however more contained: reaching a minimum of approx. 80 basis points at the end of the previous year, then increasing up to 140 basis points at the end of May.

Graph 12 – Premium on Credit Default Swaps at 5 years on Government bonds



Source: Thomson Reuters, Datastream and ANIA (Italian insurance 2000-2010).

Graph 13 – Premiums on Credit Default Swaps at 5 years on European corporate bonds



Source: Thomson Reuters, Datastream and ANIA (Italian insurance 2000-2010).

The worries surrounding government deficit levels in some Euro Zone countries are also reflected in the significant reduction in the value of the Euro against the Dollar, in April falling to 1.33, after maintaining throughout the fourth quarter of 2009 a level of approximately 1.50. Tensions remained, despite on April 11 the reaching of an agreement between the countries in question and the International Monetary Fund to establish a three-year aid programme for Greece, for a maximum amount of Euro 110 billion.

Graph 14 – Official Euro/Dollar exchange rates



Source: Thomson Reuters, Datastream and ANIA (Italian insurance 2009-2010).

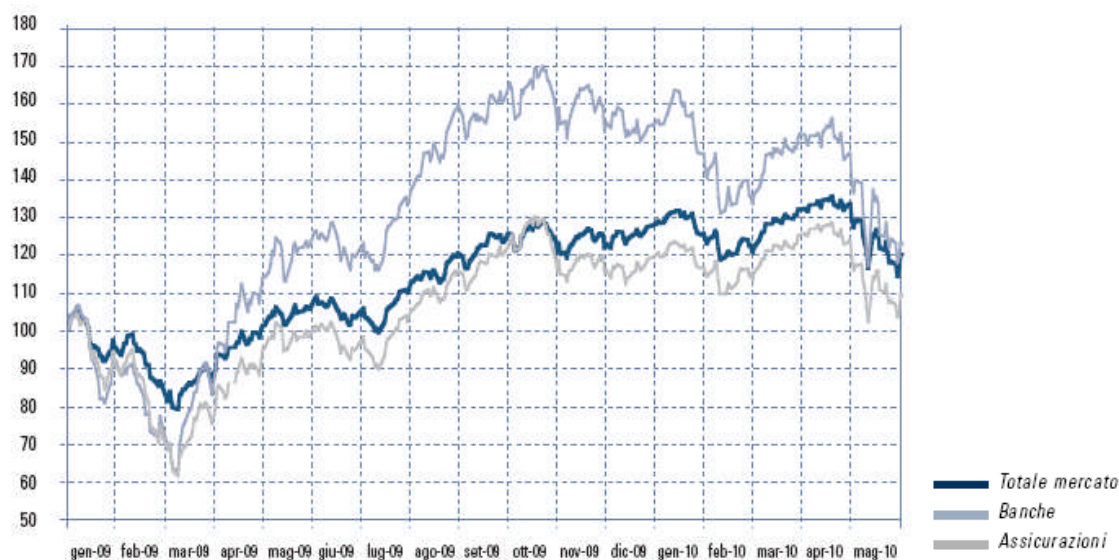
The performance of the stock indices was affected by the general crisis in the financial markets and by a subsequent prolonged rise in stock values.

From February 2010, the increased fears surrounding the sustainability of Greece's debt and that of the other countries of the Euro Zone significantly affected share prices across Europe. By May 2010, Euro Zone indices had contracted on the beginning of the year by 20% (-12% for Italy), with the US however recording substantial stability - as did the UK (-1%).

In 2009 the European insurance sector indices grew by 19%. The contraction in share prices in April 2010 principally affected the banking sector and to a lesser extent the insurance sector: the reduction from the beginning of the year to the end of May was 9%.

The Italian insurance sector index grew by 6% in 2009, while from April 2010 feeling the effects of the general contraction of the financial markets. At the end of May 2010 the reduction on the beginning of the year was 21%. In the same period, a contraction of 15% was seen in France with a more contained slippage in both the UK and Germany (respectively 3% and 2%).

Graph 15 – Sector stock market indices in the Euro Zone



Source: Thomson Reuters, Datastream and ANIA (Italian insurance 2009-2010).

In analysing the macroeconomic data for the first half of 2010, the various geographic areas must be considered independently.

The return to strong growth in the emerging countries continued, which exited the Great Recession first, with strong fundamentals both in the private and public sectors, and who were affected to a much lesser degree than the major industrialised countries by the crises whose effects are still being felt. The expansive policies undertaken by the US government continued to sustain the economy, although significant questions remain in relation to highly subsidised sectors such as real estate, which as the fiscal stimuli are withdrawn will once again see a further contraction. The macroeconomic situation is dominated by the worsening of the public debt problems in the Euro Zone, with the drawing up of a coordinated plan by the EU countries and the IMF and the European Commission to create a protective “shield” consisting of a theoretical maximum amount of approx. Euro 750 billion. The Euro Zone countries which can no longer finance themselves through the international capital market (as seen in the case of Greece) as their public finances have deteriorated to such an extent to entirely erode their credibility as a borrower may resort to the fund on giving prior assurances of introducing extremely austere fiscal policies.

The aim of this protective measure was to calm the Euro Zone financial markets which with increasing doubts surrounding growth prospects across the continent, until now led by exports, (also due to an average weakening of 10% of the European currency against the other major global currencies), and with weak internal demand, the aversion to risk in the “peripheral” countries increased. The plan concerns the countries with the greatest public financing problems, which have seen a rise in the capital borrowing cost differential between such countries and those considered as “reliable”.

The plan naturally requires the implementation of wide-ranging fiscal policies - such as the achievement of a Deficit/GDP ratio of under 3% for 2013/2014.

With individual fiscal policies which to meet the “wishes” of the market are becoming more restrictive in the countries experiencing greatest problems in their public accounts (Greece, Spain, Portugal) and no longer expansive in the others (Italy and Germany with France to a lesser extent), even in the total absence of any inflationary tendencies, the situation is aided with the ECB maintaining extremely low rates and co-ordinating an “Exit strategy” which is considered a lot more conciliatory than that foreseen just a few months ago and greatly in line with that of the Fed and the Bank of England in terms of traditional monetary policy (the definition of the official interest rates) combined also with non-traditional policies (with the historic decision for the Frankfurt based Institution, to purchase on the secondary market Government Bonds).

The ECB, proving a fundamental change in macro economy policy in terms of growth and also in the micro economy in terms of the solidity of countries forming the European monetary union, has thus far purchased only Greek, Portuguese and Irish Government Bonds, while reluctant to undertake Spanish bonds and to a greater extent Italian.

The Corporate market overall has suffered through the increased public deficit problems and although not undergoing excessive stress, has not recorded a particularly strong performance.

The offer has not been as strong as in the past months, also due to the fact of increased competition in terms of returns from government bonds, discouraging potential issuers not obliged at all costs to turn to the primary market.

Currency markets have been affected by the gradual depreciation of the Euro, as a result of the lack of confidence and the increased worries concerning the EU monetary/political union following the issues surrounding the public accounts of many nations within the Union.

Although the deterioration of the currency reflects the problems within the Euro Zone, on the other hand growth in the Continent - strongly dependent on exports - has benefited, also in the absence of particularly strong inflationary pressures.

The volatile stock market movements in the first half of the year do not reflect the performances of businesses in general which from the second quarter of 2009 have implemented restructuring and realignment processes toward achieving average “mid-cycle” profits. European industrial companies have benefited from the need for restocking, from a weakening Euro and by the stabilisation of investments. The financial companies with greater access to credit, with the stabilisation of the property market and of loan defaults, have increased the focus on “deleveraging”.

The poor performance in the half year, with Italian market indices losing nearly 17% (FtseMib40), has been entirely due to the worsening of the public accounts. This increased debt of the financial institutions, the effect on the economic cycle and therefore on businesses and consumers has affected the public purses, with doubts over sustainability weighing heavy on the financial markets.

US banks' "AAA structured bonds" based on Real Estate (highly leveraged) generated the greatest problems for Greece.

Investors have focused on the spiralling of public deficits following the salvaging of the financial institutions and the Keynesian policies which governments tend to adopt in the negative part of the cycle (on this occasion the recession has been severe in almost all countries). Decreased growth rates with consequent impacts on tax revenues, extraordinary social security expenses and the expansive monetary policies have generated deficits which have increased from significant to unsustainable and have led the markets to assign differentiated risk profiles to various countries therefore affecting the cost of lending.

This has led to the introduction of more restrictive fiscal policies and therefore lower revenue and profit levels than estimated at the beginning of the year. The sectors greatest affected by this movement are the more cyclical sectors such as Construction and Cement and Oil which has also been affected by the problems of BP, as well as the Utilities and Banking sectors with a range of experiences across various countries (the peripheral European countries penalised to a greater degree).

The financial performance in the half year

At a strictly operating level, in terms of fixed income, activities in the Non-Life sector in the first half of 2010 featured intense activity in government bonds and a reduction of approximately 2% in corporate bonds in portfolio.

High spread differentials in the countries of the Euro Zone, between the peripheral and "core" countries, has enabled significant trading activity, benefiting particularly from the new bond issues at 3/5 years.

Following this market uncertainty and the high degree of volatility leading to a significant underperformance by the peripheral countries, the decision was taken to remove the exposure to Greece and Portugal and in the second quarter of the year to reduce the exposure to Spain below 2%. An exposure level to Germany and France was maintained at approx. 10% while Italian bonds increased to approx. 85% of the portfolio.

In this environment of still expansive monetary policy, the CCT component was reduced to approx. 5%.

In the Life sector, the bond trading activities were principally carried out at a tactical level, in the medium-term seeking to preserve the profit levels of the division, without ignoring the market opportunities presented. Considering the expected interest rate movements, investments focussed on medium-term bonds in the first part of the half year, marginally increasing the portfolio durations, to achieve strong returns and with appropriate risk parameters in light of the market volatility.

Due to the overall economic environment and the reflective performance of the various Asset Classes, the portfolios were reallocated with a view to taking advantage of the misalignment in the market following the fears concerning various sovereign issuers in the Euro Zone.

Following the economic support measures introduced by the various governmental authorities throughout Europe and across the World, in the second quarter the exposure in terms of duration was partially reduced in order to create greater operational flexibility.

The management activities consistently considered the ALM profiles of each portfolio, seeking to maximise the investment objectives with strong returns and in line with the profiles of the policies.

Overall the Government bond sector, in particular concerning Italian bonds, increased, while gains were also recorded in the Corporate Bonds sector which performed strongly.

Fondiarria-SAI

The Non-Life Division is composed of 62.1% of fixed income bonds, 33.7% at variable rate and a residual 4.2% in money market instruments.

The total duration of the portfolio is 2.15 years and the return on the Non-Life portfolio is equal to 1.99%.

The Life Division has a higher fixed rate bond asset allocation (83.3%), compared to the variable quota (16.7%), with a total duration of the portfolio of 5.76 years and a return of 4.38%.

Milano Assicurazioni

The Non-Life Division is composed of 64.4% of fixed income bonds, 30.5% at variable rate and a residual 5.1% in money market instruments.

The total duration of the portfolio is 2.15 years and the return on the Non-Life portfolio is equal to 2.03%.

The Life Division has a higher fixed rate bond asset allocation (84.7%), compared to the variable quota (15.3%), with a total duration of the portfolio of 5.36 years and a return of 4.50%.

At operational level, considering that the stock market from the beginning of the year indicated unsustainable growth, the Group introduced a defensive strategy which however became less curtailed in the month of May when many of the negative issues which were threatening the market had already been incorporated into stock values.

Positions comprising over 1% of management were taken by the Life management from May (13% of shares held) which were sold in the first part of the year, prudently selecting securities with stable dividends, considering the nature of the managed portfolio.

Strategic securities increased both through reductions in hedging and direct purchases on the market for Euro 135 million at Group level (Fondiarria Euro 84 million and Milano Euro 51 million).

The non-life share portfolio increased positions slightly through call purchases on indices and securities (principally large cap European companies).

Sale of financial instruments issued by Lehman Brothers

On 15/9/2008 Lehman Brothers Holdings Inc. applied to the New York Bankruptcy Court for the “Chapter 11” procedure, which permits the debtor to continue the ordinary exercise of their activities and to restructure the business, where permitted, with the prospect of implementing a company restructuring, through the approval of a plan by the creditors and guaranteed by the US judicial authorities.

The procedure also allows for the automatic freezing of assets as protection from creditor judicial actions in the reorganisation attempt.

In May and June the Group sold to third parties a large part of the Lehman Brothers securities in portfolio. The operation resulted in a gain of approx. Euro 23.5 million with net income of over Euro 83 million. Of this over Euro 76 million refers to the subsidiary Popolare Vita, which recorded a gain of Euro 18.8 million.

The bond securities issued by Lehman Brothers residually present at June 30 in the Group companies portfolios had a carrying value of Euro 4.7 million, 20% of the reimbursable value (in the case of non-subordinated issue) and therefore based on prudent indications and information currently available in relation to the presumable recovery rate.

Pirelli shareholder pact

The Pirelli & C. shareholder pact was renewed for three years, with expiry on April 15, 2013. All of the participants of the agreement stated their wish to renew the pact within the terms established, expiring on January 15 last.

The agreement relates in total to 46.22% of the share capital and is comprised of nine shareholders: Camfin (20.32%), Mediobanca and Edizione (4.61% each), Fondiaria-SAI (4.42%), Allianz and Generali (4.41% each), Intesa Sanpaolo (1.62%), Massimo Moratti (1.19%) and Sinpar (0.63%).

FONDIARIA-SAI GROUP DEBT

In order for a correct representation of the accounts under examination, information is provided below of the financial payables, which is the total amount of the financial liabilities for which it is not possible to establish a correlated specific asset account.

The situation is summarised in the table below:

(in Euro millions)	30/06/2010	31/12/2009	Changes
Subordinated loans	1,040.7	1,040.4	0.3
Mandatory Saintinternational	182.9	182.5	0.4
Banks and other lenders	552.4	447.9	104.5
Total debt	1,776.0	1,670.8	105.2

The account **Subordinated loans** include the following loans of the Parent Company and Milano Assicurazioni with Mediobanca, with ISVAP authorisation. For a summary of the amounts and the characteristics, reference is made to the 2009 Financial Statements with no significant changes taking place. Similar considerations are valid for Mandatory Saintinternational which matures shortly.

In relation to subordinated bonds, against a nominal Euro 1,050 million, Interest Rate Swaps were subscribed of Euro 800 million. The mark to market of these positions at June 30, 2010 was negative for Euro 39.8 million.

With reference to Bank and other lenders, amounting to Euro 552.4 million, the most significant amounts are reported below:

- Euro 133.7 million refers to the loan of the Tikal R.E. Closed Real Estate Fund from Intesa SanPaolo, with this latter as Bank Organiser, Agent and Lender. The purpose of the loan is to improve the return on own capital and therefore the capital invested by the participants. The amount involves a total credit line of Euro 280 million, utilised for investments in new projects and to undertake improvements in view of future sales and increase profitability. The cost of the loan is Euribor plus a variable credit spread between 70 and 110 b.p. The Fund, since the previous year, has utilised interest derivative instruments in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted;
- Euro 69.6 million refers entirely to the debt of the subsidiary Immobiliare Milano Assicurazioni. This relates to the re-negotiation of the debt of Immobiliare Lombarda in 2005. The interest rate on the loan is Euribor plus a spread of 0.9%. The maturity dates are variable up to December 31, 2012. In the first quarter of 2007, Immobiliare Lombarda agreed a loan of approx. Euro 38 million with Efibanca, in order to acquire the investment in IGLI. The interest rate on the latter loan is at Euribor plus a spread of 0.83% and the expiry date is 31/12/2012;

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- Euro 102.5 million refers entirely to the debt of the subsidiary Immobiliare Fondiaria-SAI. This refers principally to the bank loan signed by Marina di Loano with Intesa SanPaolo with maturity on 17/03/2014 and an interest rate of Euribor at 3 months increased by 300 basis points. The company utilised a derivative instrument, in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted. There are also two mortgages in place. The first in relation to the subsidiary Crivelli with maturity on 27/06/2017 at an interest rate of Euribor at 6 months increased by 90 basis points; the second for the subsidiary Meridiano Secondo with maturity on 25/09/2012 at an interest rate of Euribor at 3 months increased by 90 basis points;
 - Euro 75 million relates to a senior loan contract concluded on 24/06/2009 between Fondiaria-SAI S.p.A. and Mediobanca with issue date of 25/1/2010 and repayment date of 31/1/2011, applying a spread of Euribor at 12 months plus 200 bps;
 - Euro 61 million refers to short-term loans for fixed use (so-called “hot money”) obtained by the subsidiary Finitalia from various credit entities;
 - Euro 110.7 million refers to the bonds issued in 2009 by BancaSai in part variable interest rate and in part fixed interest rate, with variable expiry from 2011 to 2014.

TREASURY SHARES, SHARES OF THE HOLDING COMPANIES AND ITS SUBSIDIARIES

At 30/06/2010 and at 31/12/2009, the Parent Company held treasury shares and shares in the parent company Premafin Finanziaria as shown in the table below:

(in Euro thousands)	30/06/2010		31/12/2009	
	Number	Book value	Number	Book value
Ordinary treasury shares held by:				
Fondiaria-SAI	3,200,000	64,366	3,200,000	64,366
Milano Assicurazioni	9,982,557	229,261	9,982,557	229,261
Sai Holding	1,200,000	28,306	1,200,000	28,306
Total	14,382,557	321,933	14,382,557	321,933
Shares of the holding company held by:				
Fondiaria-SAI	18,340,027	16,189	18,340,027	19,189
Milano Assicurazioni	9,157,710	8,083	9,157,710	9,582
Saifin – Saifinanziaria	66,588	59	66,588	70
Total	27,564,325	24,331	27,564,325	28,841

SHARE PERFORMANCE

The share capital of the Parent Company Fondiaria-SAI S.p.A. at the period end amounted to Euro 167,043,712, divided into an equivalent number of shares of a nominal value of Euro 1 (124,482,490 ordinary shares and 42,561,222 saving shares).

At the period end, the stock market share prices were as follows:

(in Euro)	30/06/2010	30/12/2009	Change %
Fondiaria SAI ord.	7.7346	11.108	(30.37)
Fondiaria SAI sav.	4.789	7.910	(39.46)

The corresponding stock market capitalisation at the period end was Euro 1,167 million (Euro 1,719 million at 31/12/2009).

The share prices of the other listed subsidiaries were as follows:

(in Euro)	30/06/2010	30/12/2009	Change %
Milano Assicurazioni ord.	1.386	2.055	(32.55)
Milano Assicurazioni sav.	1.531	2.221	(31.08)

The corresponding stock market capitalisation at the period end was Euro 820 million (Euro 1,214 million at 31/12/2009).

Other information

GROUP EMPLOYEES

At 30/06/2010, the number of employees of the Group was 8,958 (8,417 at 31/12/2009), broken down as follows:

Number	30/06/2010	31/12/2009	Changes
Italian companies	6,991	6,531	460
Foreign entities	1,967	1,886	81
Fondiarria SAI S.p.A. Group	8,958	8,417	541

In relation to the Italian Companies the increase in the first half of the year is principally due to the hiring by Atahotels of seasonal Summer employees.

The employees of the foreign companies include 766 brokers (720 at 31/12/2009).

Total Group personnel costs amounted to Euro 218.2 million (Euro 205 million in the first half of 2009).

HUMAN RESOURCES

- In the first half of 2010, the most significant event was the signing up to the first integrated contract agreement by the Fondiarria SAI Group with the Trade Union Organisations on June 24, 2010.

The negotiations were prolonged (beginning in the autumn of 2009) due to the particular situation within the company and the wider economy and the presence of two trade union platforms and also due to the difficult issues in relation to harmonising the different types of pre-existing contracts (5, in addition to differing regulations) within the Group.

The new agreement will apply to all Group insurance companies, which will either immediately or once fully operational, ensure uniform regulation within all of the institutions covered under the second level contracts, with the exception of some with a large distance from a general level and consequently - due to the need to ensure cost equilibrium - the harmonisation process concerning such companies will be revisited at the next possible opportunity.

Despite the difficulties mentioned, the negotiations were carried out in a constructive climate (there were no declarations of strikes) and cognisant of the particular overall context and with a strong sense of responsibility in achieving solutions and thus resulting in a positive outcome.

The most significant aspects of the new integrated contracts, in addition to the already stated unification and harmonisation of the pre-existing regulations, were the following:

- work hours, part time and leave;
- health protection;

-
- incentives, luncheon vouchers and benefits;
 - salaries.

The present contract will expire on 31/12/2012.

In relation to the renewal costs of contracts, the relative percentage increase adjusted by the contractual duration is set out, based on the 2009 personnel cost, as follows:

2010: +0.35%

2011: +2.23%

2012: +3.43%

Average of three-year period: +2.003%, slightly under the average sector increases of approx. 2.5%.

- From 1/4/2010, the switch from the commercial sector to the insurance sector of Pronto Assistance Servizi was completed, under the manner established by the agreements of 31/03/2009, 25/06/2009 and 12/01/2010.
- Considering also the commitment undertaken by the Company in relation to social responsibility as a strategic value shared by all the Group, in the first half of the year the social initiatives were confirmed involving employees and their families, such as contributions for summer vacations for children as well as study grants for children of employees.
- Employee disputes before the courts were maintained in line with those of previous years, thus remaining limited. At June 30, 2010, there were 37 cases pending for Fondiaria-SAI S.p.A. and 21 for Milano Assicurazioni S.p.A.

TRAINING AT FONDIARIA-SAI IN THE FIRST HALF YEAR 2010

During the first half of 2010, the Group personnel training programmes were developed with a view to complete and supplement both the specific needs of individual roles and the common skills required across the large base of persons employed.

The principal training activities therefore related to:

- the drawing up of a three-year Training Project concerning Solvency II, involving the entire Company with both classroom and distance training methods (involving a total approximately 8,000 student days) and providing, in addition to a general knowledge on the subject, also specific information for the departments affected greatest by the new regulations;
- the continuation of growth paths for Managers and initiatives concerning Independence and Implementation Skills;
- the launching of an initiative focused on the Development of Managerial Ability for a selected Group of Managers and Professionals;
- a training course in Naples for a duration of approx. 8 weeks for a core group of 35 persons newly employed in the Claims Structure, including theoretical lessons, exercises, monitoring operations and distance learning;
- the beginning of training activities included in the New Catalogue of Internal Courses distributed at the beginning of the year include: in addition to the initiatives already introduced last year, new initiatives have been introduced such as the Inter-departmental Workshops of the Individual Insurance Classes which allow groups of Managers and Professionals to work on complex case histories in relation to the product, assumption and settlement and analysis of the complete technical cycle;
- projects were introduced to support the Departments and Entities (Organisation, Health Systems (Sistemi Sanitari), Auto Presto & Bene) with the objective to create specific training courses;
- a Distance Training course was provided to all employees on the control and management system of Corporate risks.

CULTURAL AND SOCIAL INITIATIVES

In a difficult time for the market, focus was placed particularly on managing the media impact of the 2009 and Q1 2010 results and in highlighting the actions undertaken by the Group, both at a financial and industrial level to safeguard profitability, in line with the objectives of the 2009-2011 Group Industrial Plan. In particular in relation to the restructuring initiatives all issues relating to the corporate-industrial restructuring projects for the creation of a single multi-mandate Liguria-Sasa entity were communicated to the public and the market. The actions taken to contain costs within the Motor TPL division were also highlighted, with the establishment of a new more personalised tariff and a review of discounting and in relation to claims, the consolidation of the “Auto Presto & Bene” project and the reorganisation of the settlement network.

Communication activities also focused on the role of the company in important Milanese property projects and provided visibility to the new initiatives in the health field concerning the creation of a Florence-based oncology centre.

The Press Office in the first half year issued 15 price sensitive press releases, of which 3 jointly issued with Milano Assicurazioni and 1 with Premafin.

In the first half year of 2010, in relation to the societal role of the company, commitments undertaken in previous years were reconfirmed with non-profit organisations and associations operating in the health field. Among those supported were the “Italian Cancer Patient Association (AIMaC - Associazione Italiana Malati di Cancro)”, which offers to patients and their families a free information service on the various neoplasia and related therapies, guaranteeing also important psychological support and the “Association providing support for those affected by Prader-Willi and their families”, committed to scientific research, knowledge and the search for a cure to a rare genetic disease which affects the physical, intellectual and the behavioural development of infants. Support was also provided for the “Italian Therapeutic Community Federation (F.I.C.T. - Federazione Italiana Comunità Terapeutiche)”, which is comprised of associations and private entities and non-profit organisations providing help for those with social difficulties or marginalised, with particular attention to those dependent on substances with the objective, through educational courses and Christian-based rehabilitation, to re-integrate individuals.

In the cultural field Fondiaria-SAI assisted in the creation of the “Towards 2011 – The Founding Fathers” exhibition, promoted by the Senate of the Italian Republic as part of the 150 year celebration of Italian unity: focussing on the Founding Fathers of the Italian state - from the initial promoters of the ideal to those actively involved in bringing about unity.

Fondiaria-SAI, always sensitive to the needs of the community in which it is based, reconfirmed support for the “Metropolitan Interests Association (AIM - Associazione Interessi Metropolitani)”, a cultural centre founded by a group of Milan based banks and businesses to promote research and projects which can aid Milan in its cultural, social and economic development.

In the sports area, among other initiatives, the sponsorship of A.S. Masseroni Marchese was renewed, one of the major “soccer schools” in Milan, which supports in its activities more than 400 children and organises also social projects concerning the school and the family.

Standard & Poor's rating

On March 26, 2010, the rating agency Standard & Poor's, within a general review of the Italian insurance market, revised the rating of the Fondiaria-SAI Group and its principal subsidiary Milano Assicurazioni, from A- to BBB+. This change in the rating is related to the deterioration in the operating performance as well as the reduced financial and capital flexibility.

The outlook is confirmed as negative, due to concerns on the capacity of the Group to return profitability to its historic levels. However the report underlines the solid leadership position held in the Non-Life sector in Italy and the continued improvement of the ERM.

S&P's rating reflects the current difficult market conditions within the Non-Life sector. The Group remains confident that the actions implemented can, in the medium term period, return the profitability of the business to satisfactory levels.

LITIGATION

Actions by shareholders

With regard to the proceedings instituted by shareholders of the subsidiary La Fondiaria Assicurazioni S.p.A. against Fondiaria-SAI in relation to the fulfilment of public purchase offer obligations pursuant to CONSOB regulation of December 2002, it should be mentioned that one first instance proceedings is pending and during the course of 2010 no new summons notices were received.

Eight proceedings initiated by the Company for the reform of judgements issued by the Court of Milan are pending with the Court of Appeals of Milan. In addition, another proceeding is pending with the Court of Appeals of Florence following the counterparty's appeal of the judgement that was issued by the Court of Florence in favour of the Company.

The Milan Court of Appeals – in the only two second level judgements issued on the matter – has fully reformed the first instant sentences accepting the Company's objections and rejecting the request for compensation made by the claimants.

There are two summary judgements currently before the Court of Cassation brought forth by Promofinan S.p.A. and Messrs Marcegaglia in appeal of the judgement in our favour that was issued by the Milan Court of Appeals. The Company has counter-appealed.

The provisions for risks and charges in the financial statements are sufficient against the litigation in course.

SIGNIFICANT EVENT AFTER THE PERIOD END

Sale of the investment held in SAI Asset Management SGR

In July the sale was completed. For further details, reference is made to the section “Other Activities Sector”.

Taxation of the Life Division reserves

At the time of writing, the amendment to the financing sections introduced by Legislative Decree No.78 of May 31 which made significant changes to the decree being enacted into law was presented to the house of parliament. The declared governmental objective is to rebalance the public accounts through greater tax contributions from the insurance sector.

The current draft under discussion includes the partial deductibility of the increase of the obligatory Life Class reserves in proportion to the amount of taxable income as a total of revenues and of income with a minimum deductibility threshold of 95% and a maximum of 98.5% of the change in reserves.

Therefore the companies which currently have a higher degree of tax exempt income will be penalised greatest such as for example those with investments in shares or who have recorded significant growth in the Life business.

Unfortunately this new tax regime will have a double impact: both for the insurance companies, who will have to reconsider the growth strategy in the Life Classes and for the consumer who will see a reduced offer of Life policies with more protection for the saver.

Although it is undoubted that everyone must support the recovery of the public accounts, provisions of this nature and specifically aimed at the insurance sector should be preliminarily agreed among the relevant parties. This would allow on the one hand a better appraisal of the situation and guarantee the revenue expected and on the other to achieve a greater degree of fairness in the measures taken and without which imposes excessive penalisation on the market and on the companies operating in the sector.

OUTLOOK

The Fondiaria SAI Group objective is to offset the reduction in the technical account in the previous year while safeguarding industrial management equilibrium and maintaining a policy to ensure balance sheet solidity in the medium-long term.

2010 will be a difficult year - involving both transition and stabilisation. In order to achieve greater management efficiency, in the second part of the year the Fondiaria SAI Group will proceed with the industrial reorganisation, as set out in the preceding paragraphs. In particular some policies, such as international expansion, will be revised and restructured, due to the substantial capital requirements to carry out such initiatives.

Within an overall financial scenario still featuring low interest rates and highly volatile equity and debt markets, the financial management will continue with its normal prudent approach, with the objective of optimising the risk-yield profile, alongside the commitments undertaken towards our Policyholders, through rigorous valuation of the creditworthiness of new investments and the introduction of coverage against share price risks.

The rebalancing of the investment portfolio asset allocation will continue through both reducing the percentage of equities and also the exposure to the real estate sector in line with the Industrial Plan.

Milan, August 5, 2010

*For the Board of Directors
The Chairperson*

Ms. Jonella Ligresti

Condensed consolidated half-year financial statements

The present condensed consolidated half-year financial statements comprise of the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the attachments as per ISVAP Regulation No.7 of 13/07/2007 and the notes required by IAS 34.

They also include additional information, illustrating some IAS/IFRS examples which are considered best practice.

In the preparation of the interim financial statements Fondiaria-SAI prepares the consolidated financial statements according to IAS/IFRS applied on a consistent basis.

The valuation and measurement of the amounts recorded in the explanatory notes are in accordance with IAS/IFRS accounting standards currently approved by the European Commission and their current interpretation by the official accounting organisations.

It should be noted that due to the requirements of having timely information and also to avoid repeating information already present in the annual accounts, the present condensed consolidated half-year financial statements provide more limited information than the annual financial statements, although in accordance with the minimum disclosure as per IAS 34 and other regulatory provisions.

Financial Statements

BALANCE SHEET - ASSETS			
(in Euro thousands)			
		30/06/2010	31/12/2009
1	INTANGIBLE ASSETS	1,741,715	1,896,618
1.1	Goodwill	1,579,054	1,593,007
1.2	Other intangible assets	162,661	303,611
2	PROPERTY, PLANT & EQUIPMENT	624,937	500,329
2.1	Buildings	518,387	403,099
2.2	Other tangible assets	106,550	97,230
3	TECHNICAL RESERVES – REINSURANCE AMOUNT	858,723	870,300
4	INVESTMENTS	36,659,937	34,646,442
4.1	Investment property	3,012,699	3,011,505
4.2	Investments in subsidiaries, associates and joint ventures	374,123	366,688
4.3	Investments held to maturity	609,984	808,473
4.4	Loans and receivables	2,756,763	2,908,010
4.5	Financial assets available-for-sale	20,369,507	18,896,658
4.6	Financial assets at fair value through the profit or loss account	9,536,861	8,655,108
5	OTHER RECEIVABLES	2,025,844	2,422,885
5.1	Receivables from direct insurance operations	1,568,472	1,817,234
5.2	Receivables from reinsurance operations	106,010	133,333
5.3	Other receivables	351,362	472,318
6	OTHER ASSETS	987,450	4,920,061
6.1	Non-current assets or of a discontinued group held for sale	9,726	4,102,633
6.2	Deferred acquisition costs	116,115	142,111
6.3	Deferred tax assets	238,483	174,230
6.4	Current tax assets	357,724	304,633
6.5	Other assets	265,402	196,454
7	CASH AND CASH EQUIVALENTS	849,445	576,033
	TOTAL ASSETS	43,748,051	45,832,668

BALANCE SHEET – SHAREHOLDERS’ EQUITY & LIABILITIES			
(in Euro thousands)			
		30/06/2010	31/12/2009
1	SHAREHOLDERS’ EQUITY	3,034,943	3,710,651
1.1	Group	2,242,471	2,716,187
1.1.1	Share Capital	167,044	167,044
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	209,947	209,947
1.1.4	Retained earnings and other reserves	2,617,427	3,010,474
1.1.5	(Treasury shares)	-321,933	-321,933
1.1.6	Translation reserve	-14,669	-3,857
1.1.7	Profit or loss on available-for-sale financial assets	-272,910	-53,957
1.1.8	Other gains and losses recorded directly in equity	2,355	51,062
1.1.9	Group net loss	-144,790	-342,593
1.2	minority interest equity	792,472	994,464
1.2.1	Minority interest capital and reserves	882,708	1,071,435
1.2.2	Gains and losses recorded directly in equity	-77,613	-28,051
1.2.3	Minority interest loss	-12,623	-48,920
2	PROVISIONS	323,096	298,631
3	TECHNICAL RESERVES	34,251,405	31,718,050
4	FINANCIAL LIABILITIES	4,528,400	4,750,460
4.1	Financial liabilities at fair value through profit or loss	1,879,598	2,085,415
4.2	Other financial liabilities	2,648,802	2,665,045
5	PAYABLES	863,652	850,121
5.1	Payables from direct insurance operations	170,424	135,466
5.2	Payables from reinsurance operations	128,361	99,010
5.3	Other payables	564,867	615,645
6	OTHER LIABILITIES	746,555	4,504,755
6.1	Liabilities in a discontinued group held for sale	1,884	3,873,998
6.2	Deferred tax liabilities	132,930	137,761
6.3	Current tax liabilities	12,041	16,977
6.4	Other liabilities	599,700	476,019
	TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	43,748,051	45,832,668

INCOME STATEMENT			
(in Euro thousands)			
		30/06/2010	30/06/2009
1.1	Net premiums	7,209,804	6,216,493
1.1.1	<i>Gross premiums written</i>	7,361,678	6,402,385
1.1.2	<i>Premiums ceded to re-insurers</i>	-151,874	-185,892
1.2	Commission income	31,827	43,355
1.3	Income and charges from financial instruments at fair value through profit or loss statement	272,728	417,627
1.4	Income from investments in subsidiaries, associates and joint ventures	175	1,614
1.5	Income from other financial instruments and property investments	666,536	600,960
1.5.1	<i>Interest income</i>	350,617	425,686
1.5.2	<i>Other income</i>	97,573	96,584
1.5.3	<i>Profits realised</i>	218,215	78,584
1.5.4	<i>Valuation gains</i>	131	106
1.6	Other revenues	268,364	371,603
1	TOTAL REVENUES AND INCOME	8,449,434	7,651,652
2.1	Net charges relating to claims	-6,849,571	-5,937,473
2.1.2	<i>Amounts paid and changes in technical reserves</i>	-6,940,789	-6,059,653
2.1.3	<i>Reinsurers' share</i>	91,218	122,180
2.2	Commission expenses	-15,968	-23,973
2.3	Charges from investments in subsidiaries, associates and joint ventures	-14,764	-4,671
2.4	Charges from other financial instruments and property investments	-246,114	-258,589
2.4.1	<i>Interest expense</i>	-37,014	-59,213
2.4.2	<i>Other charges</i>	-35,378	-30,701
2.4.3	<i>Losses realised</i>	-64,180	-78,437
2.4.4	<i>Valuation losses</i>	-109,542	-90,238
2.5	Management expenses	-979,199	-972,926
2.5.1	<i>Commissions and other acquisition expenses</i>	-731,491	-753,928
2.5.2	<i>Investment management charges</i>	-6,235	-5,169
2.5.3	<i>Other administration expenses</i>	-241,473	-213,829
2.6	Other costs	-503,036	-427,571
2	TOTAL COSTS AND CHARGES	-8,608,652	-7,625,203
	PROFIT/(LOSS) BEFORE TAXES	-159,218	26,449
3	Income taxes	-536	5,950
	NET PROFIT/(LOSS)	-159,754	32,399
4	PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	2,341	0
	CONSOLIDATED PROFIT/(LOSS)	-157,413	32,399
	group share	-144,790	20,779
	minority share	-12,623	11,620

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY AS AT JUNE 30, 2010

Relating to the statement of change in shareholders' equity, the statement requested by Regulation No. 7/07, which satisfies the disclosures of IAS 1 and the amendments introduced by ISVAP measure No. 2784 of March 8, 2010 is shown below.

In particular:

- The column "Allocation" relates to, among others, the allocation of the profit for the year, the allocation of the profit for the previous year to the reserves, the increase in share capital and other reserves, and the changes in profits and losses recorded directly in equity.
The column "Reclassification adjustments to the Income Statement" includes the gains and losses previously recorded directly to net equity which are reclassified to the Income Statement in accordance with international accounting standards;
- The account "Transfers" reports, among others, the ordinary distribution of dividends and the decrease of capital and other reserves, among which the purchase of treasury shares.

The table highlights all of the changes net of taxes and of profits and losses, deriving from the valuation of financial assets available-for-sale, attributable to policyholders and recordable under insurance liabilities.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY							
(in Euro thousands)							
		Balance at 31-12-2008	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30-06-2009
Group net equity	Share Capital	167,044					167,044
	Other equity instruments	0					0
	Capital reserves	209,947					209,947
	Retained earnings and other reserves	3,069,434		-7,260		-47,313	3,014,861
	(Treasury shares)	-302,573				-19,360	-321,933
	Net profit/(loss) for the period	87,409		2,961		-69,591	20,779
	Other items of the Comprehensive Income Statement	-296,482	0	100,557	5,555	-135,471	-325,841
	Total Group	2,934,779	0	96,258	5,555	-271,735	2,764,857
Minority interest net equity	Minority interest capital and reserves	1,054,232		50,662		-28,988	1,075,906
	Net profit/(loss) for the period	3,355		12,538		-4,273	11,620
	Other items of the Comprehensive Income Statement	-97,558		15,314	11,299	-24,881	-95,826
	Minority share	960,029	0	78,514	11,299	-58,142	991,700
Total		3,894,808	0	174,772	16,854	-329,877	3,756,557
		Balance at 31-06-2009	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30-06-2010
Group net equity	Share Capital	167,044					167,044
	Other equity instruments	0					0
	Capital reserves	209,947					209,947
	Retained earnings and other reserves	3,010,474		-360,278		-32,769	2,617,427
	(Treasury shares)	-321,933					-321,933
	Net loss for the period	-342,593		232,785		-34,982	-144,790
	Other items of the Comprehensive Income Statement	-6,752		-190,306	-88,166		-285,224
	Total Group	2,716,187	0	-317,799	-88,166	-67,751	2,242,471
Minority interest net equity	Minority interest capital and reserves	1,071,435		-68,721		-120,006	882,708
	Net profit/loss for the period	-48,920		56,412		-20,115	-12,623
	Other items of the Comprehensive Income Statement	-28,051		7,311	-56,873		-77,613
	Total minority interest share	994,464	0	-4,998	-56,873	-140,121	792,472
Total		3,710,651	0	-322,797	-145,039	-207,872	3,034,943

CONSOLIDATED CASH FLOW STATEMENT AT JUNE 30, 2010

In relation to the Cash Flow Statement, the attachment as per Regulation No. 7/2007 is provided which complies with IAS 7; this statement provides for a schedule prepared in a free format with a series of minimum requirements and, relating to the presentation of the cash flow deriving from operating activities requires the utilisation, alternatively, of the direct method, which indicates the principal categories of gross receipts and payments or the indirect method, in which the results for the period are adjusted for the effects of non-cash items, of any deferral or accrual of future operating receipts and payments, and from revenues or costs relating to financial cash flows deriving from investments and financial activities.

The indirect form of the cash flow statement, reported below, separately shows the net liquidity deriving from operating activity and that deriving from investment and financial activity.

CASH FLOW STATEMENT (indirect method)		
(in Euro thousands)		
	30/06/2010	30/06/2009
Profit/(loss) before taxes	-159,218	26,449
Non-cash adjustments	2,843,333	1,905,528
Change in non-life unearned premium reserve	32,384	39,092
Change in claims reserve and other non-life technical reserves	-95,287	-64,891
Change in actuarial reserves and other life technical reserves	2,714,056	1,852,611
Change in deferred acquisition costs	25,996	39,913
Change in provisions	24,465	-163,906
Non-cash income/charges from financial instruments, property investments and holdings	-35,262	11,664
Other movements	176,981	191,045
Change in payables and receivables from operating activities	226,462	219,412
Change in payables and receivables from direct insurance operations and reinsurance	168,363	141,296
Change in other payables and receivables	58,099	78,116
Income taxes paid	-20,673	-3,665
Net liquidity generated/absorbed from cash items relating to investing and financing activities	-1,158,308	-1,275,252
Liabilities from financial contracts issued by insurance companies	-227,819	-4,691
Bank and interbank payables	-96,918	-128,472
Loans and receivables from banks and interbank	-5,299	3,975
Other financial instruments at fair value recorded to the income statement	-828,272	-1,146,064
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	1,731,596	872,472
Net liquidity generated/absorbed from property investments	-32,023	-175,847
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-21,156	-39,478
Net cash generated/absorbed from loans and receivables	156,677	-206,370
Net cash generated/absorbed from investments held to maturity	198,489	-61,585
Net cash generated/absorbed from available-for-sale financial assets	-1,798,334	-447,224
Net cash generated/absorbed from intangible and tangible fixed assets	-8,526	-32,010
Net cash generated/absorbed from investing activities	223,134	6,256
TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES	-1,281,739	-956,258
Net cash generated/absorbed from Group equity instruments	0	0
Net cash generated/absorbed from treasury shares	0	-19,360
Distribution of Dividends relating to the Group	-67,751	-116,904
Net cash generated/absorbed from minority interest capital and reserves	-189,369	20,051
Net cash generated/absorbed from sub-ordinated liabilities and financial instruments in holdings	0	0
Net cash generated/absorbed from other financial liabilities	80,675	231,857
TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES	-176,445	115,644
Exchange difference effect on cash and cash equivalents	140	-2,868
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	576,033	760,072
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	273,412	31,858
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	849,445	791,930

Notes to the financial statements

PART A - Accounting principles

The accounting principles applied to the consolidated half-year report were those utilised for the preparation of the last consolidated financial statements, to which reference should be made, and are in compliance with international accounting standards IAS/IFRS issued by the IASB, approved by the EU and interpreted by the official bodies. The measurement of the individual Balance Sheet and Income Statement accounts was made in accordance with the same criteria utilised in the preparation of the 2009 consolidated financial statements. Reference should therefore be made to the detailed illustration of the methods utilised.

In the first half of 2010 the Group – and also for the comparative data utilised in the present document - reclassified the book values of some of the properties held by the subsidiaries Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni from the account Property, plant and equipment to the account Investment Property.

The current classification was adopted following the partial non-proportional spin-off of the ex Immobiliare Lombarda in the previous year, following the changed real estate management policies, focused on a greater stability in assets over time in comparison to the focus of the ex Immobiliare Lombarda, from which these properties originate.

The book value of the reclassified properties at December 31, 2009 was Euro 431 million. The reclassification did not have a significant impact on the result for the period or the previous periods in that the cost method was adopted for the valuation for both the Property, plant and equipment and Investment Property accounts.

The Comprehensive Income Statement comparative data for the first half of 2009 was restated following a revised analysis of the accounts included. The Comprehensive Income Statement for the first half of 2009 now presents a total of Euro 4,772 thousand compared to the Euro 3,344 thousand reported originally. No changes to the comparative balance sheet data are reported.

The balance sheet and income statement data and relative Notes were prepared as per accounting standard IAS 34 relating to interim accounts. In the preparation of the interim data, the application of the accounting principles and policies for the financial statements require, as also recalled in the notes, a greater recourse to estimates and projections.

The income statement data for the first half 2010 concerning discontinued operations was prepared in accordance with IFRS 5. For the data relating to the same period of the previous year prepared in accordance with this standard reference is made to Part E of the Explanatory Notes.

Non-Life Claims Reserves

For the valuation of the technical reserves of the Motor TPL Class, we recall that from February 1, 2007, a new direct compensation procedure was put in place which, in the case of road accidents, permits non-responsible claimants, or those only partly responsible, to be compensated directly by their insurance company. From January 1, 2008 and again from January 1, 2009 the regulations for the calculation of the flat rate reimbursements were significantly modified. In particular, the single flat rate for the direct compensation convention was replaced by two separate flat rates but only for 2008 and 2009, separately applied for material damage and for any personal injury to the driver. These flat rates were further amended for 2010 with differentiation - as well as for the major geographic areas - also for the categories of vehicle. The distinction between flat rate for vehicle damage and physical injury to the driver was eliminated, returning therefore to the situation in 2007 of an “integrated” flat rate payment which includes both damage to the vehicle and the person.

In this context, the reserve was measured separately for the various types of management under the new regime. In particular:

- for the claims within the CARD Debtor regime, the valuation was made based on the differing flat rates, from 2007 to 2010 for the various generations defined by the Technical Committee set up pursuant to Pres. Decree No. 254/2006;
- for the CARD Operator claims, the expected final cost was recorded net of the flat recoverable amounts;
- for the claims not covered by the new regime (essentially as they involve two vehicles or permanent personal injury greater than 9%), the valuation of the final cost of the claims in the current year was made revaluing the amounts indicated by the settlement offices, taking into account the average costs assumed for these type of claims, which are more costly. For the claims of previous years, already recorded in reserves, the trends relating to the claims settled in the period were noted, verifying the appropriateness of the reserves recorded at 31/12/2009.

In the Other Non-Life Classes, for both the current generation and previous generations, the technical offices estimate was supplemented utilising the parameters already utilised for the 2009 annual accounts, where there were not significant statistical changes compared to the consolidated trends.

The technical reserves relating to the reinsurers are calculated based on the portion ceded for the proportional reinsurance and in a revisional manner for the excess and stop-loss reinsurance, on the basis of the information available and utilising the same criteria for the direct premium reserves, taking into account the contractual clauses.

Valuation and impairment of financial instruments

With reference to the valuation of financial instruments, reference should be made to the financial statements at 31/12/2009.

The “fair value policy” outlined therein did not incur changes and, therefore, with reference to the listed financial instruments in active markets, the stock exchange price at 30/06/2010 was utilised.

It is also reported that some valuation processes, such as those utilised to determine any losses in value (impairment) of financial assets available-for-sale, are - given their complexity - generally made in the preparation of the annual financial statements.

Consequently in this half-year report, also due to the limited availability of all the necessary information, the losses in value of “Available for sale” financial instruments recorded due to the application of the automatic criteria as illustrated in the consolidated financial statements of 31/12/2009 were recorded in the income statement and which identified temporal and quantitative limits for the recording of a long-term or significant drop in the fair value.

Therefore for the purposes of the objective recording of the reduction of value, the Group has defined the conditions of a prolonged and significant reduction of fair value, defined alternatively as follows:

1. a reduction of the market value above 80% of the original cost, an adjustment due to any purchases and/or capital operations at the reporting date of the accounts;
2. a market value continuously lower than the book value, for a period of two years.

Reclassification of financial instruments

We recall that in accordance with IAS 39, and as enacted in October 2008 through the approval of EU Regulation No. 1725/2003, a financial asset classified as available-for-sale may be reclassified in the category “Loans and Receivables” provided it complies with the requisites contained in the definition of loans and receivables, and the Group has the intention and the capacity to hold the financial asset for the foreseeable future or until maturity.

Based on this option, it was decided to reclassify at January 1, 2009 some debt securities recorded in the accounts at December 31, 2008 for Euro 808,419 thousand from the category “Available-for-sale” to “Loans and Receivables”. These securities, principally containing subordination clauses and issued by corporate parties, were measured at fair value at December 31, 2008 through mark to model, with the objective to provide maximum transparency and clarification in the valuations in the accounts. This intention does not easily reconcile with the nature of the securities and with the difficulties to define and, therefore, provide an objective fair value, in consideration of the current economic-financial crisis which does not permit normal pricing, in particular for these types of securities.

The value transferred is equal to 2.4% of the total amount of the Investments of the Group at January 1, 2009: therefore this reclassification operation was not considered significant for the purposes of the compilation of the attachment relating to the “Details of the financial assets reclassified and of the effects on the income statement and on comprehensive income”.

The accounting value of the securities transferred at 30/06/2010 was Euro 798,181 thousand and the fair value at that date, determined on the basis of the above-mentioned mark to model method, substantially confirm the carrying value at the date of the present report. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 6,085 thousand. The residual negative AFS reserve recorded on these securities at 01/01/2009 amounted to Euro 75,222 thousand and is amortised in accordance with the provisions of IAS 39.

Consolidation principles

The same consolidation principles were utilised in the half year report as for the last consolidated financial statements.

For detailed information on the accounting principles utilised, reference should be made to these latter. Any such references to 31/12 should be considered as similar for 30/06.

For the preparation of the consolidated half-year report, the half-year reports approved by the Boards of Directors of the respective Companies were utilised or, alternatively, the half-year financial statements which were reviewed by the respective management boards.

Consolidation scope

At 30/06/2010, the Fondiaria-SAI Group, including the Parent Company, was made up of 122 Companies, of which 19 operated in the insurance sector, 2 in the banking sector, 48 in the real estate and agricultural sector and 21 in the financial services sector; the remaining companies are various service companies. The company has 22 overseas offices.

The total number of subsidiaries fully consolidated is 86 and the number of companies consolidated under the Net Equity method is 21, while the remaining companies are consolidated under the proportional method or maintained at carrying value given their insignificant amount to the Group.

There are 95 subsidiary companies, of which 34 are controlled directly by the Parent Company.

The full consolidation continues of the Tikal R.E. and Athens R.E. Closed Real Estate Funds, in which the Group holds control and determines the management policies of the companies. This treatment is in accordance with IAS 27 and in particular with its Basis for Conclusion.

Excluded are the subsidiaries which due to their size or nature of activities are not significant for the purposes of a true and fair representation of the present half-year accounts.

During the first half of 2010, the consolidation scope of the Fondiaria-SAI Group saw the following changes:

- incorporation of the finance company SAI Network S.p.A.;
- exit from the consolidation scope of Bipiemme Vita S.p.A., due to the sale of the holding.

In addition the following operations are reported:

- merger by incorporation into Milano Assicurazioni S.p.A. of the company Meridiano Orizzonti S.r.l.;
- transfer of shares, equal to 40%, of Dialogo Vita S.p.A. by Fondiaria-SAI to Milano Assicurazioni which now holds control;
- change in legal form of Auto Presto & Bene S.r.l. to Auto Presto & Bene S.p.A.;
- change in the name of the company Casa di Cura Villanova S.r.l. to Centro Oncologico Fiorentino Casa di Cura Villanova S.r.l.;
- change in legal form of the company Garibaldi S.c.s. to Garibaldi S.C.A.;
- change in the legal form of the company Hedf Isola S.c.s. to Isola S.C.A..

Finally we report, in accordance with IAS 27 paragraph 40 d) that the associated company Fondiaria-SAI Servizi Tecnologici S.p.A. is valued at net equity in that, although Fondiaria-SAI has a majority shareholding (51%) of the voting rights, the operating control of the company is undertaken by another company in accordance with governance agreements made.

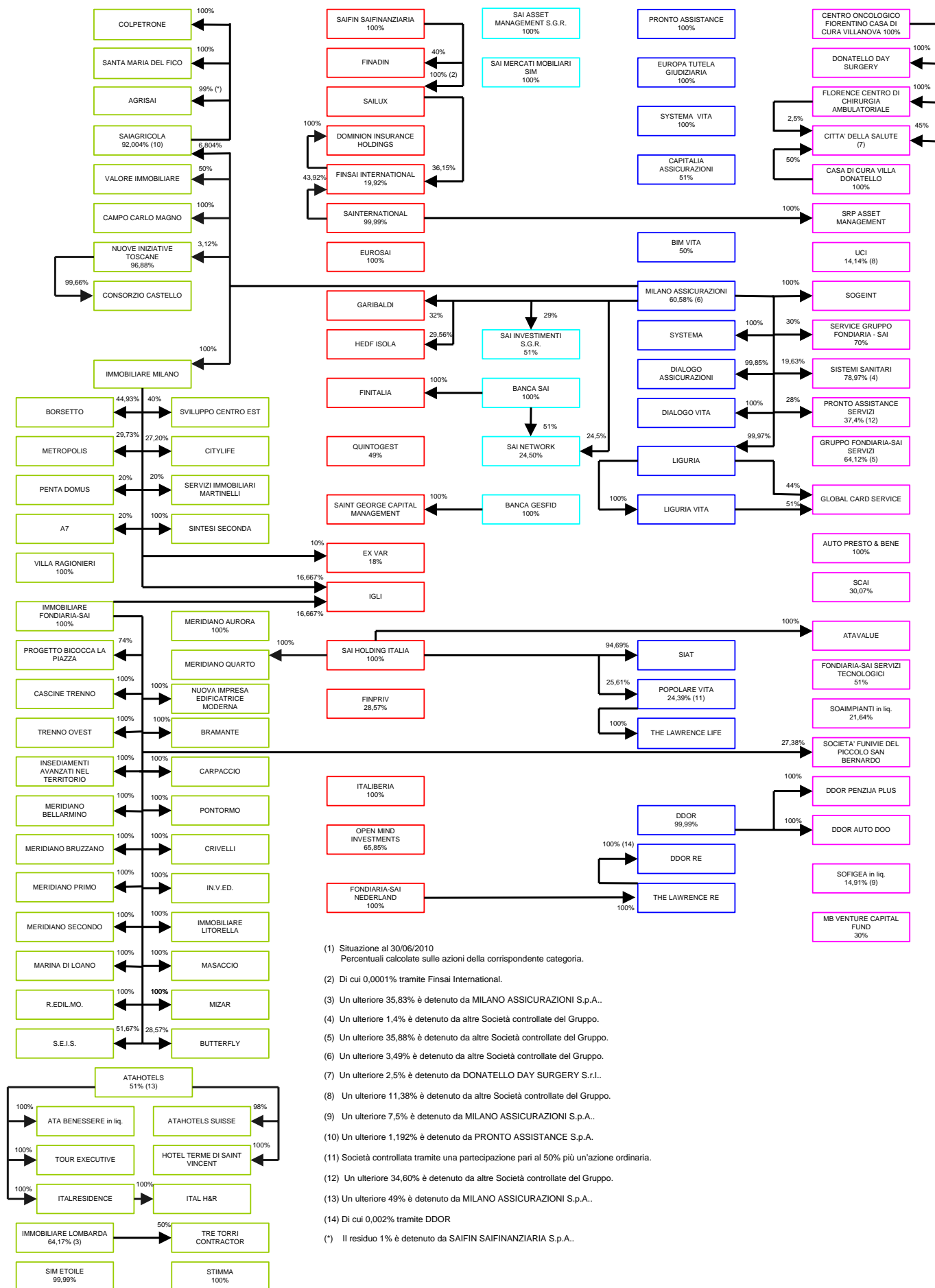
IMMOBILIARI e AGRICOLE

FINANZIARIE

BANCARIE, SIM, SGR e SICAV

ASSICURATIVE

DIVERSE



- (1) Situazione al 30/06/2010
Percentuali calcolate sulle azioni della corrispondente categoria.
- (2) Di cui 0,0001% tramite Finsai International.
- (3) Un ulteriore 35,83% è detenuto da MILANO ASSICURAZIONI S.p.A..
- (4) Un ulteriore 1,4% è detenuto da altre Società controllate del Gruppo.
- (5) Un ulteriore 35,88% è detenuto da altre Società controllate del Gruppo.
- (6) Un ulteriore 3,49% è detenuto da altre Società controllate del Gruppo.
- (7) Un ulteriore 2,5% è detenuto da DONATELLO DAY SURGERY S.r.l..
- (8) Un ulteriore 11,38% è detenuto da altre Società controllate del Gruppo.
- (9) Un ulteriore 7,5% è detenuto da MILANO ASSICURAZIONI S.p.A..
- (10) Un ulteriore 1,192% è detenuto da PRONTO ASSISTANCE S.p.A..
- (11) Società controllata tramite una partecipazione pari al 50% più un'azione ordinaria.
- (12) Un ulteriore 34,60% è detenuto da altre Società controllate del Gruppo.
- (13) Un ulteriore 49% è detenuto da MILANO ASSICURAZIONI S.p.A..
- (14) Di cui 0,002% tramite DDOR
- (*) Il residuo 1% è detenuto da SAIFIN SAIFINANZIARIA S.p.A..

Sector	Percentage of control		Group holding
	Direct	Indirect	
SUBSIDIARY COMPANIES			
Companies consolidated line-by -line:			
ATAHOTELS COMPAGNIA			
ITALIANA AZIENDE			
TURISTICHE ALBERGHIERE			
S.p.A.			
Milan			
Share Capital Euro 17,340,000	Services	51.00	MILANO ASSICURAZIONI S.p.A. 49.00 81.80
ATAVALUE S.r.l.			
Turin			
Share Capital Euro 10,000	Services		SAI HOLDING ITALIA S.p.A. 100.00 100.00
ATHENS R.E. FUND –			
SPECULATIVE FUND	Real Estate		MILANO ASSICURAZIONI S.p.A. 100.00 62.85
AUTO PRESTO&BENE S.p.A.			
Turin			
Share Capital Euro 5,000,000	Services	100.00	
BANCA GESFID S.A.			
Lugano (CH)			
Share Capital CHF 10,000,000	Banking	100.00	
BANCASAI S.p.A.			
Turin			
Share Capital Euro 116,677,161	Banking	100.00	
BIM VITA S.p.A.			
Turin			
Share Capital Euro 7,500,000	Life Insurance	50.00	
BRAMANTE S.r.l.			
Milan			
Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00 100.00
CAMPO CARLO MAGNO S.p.A.			
Pinzolo (TN)			
Share Capital Euro 9,311,200	Real Estate		MILANO ASSICURAZIONI S.p.A. 100.00 62.85
CAPITALIA ASSICURAZIONI S.p.A.			
Milan			
Share capital Euro 5,200,000	Non-Life Insurance	51.00	
CARPACCIO S.r.l.			
Milan			
Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00 100.00
CASA DI CURA VILLA DONATELLO			
S.p.A.			
Florence			
Share Capital Euro 361,200	Services	100.00	
CASCINE TRENNO S.r.l.			
Turin			
Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00 100.00

Sector	Percentage of control		Group holding
	Direct	Indirect	
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. (ex. Casa di Cura Villanova) Sesto Fiorentino (FI) Share Capital Euro 182,000	Services	100.00	100.00
CITTÀ DELLA SALUTE S.c.r.l. Florence Share Capital Euro 100,000	Services	CASA DI CURA VILLA DONATELLO S.p.A. 50.00 CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l.. 45.00 DONATELLO DAY SURGERY S.r.l. 2.50 FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l. 2.50	100.00
COLPETRONE S.r.l. Umbertide (PG) Share Capital Euro 10,000	Agriculture	SAIAGRICOLA S.p.A. 100.00	97.48
CASTELLO CONSORTIUM Florence Share Capital Euro 51,000	Real Estate	NUOVE INIZIATIVE TOSCANE S.r.l. 99.66	98.50
CRIVELLI S.r.l. Milan Share Capital Euro 10,000	Real Estate	IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
DDOR NOVI SAD A.D.O. Novi Sad (Serbia) Share Capital Rsd 2,579,597,280	Mixed Insurance	99.99	99.99
DDOR RE JOINT STOCK REINSURANCE COMPANY Novi Sad (Serbia) Share Capital Euro 5,000,000	Insurance	THE LAWRENCE R.E. 99.998 DDOR NOVI SAD ADO 0.002	100.00
DIALOGO ASSICURAZIONI S.p.A. Milan Share Capital Euro 8,831,774	Non-Life Insurance	MILANO ASSICURAZIONI S.p.A. 99.85	62.76
DIALOGO VITA S.p.A. Florence Share Capital Euro 6,240,000	Life Insurance	MILANO ASSICURAZIONI S.p.A. 100.00	62.85
DOMINION INSURANCE HOLDING Ltd London (GB) Share Capital GBP 35,438,267.65	Financial	FINSAI INTERNATIONAL S.A. 100.00	99.99
DONATELLO DAY SURGERY S.r.l. Florence Share Capital Euro 20,000	Services	CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. 100.00	100.00
EUROPA TUTELA GIUDIZIARIA S.p.A. Milan Share Capital Euro 5,160,000	Non-Life Insurance	100.00	100.00
EUROSAI FINANZIARIA DI PARTECIPAZIONI S.r.l. Turin Share Capital Euro 5,265,600	Financial	100.00	100.00
FINITALIA S.p.A. Milan Share Capital Euro 15,376,285	Financial	BANCASAI S.p.A. 100.00	100.00
FINSAI INTERNATIONAL S.A. Luxembourg Share Capital Euro 44,131,900	Financial	SAINTERNATIONAL S.A. 43.92 SAILUX S.A. 36.15	99.99

	Sector	Percentage of control		Group holding
		Direct	Indirect	
FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l. Florence				
Share Capital Euro 10,400	Services		CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l	100.00
FONDIARIA-SAI NEDERLAND B.V. Amsterdam (NL)				
Share Capital Euro 19,070	Financial	100.00		100.00
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l. Milan				
Share Capital Euro 5,200,000			MILANO ASSICURAZIONI S.p.A.	34.19
		64.12	SYSTEMA VITA S.p.A.	0.02
			SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	0.18
			DIALOGO ASSICURAZIONI S.p.A.	0.20
			EUROPA TUTELAGIUDIZ.S.p.A.	0.02
			FINITALIA S.p.A.	0.02
			CAPITALIA ASSICURAZIONI S.p.A.	0.02
			BANCASAI S.p.A.	0.02
			DIALOGO VITA S.p.A.	0.02
			PRONTO ASSISTANCE S.p.A.	0.90
			SAI ASSET MANAGEMENT SGR S.p.A.	0.02
			SAI MERCATI MOBILIARI SIM S.p.A.	0.02
			LIGURIA SOC. DI ASSICURAZIONI S.p.A.	0.02
			LIGURIA VITA S.p.A.	0.02
			PRONTO ASSISTANCE SERVIZI S.c.a.r.l.	0.02
			SISTEMI SANITARI S.c.r.l.	0.02
			BIM VITA S.p.A.	0.02
			SIAT S.p.A	0.11
			AUTO PRESTO&BENE S.r.l.	0.02
			IMMOBILIARE LOMBARDA S.p.A.	0.02
IMMOBILIARE FONDIARIA-SAI S.r.l. Turin				
Share Capital Euro 20,000	Real Estate	100.00		100.00
IMMOBILIARE LITORELLA S.r.l. Milan				
Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00
IMMOBILIARE LOMBARDA S.p.A. Milan				
Share Capital Euro 24,493,509.56	Real Estate	64.17	MILANO ASSICURAZIONI S.p.A.	35.83
IMMOBILIARE MILANO ASSICURAZIONI S.r.l. Turin				
Share Capital Euro 20,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00
INIZIATIVE VALORIZZAZIONI EDILI – IN.V.ED. S.r.l. Rome				
Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. S.p.A. Rome				
Share Capital Euro 2,580,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l	100.00
ITALIBERIA INVERSIONES FINANCIERAS SL Madrid				
Share Capital Euro 122,193,595	Finance	100.00		100.00
ITALRESIDENCE S.r.l. Pieve Emanuele (MI)				
Share Capital Euro 100,000	Services		ATAHOTELS S.p.A.	100.00

	Sector	Percentage of control		Group holding
		Direct	Indirect	
LIGURIA SOCIETÀ DI ASSICURAZIONI S.p.A. Segrate (Mi) Share Capital Euro 36,800,000	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A. 99.97	62.83
LIGURIA VITA S.p.A. Segrate (Mi) Share Capital Euro 6,000,000	Life Insurance		LIGURIA SOC. DI ASSICURAZIONI S.p.A. 100.00	62.83
MARINA DI LOANO S.p.A. Milan Share Capital Euro 5,536,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
MASACCIO S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
MERIDIANO AURORA S.r.l. Milan Share Capital Euro 10,000	Real Estate	100.00		100.00
MERIDIANO BELLARMINO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
MERIDIANO BRUZZANO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
MERIDIANO PRIMO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
MERIDIANO QUARTO S.r.l. Turin Share Capital Euro 10,000	Real Estate		SAI HOLDING ITALIA S.p.A. 100.00	100.00
MERIDIANO SECONDO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
MILANO ASSICURAZIONI S.p.A. Milan Share Capital Euro 305,851,341.12	Mixed Insurance	60.58	FONDIARIA-SAI NEDERLAND B.V. 1.50 POPOLARE VITA S.p.A. 0.02 PRONTO ASSISTANCE S.p.A. 0.05 SAI HOLDING ITALIA S.p.A. 0.51 SAINTERNAZIONALE S.A. 0.20	62.85
MIZAR S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
NUOVA IMPRESA EDIFICATRICE MODERNA S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
NUOVE INIZIATIVE TOSCANE S.r.l. Florence Share Capital Euro 26,000,000	Real Estate	96.88	MILANO ASSICURAZIONI S.p.A. 3.12	98.84
PONTORMO S.r.l. Milan Share Capital Euro 50,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
POPOLARE VITA S.p.A. Verona Share Capital Euro 179,600,005	Life Insurance	24.39	SAI HOLDING ITALIA S.p.A. 25.61	50.00

	Sector	Percentage of control		Group holding
		Direct	Indirect	
PROGETTO BICOCCA LA PIAZZA S.r.l. in liquidazione Milan Share Capital Euro 3,151,800	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 74.00	74.00
PRONTO ASSISTANCE S.p.A. Turin Share Capital Euro 2,500,000	Non-Life Insurance	100.00		100.00
PRONTO ASSISTANCE SERVIZI S.c.a.r.l. Turin Share Capital Euro 516,000	Services	37.40	MILANO ASSICURAZIONI S.p.A. 28.00 DIALOGO ASSICURAZIONI S.p.A. 24.00 LIGURIA SOC. DI ASSICURAZIONI S.p.A. 2.20 CAPITALIA ASSICURAZIONI S.p.A. 0.15 SYSTEMA COMPAGNIA DI ASS.NI S.p.A. 0.35 BANCASAI S.p.A. 0.10 SISTEMI SANITARI S.r.l. 0.10 PRONTO ASSISTANCE S.p.A. 7.70	79.63
RISTRUTTURAZIONI EDILI MODERNE – R.EDIL.MO S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 100.00	100.00
SAI ASSET MANAGEMENT SGR S.p.A. Milan Share Capital Euro 5,000,000	Asset Management	100.00		100.00
SAI HOLDING ITALIA S.p.A. Turin Share Capital Euro 50,000,000	Financial	100.00		100.00
SAI INVESTIMENTI S.G.R. S.p.A. Turin Share Capital Euro 3,913,588	Asset Management	51.00	MILANO ASSICURAZIONI S.p.A. 29.00	69.23
SAI MERCATI MOBILIARI SIM S.p.A. Milan Share Capital Euro 20,000,000	Real Estate Brokerage	100.00		100.00
SAI NETWORK S.p.A. Turin Share Capital Euro 8,000,000	Financial	24.50	BANCA SAI S.p.A. 51.00 MILANO ASSICURAZIONI S.p.A. 24.50	90.90
SAIAGRICOLA S.p.A. SOCIETÀ AGRICOLA Turin Share Capital Euro 66,000,000	Agriculture	92.01	MILANO ASSICURAZIONI S.p.A. 6.80 PRONTO ASSISTANCE S.p.A. 1.19	97.48
SAIFIN-SAIFINANZIARIA S.p.A. Turin Share Capital Euro 102,258,000	Financial	100.00		100.00
SAILUX S.A. Luxembourg Share Capital Euro 30,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A. 99.99 FINSAI INTERNATIONAL S.A. 0.01	100.00
SAINT GEORGE CAPITAL MANAGEMENT S.A. Lugano (CH) Share Capital CHF 500,000	Financial		BANCA GESFID S.A. 100.00	100.00
SAINTERNATIONAL S.A. Luxembourg Share Capital Euro 154,000,000	Financial	99.99		99.99
SANTA MARIA DEL FICO S.r.l. Umbertide (PG) Share Capital Euro 78,000	Agriculture		SAIAGRICOLA S.p.A. 100.00	97.48

	Sector	Percentage of control		Group holding
		Direct	Indirect	
SERVICE GRUPPO FONDIARIA-SAI S.r.l. Florence Share Capital Euro 104,000	Services	70.00	MILANO ASSICURAZIONI S.p.A. 30.00	88.86
SIAT SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.p.A. Genoa	Non-Life Insurance		SAI HOLDING ITALIA S.p.A. 94.69	94.69
SIM ETOILE S.A.S. Paris Share Capital Euro 3,049,011.34	Real Estate	99.99		99.99
SINTESI SECONDA S.r.l. Milan Share Capital Euro 10,400	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 100.00	62.85
SISTEMI SANITARI S.c.r.l. Milan Share Capital Euro 1,000,000	Services	78.97	MILANO ASSICURAZIONI S.p.A. 19.63 BANCASAI S.p.A. 0.04 BIM VITA S.p.A. 0.01 DIALOGO ASSICURAZIONI S.p.A. 0.02 FINITALIA S.p.A. 0.02 LIGURIA SOC. DI ASSICURAZIONI S.p.A. 0.22 LIGURIA VITA S.p.A. 0.02 POPOLARE VITA S.p.A. 0.51 PRONTO ASSISTANCE S.p.A. 0.03 PRONTO ASSISTANCE SERVIZI S.c.a.r.l. 0.41 SAI SIM S.p.A. 0.01 SYSTEMA COMPAGNIA DI ASS.NI S.p.A. 0.01 SYSTEMA VITA S.p.A. 0.01 SAI ASSET MANAGEMENT S.p.A. 0.01 GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l. 0.09	92.26
SOCIETÀ EDILIZIA IMMOBILIARE SARDA S.E.I.S. S.p.A. Rome Share capital Euro 3,877,500	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 51.67	51.67
SOGEINT S.r.l. Milan Share Capital Euro 100,000	Other		MILANO ASSICURAZIONI S.p.A. 100.00	62.85
SRP Asset Management S.A. Lugano (CH) Share Capital CHF 1,000,000	Services		SAINTERNATIONAL S.A. 100.00	99.99
STIMMA S.r.l. Florence Share Capital Euro 10,000	Real Estate	100.00		100.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A. Milan Share Capital Euro 5,164,600	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A. 100.00	62.85
SYSTEMA VITA S.p.A. Florence Share Capital Euro 6,240,000	Life Insurance	100.00		100.00
THE LAWRENCE LIFE ASSURANCE CO. LTD Dublin (IRL) Share Capital Euro 802,886	Life Insurance		POPOLARE VITA S.p.A. 100.00	50.00
THE LAWRENCE R.E. IRELAND LTD Dublin (IRL) Share Capital Euro 635,000	Mixed Insurance		FONDIARIA-SAI NEDERLAND B.V. 100.00	100.00

	Sector	Percentage of control		Group holding
		Direct	Indirect	
TIKAL R.E. FUND	Real Estate	59.65	MILANO ASSICURAZIONI S.p.A. 35.36	81.87
TRENNO OVEST S.r.l. Turin				
Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA - SAI S.r.l. 100.00	100.00
VILLA RAGONIERI S.r.l. Florence				
Share Capital Euro 78,000	Real Estate	100.00		100.00

Companies valued at carrying value:

AGRISAI S.r.l. Turin			SAIAGRICOLA S.p.A. 99.00	
Share Capital Euro 61,000	Services		SAIFIN-SAIFINANZIARIA S.p.A. 1.00	97.50
ATA BENESSERE S.r.l. in liquidazione Milan				
Share Capital Euro 100,000	Services		ATAHOTELS S.p.A. 100.00	81.80
ATAHOTELS SUISSE S.A. Lugano				
Share Capital CHF 100,000	Services		ATAHOTELS S.p.A. 98.00	80.16
DDOR AUTO DOO Novi Sad (Serbia)	Non-Life Insurance			
Share Capital Euro 9,260.97			DDOR NOVI SAID A.D.O. 100.00	99.99
DDOR PENZIJA PLUS AD Novi Sad (Serbia)				
Share Capital Rsd 102,606,250	Services		DDOR NOVI SAID A.D.O. 100.00	99.99
GLOBAL CARD SERVICE S.r.l. Segrate (Mi)			LIGURIA VITA S.p.A. 51.00	
Share Capital Euro 98,800	Services		LIGURIA SOC. DI ASSICURAZIONI S.p.A. 44.00	59.69
HOTEL TERME DI SAINT VINCENT S.r.l. Saint Vincent (AO)				
Share Capital Euro 15,300	Services		ATAHOTELS S.p.A. 100.00	81.80
ITAL H & R S.r.l. Pieve Emanuele (MI)				
Share Capital Euro 50,000	Services		ITALRESIDENCE S.r.l. 100.00	81.80
TOUR EXECUTIVE S.p.A. Milan				
Share Capital Euro 500,000	Services		ATAHOTELS S.p.A. 100.00	81.80

ASSOCIATED COMPANIES

Companies valued under the equity method:

A 7 S.r.l. Milan				
Share Capital Euro 200,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 20.00	12.57
BORSETTO S.r.l. Turin				
Share Capital Euro 2,971,782	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 44.93	28.24
BUTTERFLY AM S.a.r.l. Luxembourg				
Share Capital Euro 29,165	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l. 28.57	28.57

	Sector	Percentage of control		Group holding
		Direct	Indirect	
CITYLIFE S.r.l. Milan				
Share Capital Euro 313,059	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 27.20	17.09
CONSULENZA AZIENDALE PER L'INFORMATICA SCAI S.p.A. Turin				
Share Capital Euro 1,040,000	Services	30.07		30.07
EX VAR S.C.S. Luxembourg				
Share capital Euro 2,509,521	Financial	18.00	IMMOBILIARE MILANO ASS.NI S.r.l. 10.00	24.29
FIN. PRIV S.r.l. Milan				
Share Capital Euro 20,000	Financial	28.57		28.57
FINADIN S.p.A. Milan				
Share Capital Euro 100,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A. 40.00	40.00
FONDIARIA-SAI SERVIZI TECNOLOGICI S.r.l. Florence				
Share Capital Euro 120,000	Services	51.00		51.00
FONDO RHO IMMOBILIARE	Real Estate	30.54	MILANO ASSICURAZIONI S.p.A. 12.38	38.32
GARIBALDI S.C.A. Luxembourg				
Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A. 32.00	20.11
IGLI S.p.A. Milan				
Share Capital Euro 24,120,000	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l. 16.667 IMMOBILIARE MILANO ASS.NI S.r.l. 16.667	27.14
ISOLA S.C.A. (ex. Hedf Isola) Luxembourg				
Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A. 29.56	18.58
METROPOLIS S.p.A. Florence				
Share Capital Euro 1,120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 29.73	18.69
PENTA DOMUS S.p.A. Turin				
Share Capital Euro 120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 20.00	12.57
PROGETTO ALFIERE S.p.A. Rome				
Share Capital Euro 120,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l. 19.00	19.00
SERVIZI IMMOBILIARI MARTINELLI S.p.A. Cinisello Balsamo (Mi)				
Share capital Euro 100,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 20.00	12.57
SOCIETÀ FUNIVIE DEL PICCOLO SAN BERNARDO S.p.A. La Thuile (AO)				
Share Capital Euro 9,213,417.5	Other		IMMOBILIARE FONDIARIA-SAI S.r.l. 27.38	27.38
SVILUPPO CENTRO EST S.r.l. Rome				
Share Capital Euro 10,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l. 40.00	25.14
TRE TORRI CONTRACTOR S.c.r.l. Milan				
Share Capital Euro 10,000	Real Estate		IMMOBILIARE LOMBARDA S.p.A. 50.00	43.34
VALORE IMMOBILIARE S.r.l. Milan				
Share Capital Euro 10,000	Real Estate		MILANO ASSICURAZIONI S.p.A. 50.00	31.43

	Sector	Percentage of control		Group holding
		Direct	Indirect	
Companies valued at carrying value:				
MB VENTURE CAPITAL FUND I				
PARTECIPATING COMPANY DI N.V.				
Amsterdam				
Share Capital Euro 50,000	Other	30.00		30.00
QUINTOGEST S.p.A.				
Milan				
Share Capital Euro 3,000,000	Financial	49.00		49.00
SOCIETÀ FINANZ. PER LE				
GEST.ASSICURATIVE S.r.l.				
in liquidation				
Rome				
Share Capital Euro 47,664,600	Financial	14.91	MILANO ASSICURAZIONI S.p.A. 7.50	19.62
SOAIMPIANTI - ORGANISMI				
DI ATTESTAZIONE S.r.l.				
in liquidation				
Milan				
Share Capital Euro 84,601	Other	21.64		21.64
UFFICIO CENTRALE ITALIANO S.c.a.r.l.				
Milan				
			SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. 0.10	
			MILANO ASSICURAZIONI S.p.A. 10.98	
Share Capital Euro 510,000	Other	14.14	LIGURIA SOC. DI ASSICURAZIONI S.p.A. 0.31	21.32

PART B - Information on the Consolidated Balance Sheet

Balance Sheet - Assets

1. INTANGIBLE ASSETS

The breakdown is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Goodwill	1,579,054	1,593,007	(13,953)
Other intangible assets	162,661	303,611	(140,950)
TOTAL	1,741,715	1,896,618	(154,903)

Goodwill

The Goodwill is broken down as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Goodwill deriving from the incorporation of La Fondiaria	504,763	504,763	-
Goodwill relating to the consolidation of Milano Assicurazioni	167,376	167,379	(3)
Other goodwill	1,384	1,824	(440)
Consolidation difference	905,531	919,041	(13,510)
TOTAL	1,579,054	1,593,007	(13,953)

The Group verifies the recovery of the goodwill allocated to the Cash Generating Units (CGU's) at least on an annual basis or more frequently when there is an indication of a loss in value.

Reference should be made to the financial statements of 31/12/2009 for the description of the methods utilised for the determination of the recoverable value of the goodwill recorded.

The reduction of "Other Goodwill" refers to the loss in value in the period of the residual goodwill relating to the Profilo Life portfolio.

The movements in the "Consolidation Differences", referring exclusively to the subsidiary DDOR Novi Sad, is due to the exchange effects from the appreciation of the Euro in relation to the Serb Dinar.

In the first half of the year, there were no indications that the goodwill recorded had incurred a reduction in value compared to the existing book value at 31/12/2009, when subjected to impairment test as per IAS 36.

In particular, in relation to the subsidiary Capitalia Assicurazioni, which already underwent an impairment test with a consequent reduction in the value of goodwill at 31/12/2008 and at 31/12/2009 of Euro 30 million, the half year results do not compromise the expectations of the plan for the full year.

On the other hand, in relation to the goodwill of the subsidiaries Popolare Vita (to be considered together with Lawrence Life) Liguria Assicurazioni, Liguria Vita and DDOR Novi Sad, the results for the first half of 2010 do not necessitate an impairment test.

In relation to the subsidiary Atahotels, whose goodwill was recorded for Euro 7.2 million, it is considered that the H1 2010 loss is not yet evidence of impairment.

This is in consideration that the tourism-hotel business is characterised by a large degree of seasonality which is not positively reflected in the 2010 Half-Year Income Statement.

Other Intangible Assets

The other intangible assets amount to Euro 162,661 thousand (Euro 303,611 thousand at 31/12/2009) and are composed of:

(in Euro thousands)	Gross carrying value	Amortisation and impairment	Net value 30/06/2010	Net value 31/12/2009
Studies and research expenses	218,003	(187,659)	30,344	31,339
Utilisation rights	16,886	(10,412)	6,474	6,025
Other intangible assets	290,205	(164,362)	125,843	266,247
TOTAL	525,094	(362,433)	162,661	303,611

None of the above intangible assets were generated internally.

The above intangible assets have a definite useful life and are therefore amortised over their duration. The expenses for research studies relate to the capitalisation in 2010, and in previous years, of the costs incurred for the preparation of IT technology and applications of a long-term nature.

They are amortised over a period of three or five years based on the characteristics and useful life of the assets.

These charges are prevalently incurred by the Consortium Fondiaria SAI Servizi Group, which undertakes all the management of resources, assets and services already existing and new acquisitions relating to the functioning of the Group.

The other intangible assets principally include the values relating to the client portfolios acquired by some subsidiary companies (Value in Force and VOBA) recorded upon acquisition.

The data relating to the client portfolios acquired are as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Liguria Assicurazioni S.p.A.	20,697	24,246	(3,549)
Banca Gesfid S.A.	15,987	15,415	572
Popolare Vita S.p.A.	8,217	16,433	(8,216)
DDOR Novi Sad ADO	19,580	25,490	(5,910)
TOTAL	64,481	81,584	(17,103)

Following verifications made, there was no impairment in the values recorded.

DDOR and Banca Gesfid were affected by, in addition to the amortisation in the period, the strengthening of the Euro against the Serb Dinar and the loss in value of the Euro against the Swiss Franc.

In comparison to the 2009 financial statements, intangible assets no longer include costs relating to the expansion of the Loano tourist port by the subsidiary Marina di Loano S.p.A., reclassified under property, plant and equipment.

2. PROPERTY, PLANT & EQUIPMENT

The total amount of the account is Euro 624,937 thousand (Euro 500,329 thousand at 31/12/2009), an increase of Euro 125 thousand.

The breakdown of the tangible fixed assets is as follows:

(in Euro thousands)	Buildings		Land		Other tangible assets		Total	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Gross carrying value	522,588	411,714	31,134	35,397	228,118	212,650	781,840	659,761
Depreciation and impairment	(35,335)	(44,012)	-	-	(121,568)	(115,420)	(156,903)	(159,432)
Net value	487,253	367,702	31,134	35,397	106,550	97,230	624,937	500,329

The account relating to land represents the indefinite useful life component separated from the buildings. The separation of the land is made based on specific independent expert's valuations at the transition date (January 1, 2004) while the subsequent acquisitions are made at the acquisition date.

The buildings included under property, plant and equipment are those utilised by the business operations (so-called buildings for direct use). These buildings are recorded at cost and are depreciated over their useful lives on a component basis.

The data at 31/12/2009 was reclassified: the account does not include the property held by the subsidiaries Immobiliare Fondiaria-SAI and Immobiliare Milano (Euro 431 million) which were reclassified as Property Investments in consideration of the changed use of this asset and the restructuring of the ex Immobiliare Lombarda.

The current classification appears more suitable given the real estate management policies, focused on a greater stability in assets over time in comparison to the focus of the ex Immobiliare Lombarda, from which these properties originate.

No building of the Group within this account is subject to restrictions on ownership, nor has any significant amounts been recorded in the income statement for reductions in value, losses, sales or damages.

The residual “other tangible assets” prevalently relates to assets of the Group utilised in the exercise of its activities, such as furnishings, plant and office equipment, as well as the final inventory of the companies operating in the agricultural sector valued in accordance with IAS 2.

3. TECHNICAL RESERVES – REINSURANCE AMOUNT

The total amount of the account is Euro 858,723 thousand (Euro 870,300 thousand at 31/12/2009) with an decrease of Euro 11,577 thousand. The breakdown of the account is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Non-life division technical reserves attributed to reinsurers	685,228	690,169	(4,941)
Life division technical reserves attributed to reinsurers	173,495	180,131	(6,636)
Class D reserves attributed to reinsurers	-	-	-
TOTAL	858,723	870,300	(11,577)

Of this amount, Euro 590.3 million refers to reinsurance (Euro 602.1 million at 31/12/2009), while Euro 268.4 million refers to reserve cessions (Euro 268.2 million 31/12/2009).

4. INVESTMENTS

The breakdown is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Investment property	3,012,699	3,011,505	1,194
Investments in subsidiaries, associates and joint ventures	374,123	366,688	7,435
Investments held-to-maturity	609,984	808,473	(198,489)
Loans and receivables	2,756,763	2,908,010	(151,247)
Financial assets available-for-sale	20,369,507	18,896,658	1,472,849
Financial assets at fair value recorded through the profit & loss account	9,536,861	8,655,108	881,753
TOTAL	36,659,937	34,646,442	2,013,495

Investment property

The account includes all the buildings held by the Group for rental or for capital appreciation.

The investment properties are recorded at purchase cost in accordance with IAS 16 (which IAS 40 refers to in the case of adoption of the cost model). Consequently, for accounting purposes the Group has separated the value of the land from the value of the buildings held, considering that this component, having an indefinite useful life, must not be depreciated.

The separation of the land component from the buildings is made based on updated expert valuations at the date of transition to the international accounting standards and, for the acquisitions subsequent to January 1, 2004, on the basis of expert independent valuations prepared at the moment of purchase.

The part of the property referring to buildings is depreciated systematically with regard to the useful life of the components therein. Of the significant components, those relating to the plant of the building are depreciated separately.

The composition of the investment property and the movement in the period is shown below.

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Gross carrying value	3,367,247	3,322,897	44,350
Depreciation and impairment	(354,548)	(311,392)	(43,156)
Net value	3,012,699	3,011,505	1,194

As already described in the present report, the data at 31/12/2009 was restated following the previously mentioned reclassification to this account of some of the properties held by the subsidiaries Immobiliare Fondiaria-SAI and Immobiliare Milano and in relation to which reference is made to the paragraph Property, Plant and Equipment.

During the period, the rental income from investment property amounted to approx. Euro 48 million (Euro 51 million in the first half of 2009).

There are no significant limits on the realisation of the investment property due to legal or contractual restrictions or restrictions of any other nature, with the exception of 6 buildings of the Tikal Fund which are mortgaged for the loans received on these buildings.

Investments in subsidiaries, associates and joint ventures

The account includes the book value of some subsidiary investments which, given the insignificance in relation to the size and nature of the activities undertaken, are not significant in order to ensure the reliability of the present interim accounts.

The Group investments in associated companies are measured under the net equity method.

The division is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Subsidiary companies	2,843	2,570	273
Associated companies and joint ventures	371,280	364,118	7,162
TOTAL	374,123	366,688	7,435

The most significant holdings in associated companies are as follows:

(in Euro millions)	30/06/2010	31/12/2009	Changes
Citylife	70.8	61.3	9.5
IGLI	56.7	56.7	-
Fondo Rho	54.2	53.7	0.5
Garibaldi S.C.A.	44.2	39.8	4.4
Finadin	36.5	43.7	(7.2)
Fin. Priv.	25.6	33.6	(8.0)
Ex VAR S.C.S.	18.3	17.7	0.6
Isola S.C.A.	12.6	-	12.6
Others	52.4	57.6	(5.2)
Total	371.3	364.1	7.2

The adjustments to values recorded in the income statement in the half-year due to the valuation of the investments in associated companies amounted to Euro - 14.6 million, principally relating to Finadin (Euro – 8.7 million).

Investments held to maturity

The account amounts to Euro 609,984 thousand (Euro 808,473 at 31/12/2009) and is composed as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Debt securities	609,984	808,473	(198,489)
Total	609,984	808,473	(198,489)

The financial instruments included in this category are in accordance with the requisites of paragraph 9 of IAS 39. Therefore, they relate solely to debt securities with fixed maturities and fixed and determinable payments which the group has the intention and capacity to hold until maturity.

The category only includes financial instruments from the Life sector held for policies with specific provisions as defined by the current sector regulations. The change is principally due to the redemptions which related to the subsidiary Popolare Vita. Redemptions on this type of contract are a non-recurring event which are not under the control of the Group and which therefore do not lessen the intention and the capacity to hold these assets until maturity.

This category includes listed securities for Euro 609,610 thousand, whose current value amounts to Euro 663,496 thousand.

Loans and receivables

The account amounts to Euro 2,756,763 thousand (Euro 2,908,010 at 31/12/2009) and is composed as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Bank and interbank receivables	982,232	976,933	5,299
Debt securities	1,020,110	1,020,997	(887)
Time deposits and repurchases	-	136,193	(136,193)
Loans on Life policies	58,593	61,327	(2,734)
Deposits held by reinsurers	28,681	28,570	111
Receivables from sub-agents for indemnities paid to agents terminated	235,463	232,305	3,158
Other loans and receivables	431,684	451,685	(20,001)
TOTAL	2,756,763	2,908,010	(151,247)

Bank receivables for interbank deposits and bank clients includes the receivable of the consolidated BancaSai and Banca Gesfid from other credit institutions for deposits of Euro 278,929 thousand and the receivable from bank clients of Euro 703,303 thousand.

Debt securities exclusively comprise those from the corporate sector: they relate to financial structures principally supported by subordinated clauses. For the determination of the classification, reference is made to the 2009 financial statements.

The receivables from sub-agents for the recovery of indemnities paid to agents are recorded in this account in accordance with the requirements of Isvap Regulation No. 7/2007 and in consideration of their interest bearing nature, in favour of the Group.

The other loans and receivables also include the receivable of Euro 179 million against the forward sale of Intesa SanPaolo shares owned by the Parent Company through the mandatory convertible exclusively in Intesa SanPaolo shares, issued by the subsidiary Sainternational in September 2004.

This receivable was discounted, considering the time period of the maturity of the underlying forward sale of the mandatory issue, with a positive effect on the income statement for the period of Euro 2.6 million.

Finally, the account includes Euro 212.3 million relating to the consumer receivables of the subsidiary Finitalia from its customers.

Available-for-sale financial assets

The available-for-sale financial assets include bonds and equity securities, as well as investment unit funds, not otherwise classified.

The financial assets are divided as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Equity securities	1,606,137	1,695,610	(89,473)
Fund units	791,829	937,833	(146,004)
Debt securities	17,969,530	16,261,243	1,708,287
Other financial investments	2,011	1,972	39
TOTAL	20,369,507	18,896,658	1,472,849

The equity securities include listed securities of Euro 1,478 million, while the debt securities listed amount to Euro 17,922 million.

Of the equity securities, we highlight the holding of the Group in the Bank of Italy of 2%. This investment is measured at cost in the absence of an active market and given the wide variability of the possible estimates in value of this investment.

The book value of the quoted financial instruments is adjusted to the stock exchange price on the last day of the period.

In relation to the reduction in values of the AFS securities recorded to the Income Statement in the period, the application of the criteria under the “impairment policy” of the Group (and described in detail in the 2009 annual accounts) led to a valuation loss of Euro 75.6 million (at 30/06/2009 the amount was Euro 64.6 million). This amount refers for Euro 71.8 million to equity securities and for Euro 3.8 million to investment funds.

In particular in relation to shares, the impairment on the holding in Monte Paschi Siena for a total of Euro 42.4 million is highlighted.

As already mentioned in the section on accounting principles, the Group has established the conditions for a prolonged and significant reduction in fair value, defined alternatively as follows:

1. A reduction of the market value above 80% of the original cost, adjusted for any purchases and/or capital operations, at the reporting date of the accounts;
2. a market value continuously lower than the book value, for a period of two years.

For the AFS financial instruments not within the “automatic” criteria stated above, in the presence of significant losses on equity securities and investment funds, further analytical evaluations are however carried out in order to ascertain the presence of any impairment indicators.

In this context, for some significant investments, including those of Generali and Unicredit for which automatic impairment tests are carried out, as the situation at 30/06/2010 does not show an expected prolonged or significant decrease in the stock market values, it is therefore not considered necessary to record the negative AFS reserve to the Income Statement, in that the valuations, already carried out to support the book values at 31/12/2009, subsequently updated with the available data of the investments at 30/06/2010, did not justify such a recording.

These analyses were carried out following the verification of the existence of one of the requirements under paragraph 59 of IAS 39, which also in this case did not indicate any impairment elements at that date.

Overall the measurement at fair value had a negative impact for the Group share before tax of Euro 159.4 million (compared to a positive impact of Euro 261.2 million in 2009) on the equity securities and investment funds and a negative effect of Euro 213.6 million (compared to a positive effect of Euro 497.6 million in 2009) on the debt securities.

With reference to the composition of the AFS reserve (for the Group share and gross of the fiscal effects, both in relation to that borne by Life policyholders under the shadow accounting technique) it is reported that the gross amount, negative for Euro 324 million, includes a negative component of Euro 24 million with reference to debt securities, a positive component of Euro 37 million relating to investment funds and finally a negative amount of Euro 337 million concerning shares held.

This principally relates to equities already in portfolio at 31/12/2009 and whose deterioration in fair value is - in nearly all cases - less than 50% of the original book value.

Measurement of the fair value of financial instruments

The fair value represents the payment for which an asset may be exchanged or a liability settled in an arm's length transaction between willing and knowledgeable parties, at a certain date; therefore, this consists of the price that would be paid in an ordinary transaction, or a transaction which concerns market participants or transactions between willing market participants, therefore excluding forced transactions.

The determination of the fair value of the financial instruments is based on the going concern of the business.

The calculation criteria of the hierarchy of fair value, based on market parameters, are shown below:

Level 1: Quotations taken from active markets

The valuation is the market price of the same financial instrument subject to valuation, taken from quotations on an active market.

Level 2: Valuation methods based on observable market parameters

The valuation of the financial instrument is not based on the market price of the financial instrument subject to valuation, but on prices available from market quotations of similar activities or through valuation techniques for which all the important factors (such as credit and liquidity spreads) are taken from observable market data.

Level 3: Valuation methods based on non observable market parameters

The determination of the fair value is based on valuation techniques which are prevalently based on significant input not available on the market and results, therefore, in estimates and assumptions by management. Where the fair value may not be determined in a reasonable manner, the financial instrument is valued at cost.

Financial assets at Fair Value recorded through profit or loss

The breakdown is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Equity securities	23,941	97,857	(73,916)
Fund units	452,623	410,088	42,535
Debt securities	8,471,062	7,470,196	1,000,866
Other financial investments	589,235	676,967	(87,732)
TOTAL	9,536,861	8,655,108	881,753

The component relating to the financial assets designated at fair value through profit or loss amounted to Euro 9,330 million and these include the investments where the risk is borne by the policyholders and deriving from the management of pension funds for Euro 9,218 million (Euro 8,324 million at 31/12/2009).

It is recalled that the fair value of financial instruments traded on regulated markets is determined with the reference to the stock market prices recorded at the end of the final trading day of the half-year; it is also recalled that, in the case where the market price is not available, the reference price is the price available from the brokers.

For all the financial instruments for which no active market exists, the fair value is determined through valuation techniques based on:

- Most recent transaction prices between independent parties;
- The current market value of a similar instrument;
- The analysis of the discounted cash flows, in which the estimated future cash flows are based on the best estimates of management and the discount rate utilised is correlated to the market rate utilised for similar instruments;
- Valuation models of the options.

Where the fair value cannot be measured reliably, the financial instruments are measured at cost, considered as the fair value of the amount paid for the purchase of the investment. In this situation, all the transaction costs strictly attributable to the purchase are included in investment costs.

In the determination of the fair value, the Group bases its market valuations directly obtained from independent sources, if available, as this is normally considered the best evidence of fair value. In this case the fair value is the market price of the same financial instrument subject to valuation, taken from quotations on an active market. A market is considered as active when the quotations reflect normal market operations, readily and normally available through the Stock Exchange, listing services and brokers and express the effective and normal prices in the market.

Active markets are normally considered:

- the regulated market of securities and derivatives, with the exception of the Luxembourg financial market;
- the secondary market of the investment units, expressed by the official NAV (Net Asset Value) based on which the SGR issuer must settle the units. This value may be adjusted to take account of the scarce liquidity of the fund, or of the time interval between the request date of repayment and that of the actual repayments;
- the organised exchange systems;
- some over-the-counter electronic trading circuits (e.g. Bloomberg), in the presence of some qualitative and quantitative parameters (presence of a certain number of contributors, spread between bid and ask prices contained between a determined tolerance threshold).

When a valuation is not applicable through Mark to Market, technical valuations must utilise information available on the market, based on the following valuation approaches:

- Comparable approach: in this case the fair value of the instrument is taken from the prices observed on recent transactions on similar instruments in active markets;
- Model Valuation: in the absence of observable transaction prices, relating to the instrument to be valued or on similar instruments, it is necessary to adopt a valuation model based on market data;
 - the debt securities are valued based on the expected cash flow method, adjusted to take account of the issuer risk and of the liquidity risk;
 - the derivative contracts are valued through a multiple of models, based on the input factors (risk rate, volatility, price risk, exchange risk, etc.) which impacts the relative valuation;
 - the non listed equity securities are valued with reference to transactions on the same security or, on similar securities observed in a defined period of time from the valuation date, based on the market multiples method of similar companies and, secondarily, through financial, profitability and asset valuation methods.

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Receivables from direct insurance operations	1,568,472	1,817,234	(248,762)
Receivables from reinsurance operations	106,010	133,333	(27,323)
Other receivables	351,362	472,318	(120,956)
TOTAL	2,025,844	2,422,885	(397,041)

The Group considers that the carrying value of trade and other receivables approximates their fair value. The trade receivables are non-interest bearing and are generally payable within 90 days.

The composition of the receivables deriving from direct insurance operations is as follows.

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Receivables from policyholders for premiums in year	631,424	831,950	(200,526)
Receivables from policyholders for premiums in previous years	90,264	23,517	66,747
Receivables from insurance brokers	612,883	733,741	(120,858)
Receivables from insurance companies	153,509	134,497	19,012
Amounts to be recovered from policyholders and third parties	80,392	93,529	(13,137)
TOTAL	1,568,472	1,817,234	(248,762)

The receivables from reinsurance operations include Euro 101,950 thousand of receivables from insurance and reinsurance companies for reinsurance operations and Euro 4,060 thousand from reinsurance brokers.

The other receivables include:

- trade receivables of Euro 95 million principally comprising receivables from clients;
- receivables from Tax Authorities for Euro 93 million relating principally to VAT receivables.

With reference to the receivables from policyholders for premiums, agents and other brokers, as well as insurance and reinsurance companies, the Group does not have significant concentrations of credit risks, as the credit exposure is divided among a large number of counterparties and clients.

6. OTHER ASSETS

The total amount of the account is Euro 987,450 thousand (Euro 4,920,061 thousand at 31/12/2009). The account decreased by Euro 3,932,611 thousand on the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Non-current assets or of a discontinued group held for sale	9,726	4,102,633	(4,092,907)
Deferred acquisition costs	116,115	142,111	(25,996)
Deferred tax assets	238,483	174,230	64,253
Current tax assets	357,724	304,633	53,091
Other assets	265,402	196,454	68,948
TOTAL	987,450	4,920,061	(3,932,611)

Non-current assets or of a discontinued group held for sale

At 30/06/2010, the discontinued assets amounted to Euro 9,726 thousand (Euro 4,102,633 thousand at 31/12/2009).

The account includes, in addition to the buildings located in Pescara, Via Salaria Vecchia 119 and 162 held by Liguria Assicurazioni, for which a preliminary sales contract was signed with the buyers, the activities of the subsidiary SAI A.M to be sold.

In this latter case, the sales price is higher than the book value of the asset and, consequently, no write-down was made of the asset held for sale.

At 31/12/2009 the account principally was comprised of the assets of Bipiemme Vita.

The change on 31/12/2009 is principally due to the sale of 51% of the holding in Bipiemme Vita. On June 17, 2010 Milano Assicurazioni and Banco Popolare di Milano, following the agreement signed in December 2009 in relation to the mutually agreed winding-up of the partnership in the bancassurance sector and having received the necessary authorisations signed the transfer in favour of Banco Popolare di Milano of the 51% of the share capital of Bipiemme Vita S.p.A. held by Milano Assicurazioni.

Deferred acquisition costs

The deferred acquisition costs, amounting to Euro 116,115 thousand (Euro 142,111 thousand at 31/12/2009), principally refer to the acquisition commissions to be amortised on the long-term insurance contracts. These amounts are deferred and amortised over seven years for the Non-Life classes and six years for the Life classes in accordance with analysis on the average duration of the contracts in portfolio. The deferment is based on the cost accrual principles.

The decrease on 31/12/2009 amounts to Euro 26 million. It is recalled that the Parent Company and Milano Assicurazioni no longer record in the Non-Life Division the long-term commissions following the abolition of the long-term contracts in accordance with the Bersani decrees of 2007 and the changed remuneration policy of the agency networks. The income statement impact for the Non-Life Classes was a loss of Euro 27,210 thousand (loss of Euro 34,546 thousand in the first half of 2009).

Deferred tax assets

The account amounts to Euro 238,483 thousand (Euro 174,230 thousand at 31/12/2009) and is calculated on the total amount of the temporary differences between the book value of the assets and liabilities in the accounts and the respective tax value according to the “balance sheet liability method” as per IAS 12 in relation to the probability of their recovery related to the capacity to generate assessable taxable income in the future.

The balance at the end of the period takes into account the compensation, where possible, of the same tax assets with the corresponding deferred tax liabilities in accordance with IAS 12.

Current tax assets

The current tax assets, amounting to Euro 357,724 thousand (Euro 304,633 thousand at 31/12/2009), refer to the financial receivables for payments on account, withholding taxes and income tax credits, before compensation, where permitted, of the current tax liabilities in accordance with IAS 12.

The account also includes the amounts paid on account pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented. This is in accordance with Isvap Regulation No. 7/2007, even though not applicable in accordance with IAS 12 as it is not related to taxes on income.

Other assets

The other assets amount to Euro 265,402 thousand (Euro 196,454 thousand at 31/1/2009) and include deferred commissions on investment contracts of life policyholders for Euro 13 million, other accounts for Euro 17 million, indemnities paid to agents awaiting application of recovery for Euro 19 million and amounts paid for guarantee provisions for policyholders, with particular reference to the contribution to the Road Victim Fund of Euro 45 million.

7. CASH AND CASH EQUIVALENTS

The account amounts to Euro 849,445 thousand (Euro 576,033 thousand at 31/12/2009).

The account includes the liquidity held by the Group and deposits and bank current account with maturity less than 15 days. They include highly liquid assets (cash and deposits on demand) and cash equivalents or rather short term financial investments, readily convertible into known cash amounts and which are not subject to variations in value.

The book value of these assets closely approximates their fair value. The interest on deposits and bank current accounts are remunerated at fixed or variable interest rates which mature and/or are credited on a quarterly basis or in relation to the lower duration of the restrictions on the deposits.

The significant increase is due to the availability of funds of the subsidiary Popolare Vita ahead of the investment at June 30.

Balance Sheet – Shareholders’ Equity & Liabilities

1. SHAREHOLDERS’ EQUITY

The consolidated net equity, amounting to Euro 3,034,943 thousand, includes the result for the period and minority share, and decreased by Euro 675,708 thousand compared to 31/12/2009.

The movements in the year are shown below:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Group Net Equity	2,242,471	2,716,187	(473,716)
Share Capital	167,044	167,044	-
Other equity instruments	-	-	-
Capital reserves	209,947	209,947	-
Retained earnings and other reserves	2,617,427	3,010,474	(393,047)
<i>Treasury shares</i>	(321,933)	(321,933)	-
Translation reserve	(14,669)	(3,857)	(10,812)
Profit or loss on available-for-sale financial assets	(272,910)	(53,957)	(218,953)
Other gains and losses recorded directly in equity	2,355	51,062	(48,707)
Group loss	(144,790)	(342,593)	197,803
Minority interest shareholders’ equity	792,472	994,464	(201,992)
Minority capital and reserves	882,708	1,071,435	(118,727)
Gains and losses recorded directly in equity	(77,613)	(28,051)	(49,562)
Minority interest loss	(12,623)	(48,920)	36,297
TOTAL	3,034,943	3,710,651	(675,708)

The change in the consolidated net equity is shown in the statement to which reference should be made.

The disclosures required by IAS 1.76 A is provided below:

	Ordinary 30/06/2010	Savings 30/06/2010	Ordinary 31/12/2009	Savings 31/12/2009
Number of shares	124,482,490	42,561,222	124,482,490	42,561,222

The table below shows the movements of the share capital of the Parent Company Fondiaria-SAI in the first half of the year.

	Ordinary	Savings	Total
Shares existing at 01/01/2010	124,482,490	42,561,222	167,043,712
Treasury shares (-)	14,382,557	-	14,382,557
Shares outstanding: balance at 01/01/2010	110,099,933	42,561,222	152,661,155
<u>Increases:</u>			
Sale of treasury shares	-	-	-
Conversion stock option	-	-	-
<u>Decreases:</u>			
Acquisition of treasury shares	-	-	-
Shares outstanding: balance at 30/06/2010	110,099,933	42,561,222	152,661,155

The ordinary and savings shares issued both have a nominal value of Euro 1.

The capital reserves, unchanged on 31/12/2009 amounting to Euro 209,947 thousand, refers to the share premium reserve recorded in the financial statements of the Parent Company.

Nature and purpose of the other reserves

The profit reserves and the other equity reserves include the other net equity reserves of the Parent Company, decreased by the losses carried forward from the previous year and the distribution of dividends by the Parent Company.

The minority interest net equity, including the result for the year, decreased by Euro 202 million due to the deconsolidation of the company Bipiemme Vita, the distribution of dividends and the losses carried forward from previous years.

The change in the consolidated net equity is shown in the statement to which reference should be made.

Treasury shares

The account amounts to Euro 321,933 thousand (Euro 321,933 thousand at 31/12/2009). This account includes the book value of the equity instruments of the Parent Company Fondiaria-SAI (Euro 64.3 million), Milano Assicurazioni S.p.A. (Euro 229.3 million) and Sai Holding S.p.A. (Euro 28.3 million).

The balance is negative in accordance with the provisions of IAS 32. Following the sale/purchases operations undertaken during the year, no profits or losses were recorded to the Income Statement.

Reserve for net exchange differences

The balance is a negative amount of Euro 14,669 thousand (Euro -3,857 thousand at 31/12/2009) and includes the translation differences deriving from the conversion of the foreign subsidiaries financial statements into Euro.

Profit or loss on available-for-sale financial assets

The account, amounting to Euro -272,910 thousand (Euro -53,957 thousand at 31/12/2009), includes the gains and losses deriving from the valuation of the available-for-sale financial assets. This is shown net of the related deferred tax liability, both for the part attributable to the policyholders and allocated to the insurance liabilities.

Other gains and losses in the year recorded directly in equity

The account, amounting to Euro 2,355 thousand (Euro 51,062 thousand at 31/12/2009) includes the reversal of the gains realised on subsidiary companies of Euro 53.6 million. In fact, the transactions of the shares of subsidiaries and which do not result in the loss or acquisition of control do not impact the consolidated results as they are considered only as modifications in the ownership structure of the Group. An exception are the results in the separated management of the Life Division.

The amount also includes the gains and losses on cash flow hedging instruments for Euro 39.8 million (net of the tax effect) while the residual amount principally includes the direct recording under equity of the gains and losses from actuarial valuations, in accordance with IAS 19.

2. PROVISIONS

The account amounts to Euro 323,096 thousand (Euro 298,631 thousand at 31/12/2009) and comprises:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Provisions of a fiscal nature	11	54	(43)
Other provisions	323,085	298,577	24,508
TOTAL	323,096	298,631	24,465

The Group does not have significant tax disputes which would give rise to obligations related to past events.

The other provisions include amounts for which uncertainty exists as to the payment date or the amount of future expenses required to comply with the obligation.

Other provisions increased following the intensification of some disputes which require more prudence in the estimates of final charges which may be incurred.

3. TECHNICAL RESERVES

These amount to Euro 34,251,405 and increased by Euro 2,533,355 thousand on 31/12/2009.

The breakdown of the technical reserves is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Non-Life division technical reserves	11,600,392	11,668,235	(67,843)
Life technical reserves	15,257,365	13,784,634	1,472,731
Technical reserves where investment risk borne by policyholders and from pension fund management	7,393,648	6,265,181	1,128,467
TOTAL TECHNICAL RESERVES	34,251,405	31,718,050	2,533,355

The technical reserves of the Non-Life Division include the unearned premium reserve of Euro 2,780 million and the claims reserve of Euro 8,807 million.

The increase in the Life sector Technical Reserves follows the increased business of the bancassurance companies.

The Life technical reserves includes the actuarial reserve of Euro 15,074 million and the reserves for sums to be paid of Euro 198 million. They reduced due to the deferred liabilities reserve against contracts with discretionary profit participation: the reserve was negative for Euro 112 million (positive for Euro 8 million at 31/12/2009).

In relation to this reserve, for the Separated Management, the yields were however greater than the minimum guaranteed.

4. FINANCIAL LIABILITIES

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Financial liabilities at fair value through profit or loss	1,879,598	2,085,415	(205,817)
Other financial liabilities	2,648,802	2,665,045	(16,243)
Total	4,528,400	4,750,460	(222,060)

The Financial liabilities at fair value recorded through the profit or loss are:

Financial liabilities held for trading

The account amounts to Euro 9,377 thousand (Euro 15,779 thousand at 31/12/2009).

Financial liabilities designated at Fair Value recorded through profit or loss

The account amounts to Euro 1,870,221 thousand (Euro 2,069,636 thousand at 31/12/2009). In accordance with IAS 39, the account includes the investment contracts not covered by IFRS 4 and calculated in accordance with the Deposit Accounting method. The account amounts to Euro 1,830,216 thousand (Euro 2,058,035 thousand at 31/12/2009).

Other financial liabilities

The account amounts to Euro 2,648,802 thousand (Euro 2,665,045 thousand at 31/12/2009).

The account includes the financial liabilities defined and governed by IAS 39 not included in the category “Financial liabilities at fair value through profit or loss”.

They include deposits as guarantee in relation to risks ceded in reinsurance of Euro 277,081 thousand (Euro 266,089 thousand at 31/12/2009) and sub-ordinate payables of Euro 1,040,749 thousand (Euro 1,040,425 thousand at 31/12/2009).

In relation to payables to bank and other lenders, amounting to Euro 1,331 million (Euro 1,359 million at 31/12/2009), Euro 735.3 million relates to the financial debt, net of subordinated liabilities, whose positions are reviewed in the Directors’ Report and to which reference is made.

The residual Euro 595.7 million, including Euro 507.4 million (Euro 579.3 million at 31/12/2009) relates to the operating debt of the subsidiaries BancaSai and Banca Gesfid represented by client deposits.

5. PAYABLES

The account amounts to Euro 863,652 thousand and is comprised of:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Payables from direct insurance operations	170,424	135,466	34,958
Payables from reinsurance operations	128,361	99,010	29,351
Other payables	564,867	615,645	(50,778)
Total	863,652	850,121	13,531

With reference to the payables deriving from the direct insurance operations, they consist of:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Payables to insurance brokers	130,638	95,243	35,395
Payables to insurance companies	32,945	37,929	(4,984)
Payables for policyholder deposits	3,221	798	2,423
Payables for guarantee provisions for policyholders	3,620	1,496	2,124
Total	170,424	135,466	34,958

The payables deriving from reinsurance operations refer to reinsurance companies of Euro 108,166 thousand (Euro 79,673 thousand at 31/12/2009) and Euro 20,195 thousand to reinsurance brokers (Euro 19,337 thousand at 31/12/ 2009).

The breakdown of the other payables is shown below:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Trade payables	263,832	311,593	(47,761)
Employee leaving indemnity	87,461	87,884	(423)
Policyholders' tax due	110,050	94,202	15,848
Other taxes due	45,118	58,948	(13,830)
Due to social security and welfare institutions	18,913	23,636	(4,723)
Other payables	39,493	39,382	111
Total	564,867	615,645	(50,778)

Employee leaving indemnity

The principal statistical-actuarial and financial assumptions utilised for the Employee Leaving Indemnity estimates as per IAS 19 are not substantially different from those utilised in the preparation of the 2009 consolidated annual accounts.

The movements in the period are shown below:

(in Euro thousands)	30/06/2010	31/12/2009
Balance at beginning of year	87,884	83,299
Provisions to income statement for Interest Cost	528	2,396
Provisions to income statement for Service Cost	37	211
Actuarial Gains/Losses	3,049	2,491
Utilisations	(3,600)	(9,925)
Changes in the consolidation scope	(437)	9,412
Balance at end of period	87,462	87,884

Health assistance post service

The principal statistical-actuarial and financial assumptions utilised for the determination of the Health Assistance of employees as per IAS 19 is not substantially different from that utilised in the preparation of the 2009 consolidated annual accounts.

Reference should therefore be made to the 2009 annual accounts for the numeric assumptions made.

At 30/06/2010, the liabilities related to the health coverage for Executives amounted to Euro 24,522 thousand (Euro 23,931 thousand at 31/12/2009).

6. OTHER LIABILITIES

The breakdown is as follows:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Liabilities in a discontinued group held for sale	1,884	3,873,998	(3,872,114)
Deferred tax liabilities	132,930	137,761	(4,831)
Current tax liabilities	12,041	16,977	(4,936)
Other liabilities	599,700	476,019	123,681
Total	746,555	4,504,755	(3,758,200)

Liabilities in a discontinued group held for sale

These include the liabilities of the subsidiary SAI A.M., considered a discontinued operation. The decrease on 31/12/2009 is due to the sale of Bipiemme Vita.

At 31/12/2009 the account principally included the liabilities of Bipiemme Vita.

Deferred tax liabilities

The deferred tax liabilities, amounting to Euro 132,930 thousand, include all the temporary tax differences, relating to balance sheet and income statement accounts, which will reverse in future years.

The balance takes into account the compensation, where permitted, with the corresponding deferred tax asset in accordance with IAS 12.

Current tax liabilities

The account amounts to Euro 12,041 thousand (Euro 16,977 thousand at 31/12/2009) and refers to the total income taxes accrued by the Group at the period-end, net of the current tax asset compensated in accordance with IAS 12.

The income taxes are calculated applying the respective income tax rates, determined based on prudent estimates of the nominal tax rates applied for the full year results.

Other liabilities

The Other liabilities amount to Euro 599,700 thousand (Euro 476,019 thousand at 31/12/2009) and comprise:

(in Euro thousands)	30/06/2010	31/12/2009	Changes
Commissions on premium collection	108,754	126,061	(17,307)
Deferred commission expenses for life investment management services	16,825	25,873	(9,048)
Cheques issued against claims and life sums collected by the beneficiaries after June 30, 2010	48,752	32,033	16,719
Transitory reinsurance accounts	17	2,058	(2,041)
Other liabilities	425,352	289,994	135,358
TOTAL	599,700	476,019	123,681

The sub-account “Other liabilities” includes expenses for approx. Euro 99 million.

PART C - Information on the Consolidated Income Statement

NET PREMIUMS

The consolidated net premiums amount to Euro 7,209,804 thousand (Euro 6,216,493 thousand in the first half of 2009).

Total Group gross premiums written amounted to Euro 7,413,916 thousand (up 14.96% on the previous half-year), as follows:

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Gross Life premiums written	3,709,659	2,743,507	966,152	5,137,011
Gross Non-Life premiums written	3,704,257	3,705,576	(1,319)	7,169,616
Change gross premium reserve	52,238	46,698	5,540	38,584
Total Non-Life Division	3,652,019	3,658,878	(6,859)	7,131,032
Gross premiums written	7,361,678	6,402,385	959,293	12,268,043

The account “gross premiums written” does not include the cancellation of securities issued in previous years, which were recorded in the account “Other costs”. The above amounts are net of inter-group reinsurance.

In relation to the breakdown of the gross premiums written among the different classes in the accounts, the division between direct and indirect business, reference should be made to the tables in the Directors’ Report.

The premiums ceded, amounting to Euro 166,660 thousand, accounted for 2.2% of the total premiums written (2.9% in the first half of 2009).

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Life Division	10,333	14,292	(3,959)	28,207
Non-Life Division	156,327	174,321	(17,994)	367,641
Change in reinsurers reserves	(14,786)	(2,721)	(12,065)	(16,547)
Total Non-Life Division	141,541	171,600	(30,059)	351,094
Premiums ceded to re-insurers	151,874	185,892	(34,018)	379,301

The Group reinsurance policy negatively impacted on the consolidated accounts for Euro 21,171 thousand (Euro 21,283 thousand in the Non-Life Division).

In accordance with IFRS 4.37, the Group does not defer and amortise the gains and losses deriving from reinsurance.

In relation to further illustration on the Non-Life and Life Divisions of the account 1.1 of the Income Statement, reference should be made to the Attachment at the end of the half-year report.

COMMISSION INCOME

The commission income in the first half of 2010 amounted to Euro 31,827 thousand, a decrease on the first half of the previous year of Euro 11,528 thousand.

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Commission income	31,827	43,355	(11,528)	70,686

The account includes both the explicit and implicit loading relating to the investment contracts issued by the Group insurance companies and, as such, are not recorded in accordance with IFRS 4, as well as the commissions for the management of internal funds.

They also include approx. Euro 23 million of commission income matured by the companies operating in the asset management and consumer credit sectors.

NET INCOME FROM FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE THROUGH PROFIT AND LOSS

These amount to Euro 272,728 thousand, a decrease on the first half of 2009 of Euro 144,899 thousand.

The table is broken down as follows:

	Interest	Other net income	Profits realised	Losses realised	Valuation gains and recovery in values	Valuation losses and adjust. in values	Total 30/06/10	Total 30/06/09	Changes	Total 31/12/2009
(in Euro thousands)										
<i>Result of investments from:</i>										
Financial assets held for trading	3,422	1,108	5,606	(393)	4,224	(12,328)	1,693	23,898	(22,259)	44,032
Financial assets designated at fair value recorded through profit or loss	112,478	32,981	39,838	(13,572)	150,505	(51,258)	270,972	393,729	(122,757)	853,994
Financial liabilities held for trading	-	-	-	-	117	-	117	-	117	8,099
									(144,899)	
TOTAL	115,900	34,089	45,444	(13,965)	154,846	(63,586)	272,728	417,627)	906,125

The result of the investments deriving from financial assets designated at fair value through profit or loss include Euro 257,317 thousand relating to investments whose risk is borne by the policyholder. The net income is offset by a similar charge for commitments against policyholders.

FINANCIAL INCOME AND CHARGES FROM INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, FROM OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The following table shows the breakdown:

	<i>Net interest</i>	<i>Other net income</i>	<i>Profits realised</i>	<i>Losses realised</i>	<i>Valuation gains and recovery in values</i>	<i>Valuation losses and adjustment in values</i>	<i>Total 30/06/20 10</i>	<i>Total 30/06/20 09</i>	<i>Changes</i>	<i>Total 31/12/2009</i>
(in Euro thousands)										
<i>Result from:</i>										
Investment property		18,328	4,317	(462)		(33,859)	(11,676)	(836)	(10,840)	36,566
Investments in subsidiaries, associates and joint ventures		(11,487)				(3,102)	(14,589)	(3,057)	(11,532)	(69,328)
Investments held to maturity	22,466	43	24,939				47,448	23,745	23,703	48,098
Loans and receivables	52,957	(277)	1,779	(3,459)	131	(22)	51,109	52,861	(1,752)	99,602
Available-for-sale financial assets	264,979	44,867	183,427	(60,259)		(75,661)	357,353	301,458	55,895	498,496
Other receivables	6,673	35	3,753				10,461	16,722	(6,261)	38,237
Cash and cash equivalents	3,542	(333)					3,209	7,624	(4,415)	15,190
Other financial liabilities and other payables	(37,014)	(468)					(37,482)	(59,203)	21,721	(103,617)
TOTAL	313,603	50,708	218,215	(64,180)	131	(112,644)	405,833	339,314	66,519	563,244

The columns gains and losses realised show the economic effects deriving from the sale of the various financial instruments.

The reductions on investment property includes the depreciation recorded in the period. The write-downs on available-for-sale financial instruments refers to the impact on the Income Statement of the Group impairment policy: of these Euro 71.8 million refers to shares, while the residual relates to investment funds.

The interest expense on the other financial liabilities includes the Group debt charges.

During the half-year interest income did not mature on financial assets written down for impairment in previous years (IAS 32.94h).

OTHER REVENUES

The other revenues amount to Euro 268,364 thousand (Euro 371,603 thousand in the first half of 2009) and are summarised in the table below:

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Gains related to non-current assets	22	15	7	20
Other technical income	40,336	33,306	7,030	71,478
Utilisation of provisions	5,227	182,205	(176,978)	206,025
Exchange differences	26,319	3,849	22,470	3,385
Prior year income	7,618	5,782	1,836	20,879
Gains realised on fixed assets	1	44	(43)	28,961
Other revenues	188,841	146,402	42,439	351,529
Total	268,364	371,603	(103,239)	682,277

The “Utilisation of provisions” includes Euro 150 million relating to the provision made in 2008 by the subsidiary Popolare Vita against restructuring charges of the index linked policies with underlying securities of Lehman Brothers, charges whose amount became certain only in the first part of 2009.

The sub-account “other revenues” relates to the following income:

- Euro 54 million relating to ordinary revenues of the Atahotels Group (at 30/06/2009 the subsidiary was valued at cost in that it was newly acquired by the Fondiaria SAI Group);
- Euro 51 million (Euro 85 million in the first half of 2009) relating to ordinary revenues from the subsidiary Immobiliare Lombarda and the Immobiliare Fondiaria-SAI Group deriving from the property sector;
- Euro 22 million (Euro 16 million in the first half of 2009) of revenues from retirement home subsidiaries of the Group;
- Euro 4 million (Euro 4 million in the first half of 2009) of revenues from the agricultural holdings.

NET CHARGES RELATING TO CLAIMS

The claims paid, including the sums of the Life Classes and the relative expenses, gross of the quota ceded in reinsurance, amount to Euro 4,391,999 thousand, an increase of 0.64% on the previous period.

Claims costs, amounts paid and changes in technical reserves

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
<i>Non-Life Division</i>				
Amount paid	3,033,868	2,899,509	134,359	5,697,312
Change in recoveries	(45,263)	(64,668)	19,405	(127,487)
Change in other technical reserves	412	295	117	799
Change in claims reserve	(121,986)	(51,262)	(70,724)	359,162
Total Non-Life	2,867,031	2,783,874	83,157	5,929,786
<i>Life Division</i>				
Amount paid	1,358,131	1,464,774	(106,643)	2,620,620
Change in actuarial and other technical reserves	1,557,409	552,383	1,005,026	1,319,332
Change in technical reserves where investment risk borne by policyholders and from pension fund management	1,128,484	1,300,354	(171,870)	2,330,677
Change reserve for sums to be paid	29,734	(41,733)	71,467	(44,670)
Total Life	4,073,758	3,275,778	797,980	6,225,959
Total Non-Life + Life	6,940,789	6,059,652	881,137	12,155,745
Amount paid	4,346,736	4,299,615	47,121	8,190,445
Change reserves	2,594,053	1,760,037	834,016	3,965,300

Claims costs, reinsurers portion

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
<i>Non-Life Division</i>				
Amounts paid by reinsurers	94,313	104,182	(9,869)	213,004
Change in recoveries	(86)	(550)	464	18,803
Change in other technical reserves	-	-	-	-
Change in claims reserve	(12,542)	6,949	(19,491)	27,092
Total Non-Life	81,685	110,581	(28,896)	258,899
<i>Life Division</i>				
Amounts paid by reinsurers	15,182	16,818	(1,636)	36,244
Change in actuarial reserve and other technical reserves	(5,580)	(5,793)	213	(10,866)
Change reserve for sums to be paid	(69)	573	(642)	(557)
Total Life	9,533	11,598	(2,065)	24,821
Total Non-Life + Life	91,218	122,179	(30,961)	283,720
Amounts paid by reinsurers	109,409	120,450	(11,041)	268,051
Change reserves	(18,191)	1,729	(19,920)	15,669

The decrease in the net technical reserves of the Non-Life Classes amounts to Euro 109,032 thousand, with a reduction of Euro 51,116 thousand on 30/06/2009.

The net technical reserves of the Life Division, including the reserves for amounts to be paid, changed by Euro 2,721,276 thousand (Euro 1,816,224 thousand at 30/06/2009).

In relation to further details on the Non-Life and Life division of the account 2.1 of the Income Statement, reference should be made to Attachment 10 at the end of the present report.

COMMISSION EXPENSES

Commission expenses in the first half of 2010 amounted to Euro 15,968 thousand, a decrease on the first half of 2009 of Euro 8,005 thousand.

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Commission expenses	15,968	23,973	(8,005)	38,261

This account includes the acquisition costs related to investment contracts which do not fall under the application of IFRS 4.

MANAGEMENT EXPENSES

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
<i>Non-Life Division</i>				
Acquisition commissions and changes in deferred acquisition costs	561,203	573,425	(12,222)	1,111,175
Other acquisition expenses	98,727	94,489	4,238	207,359
Collection commissions	18,564	18,281	283	39,179
Reinsurers commissions and profit participation	(38,573)	(46,863)	8,290	(92,715)
Total Non-Life	639,921	639,332	589	1,264,998
<i>Life Division</i>				
Acquisition commissions and changes in deferred acquisition costs	77,702	78,838	(1,136)	140,852
Other acquisition expenses	10,612	32,941	(22,329)	46,026
Collection commissions	4,168	4,463	(295)	10,132
Reinsurers commissions and profit participation	(912)	(1,646)	734	(3,881)
Total Life	91,570	114,596	(23,026)	193,129
Investment management charges	6,235	5,169	1,066	12,458
Other administration expenses	241,473	213,829	27,644	440,046
Total	979,199	972,926	6,273	1,910,631

OTHER COSTS

The other costs amount to Euro 503,036 thousand (Euro 427,571 thousand in the first half of 2009) and are summarised below:

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Other technical charges	212,367	198,037	14,330	268,085
Provisions	39,596	34,926	4,670	65,619
Losses on receivables	17,452	2,715	14,737	11,848
Prior year charges	15,173	10,110	5,063	29,521
Depreciation of property, plant & equipment	7,219	7,267	(48)	14,349
Amortisation of intangible assets	32,430	40,957	(8,527)	66,585
Exchange differences	8,989	473	8,516	596
Other costs	169,810	133,086	36,724	358,689
Total	503,036	427,571	75,465	815,292

In particular, the sub-account “other costs” relates to the following charges:

- Euro 52 million (Euro 84 million in the first half of 2009) relating to ordinary operating costs of the subsidiaries Immobiliare Lombarda and Immobiliare Fondiaria-SAI;
- Euro 45 million relating to ordinary operating costs of the Atahotels Group (at 30/06/2009 the subsidiary was valued at cost in that it was newly acquired by the Fondiaria SAI Group);
- Euro 16 million (Euro 14 million in the first half of 2009) relating to the costs incurred by the retirement home subsidiaries of the Group for their normal operations and personnel costs;
- Euro 2 million (Euro 3 million in the first half of 2009) relating to management costs of the subsidiary Saiagricola.

INCOME TAXES

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2010	30/06/2009	Changes	31/12/2009
Current income tax	12,592	86,705	(74,113)	105,027
Deferred taxes	(12,056)	(92,655)	80,599	(237,967)
Total	536	(5,950)	6,486	(132,940)

Income taxes for the period amounted to Euro 536 thousand (Euro -5,950 thousand in the first half of 2009) of which current taxes of Euro 12,592 thousand and deferred tax income of Euro 12,056 thousand.

The national income taxes (IRES and IRAP) and the income taxes of the foreign subsidiary are determined applying the relative nominal income tax rates applicable to the annual accounts.

The tax rate in the period was therefore negligible and not comparable with the tax charge in the same period of the previous year.

The result was in fact affected on the one hand by the write-downs recorded to the Income Statement on AFS securities, particularly by the Parent Company, for Euro 48,931 thousand and by the subsidiary Milano Assicurazioni for Euro 9,100 thousand, which come under the PEX requirements and are therefore insignificant, in addition to the losses by Milano Assicurazioni for Euro 8,600 thousand relating to the sale of Bipiemme Vita.

On the other hand the smaller tax saving on the net loss is due to the non recording of deferred tax assets on the previous tax losses of some subsidiaries. This is also for prudential reasons related to the greater use of estimates in the determination of profits compared to the full year.

The effective tax rate in the period is affected by the loss by the tax-exempt subsidiary Tikal R.E. Fund, taking account of the consolidation adjustments.

PROFIT FROM DISCONTINUED OPERATIONS

This amounts to Euro 2,341 thousand and comprises Euro 2,464 thousand of the net gains realised following the conferment to the Rho Fund of the property at Trieste, Riva Tommaso Gulli and for Euro 702 thousand of the loss following the sale of the 51% holding in Bipiemme Vita, with the residual Euro 579 thousand relating to the result of the discontinued operation SAI A.M.

COMPREHENSIVE INCOME STATEMENT

The Comprehensive Income Statement results, set out in the relevant statements and reported and commented upon also in the directors' report, saw a significant impact from movements in the prices of financial instruments classified as Available-for-sale.

In fact the most significant component of the Comprehensive Income Statement comprises a loss of Euro 278.7 million (loss of Euro 20.6 million in the first half of 2009), on financial assets Available-for-sale considered net of the portion of policyholders and of taxes.

This situation was affected particularly by the economic climate which impacted the stock indices at the end of the half year, until the end of July 2010 when share prices recovered significantly with a positive impact on the AFS equity reserve and therefore on the Comprehensive Income Statement. Excluding taxes and net of the portion of policyholders, the improvement in the group share of the AFS reserve is estimated at Euro 160 million.

PART D – Segment Information

In accordance with IFRS 8, segment information provides the readers of the accounts with an additional tool for a better understanding of the financial results of the Group.

The underlying logic in the application of the principle is to provide information on the manner in which the Group results are formed, consequently providing information on the overall operations of the Group, and, specifically, on the areas where profits and risks are concentrated.

The Group reporting is by sector of activity. The companies of the Group are organised and managed separately based on the nature of their products and services, for each sector of activity which represents a strategic business unit which offers different products and services.

The sectors of activity are identified through the Group's Management Reporting system. The Non-Life sector provides insurance cover pursuant to article 2, paragraph 3 of Legislative Decree 209/05. The Life sector offers insurance cover with payment of capital or an annuity against an event relating to human life, as well as the securitisation contracts with or without significant insurance risk (article 2, paragraph 1 of Legislative Decree 209/05).

The Real Estate sector rents offices, buildings and residential homes which exceed the coverage requirements of the technical/assurance reserves of the Group and actively operate in the management of investment properties.

The Other Activities Sector, by its nature residual, offers products and services in asset management and the financial and agricultural sectors. The identification of the residual sector is based on a discretionary valuation in order to illustrate the primary sources of risks and benefits for the Group.

The inter-sector operations are generally concluded on the same conditions with third parties.

The balance sheet and income statement by segment follow.

Balance sheet by segment (in Euro thousands)													
		Non-Life Insurance		Life Insurance Sector		Real Estate Sector		Other Sectors		Inter-segment		Total	
		30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
1	INTANGIBLE ASSETS	923,012	941,199	696,991	705,587	7,220	123,909	114,492	125,923			1,741,715	1,896,618
2	PROPERTY, PLANT & EQUIPMENT	87,538	116,464	6,964	7,800	393,138	246,567	137,323	129,524	-26	-26	624,937	500,329
3	TECHNICAL RESERVES – REINSURANCE AMOUNT	685,228	690,169	173,495	180,131							858,723	870,300
4	INVESTMENTS	9,002,939	8,610,618	24,730,103	22,897,870	1,552,407	1,619,842	1,957,590	2,051,226	-583,102	-533,114	36,659,937	34,646,442
4.1	Investment property	1,669,573	1,602,876	27,372	27,085	1,293,840	1,350,578	24,907	30,966	-2,993	0	3,012,699	3,011,505
4.2	Investments in subsidiaries, associates and	162,765	157,296	22,510	23,554	150,622	140,216	38,226	45,622		0	374,123	366,688
4.3	Investments held to maturity	0	0	611,834	810,323	0	0	0	0	-1,850	-1,850	609,984	808,473
4.4	Loans and receivables	565,728	557,512	1,033,099	1,190,212	33,113	54,341	1,635,002	1,621,129	-510,179	-515,184	2,756,763	2,908,010
4.5	Financial assets available-for-sale	6,508,583	6,212,036	13,640,072	12,328,590	71,957	71,662	210,525	300,450	-61,630	-16,080	20,369,507	18,896,658
4.6	Financial assets at fair value through the pro	96,290	80,898	9,395,216	8,518,106	2,875	3,045	48,930	53,059	-6,450	0	9,536,861	8,655,108
5	OTHER RECEIVABLES	1,838,664	2,290,857	240,981	318,909	78,757	90,211	226,047	318,616	-358,605	-595,708	2,025,844	2,422,885
6	OTHER ASSETS	727,532	734,272	263,792	4,476,593	38,666	36,980	67,239	50,019	-109,779	-377,803	987,450	4,920,061
6.1	Deferred acquisition costs	83,661	111,436	32,454	30,675							116,115	142,111
6.2	Other assets	643,871	622,836	231,338	4,445,918	38,666	36,980	67,239	50,019	-109,779	-377,803	871,335	4,777,950
7	CASH AND CASH EQUIVALENTS	484,891	596,641	391,066	132,603	60,087	64,119	215,714	155,801	-302,313	-373,131	849,445	576,033
	TOTAL ASSETS	13,749,804	13,980,220	26,503,392	28,719,493	2,130,275	2,181,628	2,718,405	2,831,109	-1,353,825	-1,879,782	43,748,051	45,832,668
1	SHAREHOLDERS' EQUITY											3,034,943	3,710,651
2	PROVISIONS	262,909	240,256	30,362	24,675	20,764	23,979	9,061	9,721			323,096	298,631
3	TECHNICAL RESERVES	11,600,392	11,668,235	22,651,013	20,049,815							34,251,405	31,718,050
4	FINANCIAL LIABILITIES	1,219,790	1,191,284	2,484,832	2,706,691	314,508	304,825	1,381,391	1,447,961	-872,121	-900,301	4,528,400	4,750,460
4.1	Financial liabilities at fair value through profit	27,573	7,520	1,843,046	2,071,703	4,110	2,037	4,869	4,155		0	1,879,598	2,085,415
4.2	Other financial liabilities	1,192,217	1,183,764	641,786	634,988	310,398	302,788	1,376,522	1,443,806	-872,121	-900,301	2,648,802	2,665,045
5	PAYABLES	679,175	785,868	146,138	158,715	80,408	86,383	318,488	416,815	-360,557	-597,660	863,652	850,121
6	OTHER LIABILITIES	483,783	537,511	192,007	4,241,938	30,871	30,734	161,014	76,366	-121,120	-381,794	746,555	4,504,755
	TOTAL SHAREHOLDERS' EQUITY AND LI											43,748,051	45,832,668
Segment Income Statement													
(in Euro thousands)													
		Non-Life Insurance		Life Insurance Sector		Real Estate Sector		Other Sectors		Inter-segment		Total	
		30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009
1.1	Net premiums	3,510,478	3,487,277	3,699,326	2,729,216	0	0	0	0	0	0	7,209,804	6,216,493
1.1.1	Gross premiums written	3,652,019	3,658,877	3,709,659	2,743,508							7,361,678	6,402,385
1.1.2	Premiums ceded to re-insurers	-141,541	-171,600	-10,333	-14,292							-151,874	-185,892
1.2	Commission income			9,354	20,595			23,586	23,694	-1,113	-934	31,827	43,355
1.3	Income and charges from financial instruments at fair value through profit or	5,902	74,630	265,382	337,406	-482	-54	1,926	5,645		0	272,728	417,627
1.4	Income from investments in subsidiaries,	21	75			154	1,539		18		-18	175	1,614
1.5	Income from other financial instruments	192,876	188,322	430,858	358,583	19,305	23,206	38,835	45,831	-15,338	-14,982	666,536	600,960
1.6	Other revenues	215,828	180,757	29,780	180,807	52,528	85,261	319,398	258,366	-349,170	-333,588	268,364	371,603
1	TOTAL REVENUES AND INCOME	3,925,105	3,931,061	4,434,700	3,626,607	71,505	109,952	383,745	333,554	-365,621	-349,522	8,449,434	7,651,652
2.1	Net charges relating to claims	-2,785,345	-2,673,293	-4,064,226	-3,264,180	0	0	0	0	0	0	-6,849,571	-5,937,473
2.1.2	Amounts paid and changes in	-2,867,030	-2,783,875	-4,073,759	-3,275,778							-6,940,789	-6,059,653
2.1.3	Reinsurers' share	81,685	110,582	9,533	11,598							91,218	122,180
2.2	Commission expenses			-8,146	-16,493			-7,822	-7,480			-15,968	-23,973
2.3	Charges from investments in subsidiaries,	-1,994	-1,536	-1,044		-2,839	-2,821	-8,887	-314			-14,764	-4,671
2.4	Charges from other financial instruments	-146,993	-134,605	-63,512	-80,274	-29,677	-32,098	-18,931	-24,070	12,999	12,458	-246,114	-258,589
2.5	Management expenses	-794,274	-778,799	-126,173	-152,987	-195	-232	-172,006	-161,845	113,449	120,937	-979,199	-972,926
2.6	Other costs	-417,219	-317,801	-64,328	-90,582	-54,822	-98,095	-205,839	-137,203	239,172	216,110	-503,036	-427,571
2	TOTAL COSTS AND CHARGES	-4,145,825	-3,906,034	-4,327,429	-3,604,516	-87,533	-133,246	-413,485	-330,912	365,620	349,505	-8,608,652	-7,625,203
	PROFIT/(LOSS) BEFORE TAXES	-220,720	25,027	107,271	22,091	-16,028	-23,294	-29,740	2,642	-1	-17	-159,218	26,449

PART E - Information on business combinations

During the period no operations were undertaken.

SAI ASSET MANAGEMENT SGR S.p.A.

The previous periods comparative data were not restated under IFRS 5 as they were considered negligible in terms of the overall consolidated data.

BIPIEMME VITA S.p.A.

In December 2009 Banca Popolare di Milano S.c.ar.l. and Milano Assicurazioni S.p.A. formalised an agreement for the mutual winding-up of the partnership in the bancassurance sector signed in 2005: the agreement was completed on June 17, 2010 following the granting of the necessary authorisations.

The Income Statement for the first half year reclassified according to IFRS 5 is reported below.

(in Euro thousands)	1 st Half 2009 published	BPM Vita 1 st Half 2009	Consolidation adjustments	1 st Half 2009 reclassified IFRS5
Net premiums	6,216,493	288,853		5,927,640
<i>Gross premiums written</i>	6,402,385	294,112		6,108,273
<i>Premiums ceded to re-insurers</i>	(185,892)	(5,259)		(180,633)
Commission income	43,355	9,094		34,261
Income and charges from financial instruments at fair value through profit or loss statement	417,627	816		416,811
Income from investments in subsidiaries, associates and joint ventures	1,614			1,614
Income from other financial instruments and property investments	600,960	43,101		557,859
<i>Interest income</i>	425,686	32,134		393,552
<i>Other income</i>	96,584	4,789		91,795
<i>Profits realised</i>	78,584	6,178		72,406
<i>Valuation gains</i>	106			106
Other revenues	371,603	56		371,547
TOTAL REVENUES AND INCOME	7,651,652	341,920		7,309,732
Net charges relating to claims	(5,937,473)	(316,104)		(5,621,369)
<i>Amounts paid and changes in technical reserves</i>	(6,059,653)	(317,146)		(5,742,507)
<i>Reinsurers' share</i>	122,180	1,042		121,138
Commission expenses	(23,973)	(4,270)		(19,703)
Charges from investments in subsidiaries, associates and joint ventures	(4,671)			(4,671)
Charges from other financial instruments and property investments	(258,589)	(3,317)		(255,272)
<i>Interest expense</i>	(59,213)	(320)		(58,893)
<i>Other charges</i>	(30,701)	(162)		(30,539)
<i>Losses realised</i>	(78,437)	(2,835)		(75,602)
<i>Valuation losses</i>	(90,238)			(90,238)
Management expenses	(972,926)	(12,384)		(960,542)
<i>Commissions and other acquisition expenses</i>	(753,928)	(7,472)		(746,456)
<i>Investment management charges</i>	(5,169)	(1,233)		(3,936)
<i>Other administration expenses</i>	(213,829)	(3,679)		(210,150)
Other costs	(427,571)	(596)	(10,918)	(416,057)
TOTAL COSTS AND CHARGES	(7,625,203)	(336,671)	(10,918)	(7,277,614)
PROFIT BEFORE TAXES	26,449	5,249	(10,918)	32,118
Income tax	5,950	(1,696)	3,572	4,074
NET PROFIT	32,399	3,553	(7,346)	36,192
PROFIT FROM DISCONTINUED OPERATIONS			3,793	(3,793)
CONSOLIDATED PROFIT	32,399	3,553	(3,553)	32,399
Group share	20,779			20,779
minority share	11,620			11,620

PART F - Transactions with related parties

The operations between the Parent Company and its subsidiaries were eliminated in the present consolidated report and are not shown in these notes.

The operations between Group and other related parties are detailed in the following tables:

Operations of a commercial and financial nature

(in Euro thousands)	30/06/2010		31/12/2009	
	Assets	Liabilities	Assets	Liabilities
Holding company	204	558	92	416
Associated companies and joint ventures	64,203	5,268	60,243	2,779
Group companies	14	7	7	8
Other related parties	189,810	26,436	250,102	34,226

(in Euro thousands)	30/06/2010		30/06/2009	
	Income	Charges	Income	Charges
Holding company	100	1,103	-	1,374
Associated companies and joint ventures	-	10,809	11,147	5,514
Group companies	-	-	-	-
Other related parties	1,259	37,837	7,742	85,987

All of the above operations were concluded at normal market conditions. The receivables recorded under assets are not guaranteed and will be paid in cash. No provision was made in the year for any losses on receivables from related entities.

The principal transactions with associated Companies and joint ventures refer to:

- Euro 50 million in relation to Garibaldi S.c.s. and Euro 14 million in relation to HEDF Isola S.c.s. against the interest-bearing loans granted by Milano Assicurazioni S.p.A..

The principal transactions with Other Related Parties refer to:

- Euro 103 million of payments on account paid to the Company Avvenimenti e Sviluppo Alberghiero S.r.l. in relation to the execution of the property contracts on the areas at Via Fiorentini, Rome. This operation, undertaken in 2003, included the sale to Avvenimenti e Sviluppo Alberghiero S.r.l. of a site and the purchase of the completed real estate complex under construction on the land in question;

-
- Euro 43 million of payments on account to IM.CO. S.p.A. in relation to the real estate operations concerning the land at Milan, Via Confalonieri- Via de Castillia (Lunetta dell'Isola). The project included the sale in 2005 to IM.CO. S.p.A. of the above-mentioned land and the purchase for Euro 93.7 million of a building for office use under construction on the land sold.

The financial cash flows in the first half of 2010 in relation to these operations amounted to Euro 10.7 million of payments on account made by Milano Assicurazioni.

- Euro 19 million of further payments on account to the Company IM.CO. S.p.A. by Immobiliare Fondiaria SAI S.r.l. for the future building and improvements to commercial buildings;
- Euro 2 million paid by Fondiaria SAI S.r.l. to Marcora S.p.A. as construction advances;
- Euro 8 million payment on account by the subsidiary Nuove Iniziative Toscane S.r.l. to the company Europrogetti S.r.l. for future design work for the Castello Area (FI);
- Euro 2 million paid to the Company IM.CO. S.p.A. by the Fondiaria-SAI Servizi S.c.r.l. Group for improvements on commercial buildings.

The liabilities to Other Related Parties refer to trade payables of the subsidiary Immobiliare Fondiaria-SAI S.r.l. to Marcora S.p.A. for a total of Euro 19 million for expansion works at the port of Loano.

The charges to the Associated Companies and joint ventures amounted to Euro 11 million and refer to operating costs incurred by Immobiliare Lombarda from Tre Torri S.c.a.r.l. for the maintenance of the property assets and consortium charges.

Other Related Party charges refer principally to:

- fees of Directors for offices held in Fondiaria-SAI S.p.A. and companies of the Group for Euro 3 million;
- Euro 2 million deriving from technical -administrative consultancy;
- Euro 4 million referring to total commissions and contributions paid to insurance brokers.

Finally, Euro 23 million was incurred by Immobiliare Fondiaria SAI S.r.l. for costs in the year and for maintenance of the properties owned to Marcora S.p.A. for Euro 15 million.

The Companies IM.CO S.p.A., I.C.E.IN. S.p.A., S.r.l. Marcora S.p.A. and Avvenimenti e Sviluppo Alberghiero S.r.l. are related parties in that there are members on the board of directors of these companies, or their holding companies, also on the boards of Fondiaria-SAI and/or its subsidiaries.

In relation to the operations with related parties, there were no significant positions or transactions deriving from atypical and/or unusual transactions.

PART G - Other information

INFORMATION ON FINANCIAL RISKS

Derivative financial instruments

The Group makes a limited utilisation of derivative financial instruments. In fact the characteristics and the nature of the insurance activity requires that the utilisation of derivative financial instruments are regulated in accordance with Supervision Authority Provision No. 297/1996.

In particular, the above-mentioned Provision provides that operations in derivative financial instruments with the purpose of managing so-called efficiency are contained at a tolerable level of the available solvency margin. In this context it is reported that the operations of the Group in derivative financial instruments are prevalently based on fair value hedges of some significant investments classified as available-for-sale, and to the containment of the interest rate risk on some liability operations.

Hedging derivatives

Against the first type (fair value hedge of significant investments), the Group prepared the relative hedging reports, which illustrate the high effectiveness of the hedges.

The loading value at 30/06/2010 of the above-mentioned derivatives and the consequent adjustment to fair value of the Available-For-Sale shares by Company are listed below.

(in Euro thousands)	Assets for hedging contracts	Liabilities for hedging contracts	AFS Shares Hedged
Fondiaria-SAI S.p.A.	4,263	-	(4,263)

The carrying value of the hedged assets was adjusted to the fair value changes through profit or loss. The gains and losses deriving from fair value measurement of the hedge derivatives are also recognised in the income statement.

For the first half year 2010, relating to Fondiaria-SAI, against revaluations of Euro 633 thousand of the shares hedged, write-downs were made for a similar amount of the hedged derivatives. In addition, following the partial elimination of the hedge during the first half of 2010 there was a decrease in the derivative assets of Euro 194 thousand against the sale of Mediobanca ordinary shares and the realisation of the payable for Euro 9,243 thousand against the closure of hedging contracts on Pirelli & C. ordinary shares.

In relation to Milano Assicurazioni, at 30/06/2010 no hedging options were in place.

The impact on the consolidated income statement was zero against the appreciation or depreciation of the hedged financial instruments recording respectively a gain or loss of a similar amount for the derivative hedged.

Against the second type of cover the Group signed Interest Rate Swap agreements to manage the risks deriving from changes in interest rates on the debt exposure with banks, converting a part of these loans from variable interest rate to fixed interest rate. These derivative financial instruments are recorded as assets when the fair value is positive, and as liabilities when negative. This fair value is periodically re-measured.

The fair value of the derivative financial instruments represents the present value of the cash flows that the company expects to receive from the contract: these changes in value are recorded against a net equity reserve and released subsequently to the income statement in order to neutralise the effects of the operation.

The part of gains or losses associated to the derivative hedged instrument which equals the absolute value of the fair value changes of the expected cash flows, being considered an effective hedge (range 80%-125%), must be recorded directly in equity; the ineffective portion of the gain or loss on the hedge instrument must be recognised in the income statement if this relates to overhedging. If on the other hand the excess of value is from the instrument hedged (underhedging), the entire fair value change recorded for the derivative must be recorded in net equity.

Where it is considered that the future transaction will not take place, all the components of gains and losses allocated to net equity must be immediately recognised in the income statement.

At the present moment there are contracts for a notional value of approx. Euro 904 million (Euro 902 million at 31/12/2009).

At the reporting date, the fair value of the IRS was estimated at approx. Euro -43.7 million. These derivative instruments are designated as future cash flow hedge instruments.

In detail, the IRS operations at 30/06/2010 are as follows:

(in Euro thousands)					Fair value	
Company	Notional	Expiry	Fixed rate %	Variable rate	30/06/2010	31/12/2009
Fondiaria-SAI	200,000	23/07/13	3.970	Euribor 6 m Act/360	(12,752)	(7,929)
Fondiaria-SAI	100,000	23/07/13	3.930	Euribor 6 m Act/360	(6,266)	(3,832)
Fondiaria-SAI	100,000	23/07/13	3.990	Euribor 6 m Act/360	(6,443)	(4,031)
Fondiaria-SAI	150,000	14/07/16	3.180	Euribor 6 m Act/360	(5,597)	1,691
Fondiaria-SAI	100,000	30/12/15	3.080	Euribor 6 m Act/360	(2,198)	2,291
Fondiaria-SAI	100,000	14/07/18	3.309	Euribor 6 m Act/360	(3,536)	2,260
Milano Assicurazioni	50,000	14/07/16	3.180	Euribor 6 m Act/360	(2,412)	(620)
Tikal	25,000	30/12/16	3.185	Euribor 6 m Act/360	(966)	(452)
Tikal	30,000	30/12/16	3.140	Euribor 6 m Act/360	(1,106)	-
Marina di Loano	20,000	31/12/14	2.550	Euribor 3 mesi 30/360	(740)	(107)
BancaSai	10,000	2/02/14	3.050	Euribor 6 m Act/360	(560)	(274)
BancaSai	15,000	2/02/14	3.050	Euribor 6 m Act/360	(839)	(411)
BancaSai	3,680	1/02/30	3.725	Euribor 6 m Act/360	(300)	(59)
Total	903,680				(43,715)	(11,474)

Non-hedging derivatives

The Group does not undertake derivative contracts on currencies to hedge transactions and future cash flows, in that the currency risk exposure overall is immaterial and is covered through the mechanism of natural hedges between assets and liabilities in foreign currencies.

At the period end, the following Credit Default Swaps remain open:

(in Euro thousands)					
Company	Notional	Expiry	Counterparty	Issuer hedged	Cost
Fondiaria-SAI S.p.A.	15,000	20/06/11	BNP Paribas	Banco Popolare sub..	100 bps per year
Fondiaria-SAI S.p.A.	25,000	20/02/13	Morgan Stanley	Republic of Serbia	295.2 bps per year
Milano Assicurazioni S.p.A.	4,411	20/03/14	BNP Paribas	Merrill Lynch	123 bps per year
Milano Assicurazioni S.p.A.	9,350	20/03/13	BNP Paribas	Morgan Stanley	100 bps per year

In addition at 30/06/2010, the Parent Company has the following contracts:

- Range Accrual Swap on a nominal amount of Euro 2,500,000 with Banca IMI, expiry 07/05/2020; under this contract the counterparty receives 3% annually and pays 6.5% annually considering the days in which the spread between the CMS rate at 30 years and the CMS rate at 10 years is positive. At 30/06/2010 the valuation gain was Euro 525 thousand.
- Range Accrual Swap on a nominal amount of Euro 5,000,000 with BNP Paribas, expiry 01/04/2020; under this contract the counterparty receives 3% annually and pays 5.25% annually considering the days in which the spread between the CMS rate at 30 years and the CMS rate at 10 years is positive. At 30/06/2010 the write-down was Euro 79 thousand. Accrued income of Euro 28 thousand was also recorded.
- Variance Volatility Spread Swap, concerning a purchase operation of 6,132 contracts on the volatility of the Eurostoxx50 index with a strike price of 43 and a sale of 122.64 contracts on the variance of the Eurostoxx50 index with strike price of 2.209 and cap on volatility of 94; counterparty BNP Paribas. At 30/06/2010 the valuation loss was Euro 59 thousand.
- Purchase and sale of Forward Variance Swap contracts on the Eurostoxx50 index; purchase of 640 contracts by Société Générale at a strike of 26.1, expiry December 17, 2010 and sale to Credit Suisse at a strike of 32.70. The purchase of Forward Variance Swap contracts permits the assumption of bullish positions on the underlying volatility. The position presents a valuation gain at 30/06/2010 of Euro 481 thousand on the positions acquired and a valuation loss of Euro 229 thousand on the positions sold.
- Purchase of call options on the Eurostoxx50 index with expiry 17/09/2010; total of 13,575, average strike of 2,883.44. The total payment was Euro 880 thousand. At 30/06/2010, the contract had a valuation loss of Euro 499 thousand.

Milano Assicurazioni at 30/06/2010 has the following contracts:

- Range Accrual Swap on a nominal amount of Euro 2,500,000 with Banca IMI, expiry 07/05/2020; under this contract the counterparty receives 3% annually and pays 6.5% annually considering the days in which the spread between the CMS rate at 30 years and the CMS rate at 10 years is positive. At 30/06/2010 the valuation gain was Euro 525 thousand.
- Range Accrual Swap on a nominal amount of Euro 5,000,000 with BNP Paribas, expiry 01/04/2020; under this contract the counterparty receives 3% annually and pays 5.25% annually considering the days in which the spread between the CMS rate at 30 years and the CMS rate at 10 years is positive. At 30/06/2010 the valuation loss was Euro 50 thousand.
- Variance Volatility Spread Swap, concerning a purchase operation of 6,132 contracts on the volatility of the Eurostoxx50 index with a strike of 43 and a sale of 122.64 contracts on the variance of the Eurostoxx50 index with strike of 2.209 and cap on volatility of 94; counterparty BNP Paribas. At 30/06/2010 the valuation loss was Euro 59 thousand.
- Purchase and sale of Forward Variance Swap contracts on the Eurostoxx50 index; purchase of 320 contracts by Société Générale at a strike of 26.1, expiry December 17, 2010 and sale to Credit Suisse at a strike of 32.70. The purchase of Forward Variance Swap contracts permits the assumption of bullish positions on the underlying volatility. The position presents a valuation gain at 30/06/2010 of Euro 240 thousand on the positions acquired and a valuation loss of Euro 114 thousand on the positions sold.
- Purchase of call options on the Eurostoxx50 index with expiry 17/09/2010; total of 13,575, average strike of 2,883.44. The total payment was Euro 880 thousand. At 30/06/2010, the contract had a valuation loss of Euro 499 thousand.

DIVIDENDS

The amount of the dividends paid at May 2010 totalled Euro 48,513 thousand for the ordinary shares (Euro 84,898 thousand in 2009) and Euro 19,238 thousand for the savings shares (Euro 32,006 thousand in 2009).

SOLVENCY MARGIN

In accordance with the provisions of the Supervision Authority in relation to the correct solvency margin and the application of the prudent filters, consequent to the introduction of the new IAS/IFRS standard, for the first half of 2010 the ratio between the constituting elements of the correct solvency margin are sufficient to cover the required margin - this latter estimated at Group level.

EARNINGS PER SHARE

The earnings/(loss) per share are calculated by dividing the Group net result attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the period. It is reported that the weighted average shares outstanding is reduced by the weighted average treasury shares held by the Fondiaria-SAI Group.

In the calculation of the diluted earnings (loss), account was not taken of the potential savings shares for the stock option plans in the absence of any diluting effects.

In accordance with IAS 33, information is shown below for the calculation of the basic and diluted earnings (loss) per share:

	30/06/2010	30/06/2009
Net profit/(loss) attributed to the ordinary shareholders of the parent company (Euro thousand)	(147,556)	13,743
Weighted average number of ordinary shares to calculate the basic earnings per share	110,099,933	110,442,907
Profit (loss) per share	(1.34)	0.12
<i><u>Effect of the dilution:</u></i>		
Weighted average number of ordinary shares to calculate the diluted earnings per share	110,099,933	110,442,907
Diluted profit (loss) per share	(1.34)	0.12

It should also be noted that the net result attributable to the ordinary shares of the Parent Company was adjusted deducting the theoretical dividends of the saving shareholders from the Group consolidated net result. This method corresponds to the current best practice which derives from an “economic” reading of the accounting principle.

SUBSEQUENT EVENTS AFTER THE END OF THE HALF-YEAR

Reference should be made to the directors’ report for further details.

SELECTED EXPLANATORY NOTES

With reference to paragraph 16 of IAS 34, it is noted that:

- the insurance sector is not, per se, a seasonal type of activity. At the current moment, there are therefore no indicators that would highlight cyclical elements in the preparation of the accounts;
- There are no unusual matters in the period considered that would significantly impact on the income statement, balance sheet or cash flow statements;
- There are no changes in the estimates made in the period or previous periods that would result in a significant effect on the result for the period.

With reference to the provisions of IAS 37, it is reported that the Group is not aware of any significant potential assets or liabilities of a significant size acquired since 31/12/2009 for which it is necessary to provide specific information.

Milan, August 5, 2010

*For the Board of Directors
The Chairperson*

Ms. Jonella Ligresti

Declaration of the Condensed Half-Year Financial Statements as per Article 81-ter of CONSOB Regulation No. 11971 of May 14, 1999 and subsequent modifications and integrations

The undersigned Fausto Marchionni (as Chief Executive Officer of Fondiaria-SA) and Pier Giorgio Bedogni (as Executive responsible for the preparation of the corporate accounting documents of Fondiaria-SAI)

certify

pursuant to article 154, paragraph 3 and 4, of Legislative Decree No. 58 of February 24, 1998

- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the condensed half-year financial statements in the first half-year of 2010.

The valuation of the adequacy of the accounting and administrative procedures for the preparation of the condensed half-year financial statements at June 30, 2010 is based on a Model defined by Fondiaria-SAI in accordance with the “Internal Control – Integrated Framework” and “Cobit” which represent benchmarks for internal control systems generally accepted at international level.

It is also noted that:

- the condensed half-year financial statements:
 - a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of 19/07/2002;
 - b) correspond to the underlying accounting documents and records;
 - c) were prepared in accordance with article 9 of Legislative Decree No. 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the issuer and of the consolidated companies;
- the Interim Directors’ Report on operations includes an analysis of the significant events in the first six months of the year and their impact on the condensed half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The interim directors’ report also includes a reliable analysis of the information on significant operations with related parties.

Milan, August 5, 2010

*Chief Executive Officer of Fondiaria-SAI
Mr. Fausto Marchionni*

*The Executive Responsible
for the preparation of the corporate accounting documents
Mr. Pier Giorgio Bedogni*

Attachments

List of direct and indirect holdings in non-listed companies of above 10% of the share capital at 30/06/2010

(In accordance with article 125-126 of CONSOB Resolution No. 11971 of 14/05/1999)

FONDIARIA-SAI S.P.A. IS THE OWNER AS AT 30/06/2010 OF THE FOLLOWING SHARES/QUOTAS WITH VOTING RIGHTS

Name of Company Registered offices	Company holding	Voting shares held	% holding	% Total
AGRISAI SRL ITALY	SAIAGRICOLA SPA – Società Agricola SAIFIN SAIFINANZIARIA SPA	60,390 610	99.000 1.000	100.000
ATA BENESSERE SRL in liquidazion ITALY	ATAHOTELS Compagnia italiana Aziende Turistiche Alberghiere SPA.	100,000	100.000	100.000
ATAHOTELS Compagnia italiana Aziende Turistiche Alberghiere SPA ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	8,843,400 8,496,600	51.000 49.000	100.000
ATAHOTELS SUISSE S.A. SWITZERLAND	ATAHOTELS Compagnia italiana Aziende Turistiche Alberghiere SPA	98,000	98.000	98.000
ATAVALUE SRL	SAI HOLDING ITALIA SPA	10,000	100.000	100.000
AUTO PRESTO&BENE SPA ITALY	FONDIARIA-SAI SPA	5,000,000	100.000	100.000
A7 SRL Italy	IMMOBILIARE MILANO ASS.ZIONI SRL	40,000	20.000	20.000
BANCA GESFID S.A. SWITZERLAND	FONDIARIA-SAI SPA	10,000	100.000	100.000
BANCASAI SPA ITALY	FONDIARIA-SAI SPA	1,166,771,610	100.000	100.000
BIM VITA SPA ITALY	FONDIARIA-SAI SPA	3,750,000	50.000	50.000
BORSETTO SRL ITALY	IMMOBILIARE MILANO ASS.ZIONI SRL	1,335,149	44.928	44.928
BRAMANTE SRL Italy	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
BUTTERFLY AM SARL LUXEMBOURG	IMMOBILIARE FONDIARIA-SAI SRL	6,666	28.57	28.57
CAMPO CARLO MAGNO SPA ITALY	MILANO ASSICURAZIONI SPA	18,622,400	100.000	100.000
CAPITALIA ASSICURAZIONI SPA ITALY	FONDIARIA-SAI SPA	2,652,000	51.000	51.000
CARPACCIO SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
CASA DI CURA VILLA DONATELLO S.p.A. DONATELLO SPA - ITALY	FONDIARIA-SAI SPA	70,000	100.000	100.000
CASCINE TRENNO SRL Italy	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000

Name of Company Registered offices	Company holding	Voting shares held	% holding	% Total
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL ITALY	FONDIARIA-SAI SPA	350,000	100.000	100.000
CITTÀ DELLA SALUTE SCRL ITALY	CASA DI CURA VILLA DONATELLO SPA CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL DONATELLO DAY SURGERY SRL FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE SRL	50,000 45,000 2,500 2,500	50.000 45.000 2.500 2.500	100.000
CITYLIFE SRL ITALY	IMMOBILIARE MILANO ASS.ZIONI SRL	85,146	27.198	27.198
COLPETRONE SRL ITALY	SAIAGRICOLA SPA – Società Agricola	10,000	100.000	100.000
COMPAGNIA TIRRENA DI ASSICURAZIONI SPA in voluntary liquidation ITALY	MILANO ASSICURAZIONI SPA	3,900,000	11.143	11.143
COMPANIA DE SEGUROS Y REASEGUROS KAIROS S.A. in liq. – SPAIN	EUROSAI FINANZIARIA DI PARTECIPAZIONI SRL	48,815	11.486	11.486
CASTELLO CONSORTIUM ITALY	NUOVE INIZIATIVE TOSCANI SRL	99,660	99.660	99.660
CONSORZIO SERVIZI TECNOLOGICI SCRL ITALY	FONDIARIA-SAI SPA GRUPPO FONDIARIA SAI SERVIZI SCRL MILANO ASSICURAZIONI SPA SISTEMI SANITARI SCRL	3,500 9,000 2,000 500	3.500 9.000 2.000 0.500	15.000
CONSULENZA AZIENDALE PER L'INFORMATICA - SCAI SPA ITALY	FONDIARIA-SAI SPA	601,400	30.070	30.070
CRIVELLI SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
DDOR AUTO DOO SERBIA	DDOR NOVI SAD A.D.O.	1	100.000	100.000
DDOR NOVI SAD A.D.O. SERBIA	FONDIARIA-SAI SPA	2,114,285	99.993	99.993
DDOR PENZIJA PLUS AD SERBIA	DDOR NOVI SAD A.D.O.	82,085	100.000	100.000
DDOR R.E. JOINT STOCK REINSURANCE COMPANY SERBIA	DDOR NOVI SAD A.D.O THE LAWRENCE R.E. IRELAND LTD	1 49,999	0.002 99.998	100.000
DIALOGO ASSICURAZIONI SPA ITALIA	MILANO ASSICURAZIONI SPA	8,818,363	99.848	99.848
DIALOGO VITA COMP.DI ASS.NI SPA ITALY	MILANO ASSICURAZIONI SPA	12,000,000	100.000	100.000
DOMINION INSURANCE HOLDINGS LTD GREAT BRITAIN	FINSAI INTERNATIONAL S.A.	50,780,305	100.000	100.000
DONATELLO DAY SURGERY SRL ITALY	CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL	20,000	100.000	100.000

Name of Company Registered offices	Company holding	Voting shares held	% holding	% Total
EUROPA TUTELA GIUDIZIARIA SPA – ITALY	FONDIARIA-SAI SPA	2,000,000	100.000	100.000
EUROSAI FINANZIARIA DI PARTECIPAZIONI SRL ITALY	FONDIARIA-SAI SPA	5,265,600	100.000	100.000
EX VAR SCS LUXEMBOURG	FONDIARIA-SAI SPA IMMOBILIARE MILANO ASS.ZIONI SRL	451,711 250,953	18.000 10.000	28.000
FINADIN SPA FINANZIARIA DI INVESTIMENTI ITALY	SAIFIN SAIFINANZIARIA SPA	40,000,000	40.000	40.000
FINITALIA SPA Italy	BANCASAI SPA	15,376,285	100.000	100.000
FIN.PRIV. SRL ITALY	FONDIARIA-SAI SPA	5,714	28.571	28.571
FINSAI INTERNATIONAL S.A. LUXEMBOURG	FONDIARIA-SAI SPA SAILUX S.A. SAINTERNATIONAL S.A.	80,000 145,183 176,383	19.922 36.154 43.924	100.000
FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE SRL ITALY	CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL	10,400	100.000	100.000
FONDIARIA-SAI NEDERLAND BV HOLLAND	FONDIARIA-SAI SPA	1,907	100.000	100.000
FONDIARIA-SAI SERVIZI TECNOLOGICI SPA - ITALY	FONDIARIA-SAI SPA	61,200	51.000	51.000
GARIBALDI SCA LUXEMBOURG	MILANO ASSICURAZIONI SPA	9,920	32.000	32.000
GLOBAL CARD SERVICE SRL ITALY	LIGURIA SOCIETÀ DI ASS.NI SPA LIGURIA VITA SPA	43,472 50,388	44.000 51.000	95.000
GRUPPO FONDIARIA SAI SERVIZI SCRL ITALY	AUTO PRESTO&BENE SPA BANCASAI SPA BIM VITA SPA CAPITALIA ASSICURAZIONI SPA DIALOGO ASSICURAZIONI SPA DIALOGO VITA Comp. di Ass.ni SPA EUROPA TUTELA GIUDIZIARIA SPA FINITALIA SPA FONDIARIA-SAI SPA IMMOBILIARE LOMBARDA SPA LIGURIA Soc.di Ass.ni SPA LIGURIA VITA SPA MILANO ASSICURAZIONI SPA PRONTO ASSISTANCE SERVIZI SCARL PRONTO ASSISTANCE SPA SAI ASSET MANAGEMENT SGR SPA SAI MERCATI MOBILIARI – SOC. DI INTERMEDIAZIONE MOBILIARE SPA SIAT – Soc. Italiana Ass.ni e Rias.ni SPA SISTEMI SANITARI SCRL SYSTEMA COMP.DI ASS.NI SPA SYSTEMA VITA COMP.DI ASS.NI SPA	2,000 2,000 2,000 2,000 20,000 2,000 2,000 2,000 6,412,472 2,000 2,000 2,000 3,419,000 2,000 90,000 2,000 2,000 10,528 2,000 18,000 2,000	0.020 0.020 0.020 0.020 0.200 0.020 0.020 0.020 64.125 0.020 0.020 0.020 34.190 0.020 0.900 0.020 0.020 0.105 0.020 0.180 0.020	100.000

Name of Company Registered offices	Company holding	Voting shares held	% holding	% Total
HOTEL TERME DI SAINT VINCENT SRL ITALY	ATAHOTELS Compagnia italiana Aziende Turistiche Alberghiere SPA	15,300	100.000	100.000
IGLI SPA ITALY	IMMOBILIARE FONDIARIA-SAI SRL IMMOBILIARE MILANO ASS.ZIONI SRL	4,020,000 4,020,000	16.667 16.667	33.333
IMMOBILIARE FONDIARIA-SAI SRL - Italy	FONDIARIA-SAI SPA	20,000	100.000	100.000
IMMOBILIARE LITORELLA SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,329	100.000	100.000
IMMOBILIARE LOMBARDA SPA ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	92,458,632 51,620,836	64.172 35.828	100.000
IMMOBILIARE MILANO ASSICURAZIONI SRL ITALY	MILANO ASSICURAZIONI SPA	20,000	100.000	100.000
INIZIATIVE VALORIZZAZIONI EDILI – IN V.ED. SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,329	100.000	100.000
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. SPA ITALY	IMMOBILIARE FONDIARIA-SAI SRL	500,000	100.000	100.000
ISOLA SCA LUXEMBOURG	MILANO ASSICURAZIONI SPA	9,164	29.561	29.561
ISTITUTO EUROPEO DI ONCOLOGIA SRL ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	10,186,526 1,394,536	12.642 1.731	14.372
ITAL H&R SRL ITALY	ITALRESIDENCE SRL	50,000	100.000	100.000
ITAL IBERIA INVERSIONES FINANCIERAS SL SPAIN	FONDIARIA-SAI SPA	122,193,595	100.000	100.000
ITALRESIDENCE SRL ITALY	ATAHOTELS Compagnia italiana Aziende Turistiche Alberghiere SPA	100,000	100.000	100.000
LIGURIA SOCIETÀ DI ASSICURAZIONI SPA ITALY	MILANO ASSICURAZIONI SPA	36,788,443	99.969	99.969
LIGURIA VITA SPA ITALY	LIGURIA SOCIETÀ DI ASS.NI SPA	1,200,000	100.000	100.000
MARINA DI LOANO SPA ITALY	IMMOBILIARE FONDIARIA-SAI SRL	5,536	100.000	100.000
MASACCIO SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
MB VENTURE CAPITAL FUND I PARTECIP. COMPANY D NV HOLLAND	FONDIARIA-SAI SPA	15,000	30.000	30.000
MERIDIANO AURORA SRL ITALY	FONDIARIA-SAI SPA	10,000	100.000	100.000
MERIDIANO BELLARMINO SRL Italy	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
MERIDIANO BRUZZANO SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000

Name of Company Registered offices	Company holding	Voting shares held	% holding %	% Total
MERIDIANO PRIMO SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
MERIDIANO QUARTO SRL ITALY	SAI HOLDING ITALIA SPA	10,000	100.000	100.000
MERIDIANO SECONDO SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
METALS BANKA AD SERBIA	DDOR NOVI SAD A.D.O.	103,867	10.105	10.105
METROPOLIS SPA ITALY	IMMOBILIARE MILANO ASS.ZIONI SRL	332,976	29.730	29.730
MIZAR SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,329	100.000	100.000
NUOVA IMPRESA EDIFICATRICE MODERNA SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,329	100.000	100.000
NUOVE INIZIATIVE TOSCANE SRL - ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	48,440,000 1,560,000	96.880 3.120	100.000
OPEN MIND INVESTMENTS SCA SICAR LUXEMBOURG	FONDIARIA-SAI SPA	335,948	65.854	65.854
PENTA DOMUS SPA ITALY	IMMOBILIARE MILANO ASS.ZIONI SRL	24,000	20.000	20.000
PONTORMO SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	50,000	100.000	100.000
POPOLARE VITA SPA ITALY	FONDIARIA-SAI SPA SAI HOLDING ITALIA SPA	8,760,001 9,200,000	24.388 25.612	50.000
PROGETTO ALFIERE SPA ITALY	IMMOBILIARE FONDIARIA-SAI SRL	22,800	19.000	19.000
PROGETTO BICOCCA LA PIAZZA SRL in liquidation ITALY	IMMOBILIARE FONDIARIA-SAI SRL	2,332,332	74.000	74.000
PRONTO ASSISTANCE SERVIZI SCARL ITALY	BANCASAI SPA CAPITALIA ASSICURAZIONI SPA DIALOGO ASSICURAZIONI SPA FONDIARIA-SAI SPA LIGURIA SOCIETÀ DI ASS.NI SPA MILANO ASSICURAZIONI SPA PRONTO ASSISTANCE SPA SISTEMI SANITARI SCRL SYSTEMA COMPAGNIA DI ASS.NI SPA	516 774 123,840 192,984 11,352 144,480 39,732 516 1,806	0.100 0.150 24.000 37.400 2.200 28.000 7.700 0.100 0.350	100.000
PRONTO ASSISTANCE SPA ITALY	FONDIARIA-SAI SPA	2,500,000	100.000	100.000
QUINTOGEST SPA ITALY	FONDIARIA-SAI SPA	980,000	49.000	49.000
RISTRUTTURAZIONI EDILI MODERNE – R.EDIL.MO. SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,329	100.000	100.000
SAI ASSET MANAGEMENT SGR SPA – ITALY	FONDIARIA-SAI SPA	500,000	100.000	100.000
SAI HOLDING ITALIA SPA ITALY	FONDIARIA-SAI SPA	50,000,000	100.000	100.000

Name of Company Registered offices	Company holding	Voting shares held	% holding	% Total
SAI INVESTIMENTI SGR SPA ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	1,995,930 1,134,940	51.000 29.000	80.000
SAI MERCATI MOBILIARI – SOC. DONATELLO SPA - ITALY	FONDIARIA-SAI SPA	20,000,000	100.000	100.000
SAI NETWORK SPA ITALY	BANCASAI SPA FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	4,080,000 1,960,000 1,960,000	51.000 24.500 24.500	100.000
SAIAGRICOLA SPA - Società Agricola - ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA PRONTO ASSISTANCE SPA	60,722,765 4,490,641 786,594	92.004 6.804 1.192	100.000
SAIFIN SAIFINANZIARIA SPA ITALY	FONDIARIA-SAI SPA	102,258,000	100.000	100.000
SAILUX S.A. LUXEMBOURG	FINSAI INTERNATIONAL S.A. SAIFIN SAIFINANZIARIA SPA	10 9,387,800	0.000 99.999	100.000
SAINT GEORGE CAPITAL MANAGEMENT S.A. - SWITERLAND	BANCA GESFID S.A.	5,000	100.000	100.000
SAINTERNATIONAL S.A. LUXEMBOURG	FONDIARIA-SAI SPA	15,399,997	99.999	99.999
SANTA MARIA DEL FICO SRL ITALY	SAIAGRICOLA SPA – Società Agricola	78,000	100.000	100.000
SCONTOFIN S.A. LUXEMBOURG	SAILUX S.A.	950	19.000	19.000
SERVICE GRUPPO FONDIARIA-SAI SRL - ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	140,000 60,000	70.000 30.000	100.000
SERVIZI IMM. MARTINELLI SPA ITALY	IMMOBILIARE MILANO ASS.ZIONI SRL	200	20.000	20.000
SIAT - SOC. ITALIANA ASS.NI E RIASSICURAZIONI SPA ITALY	SAI HOLDING ITALIA SPA	35,983,610	94.694	94.694
SIM ETOILE S.A.S FRANCE	FONDIARAI-SAI SPA	199,999	99.999	99.999
SINTESI SECONDA SRL ITALY	IMMOBILIARE MILANO ASS.ZIONI SRL	10,400	100.000	100.000
SISTEMI SANITARI SCRL ITALY	BANCASAI SPA BIM VITA SPA DIALOGO ASSICURAZIONI SPA DIALOGO VITA Comp. di Ass.ni SPA EUROPA TUTELA GIUDIZIARIA SPA FINITALIA SPA FONDIARIA-SAI SPA GRUPPO FONDIARIA-SAI SERVIZI SCRL LIGURIA SOCIETÀ DI ASS.NI SPA LIGURIA VITA SPA MILANO ASSICURAZIONI SPA POPOLARE VITA SPA PRONTO ASSISTANCE SERVIZI SCARL PRONTO ASSISTANCE SPA SAI ASSET MANAGEMENT SGR SPA SAI MERCATI MOBILIARI – SOC. DI INTERMADIAZIONE MOBILIARE SPA SYSTEMA COMPAGNIA DI ASS.NI SPA SYSTEMA VITA COMP.DI ASS.NI SPA	398 142 171 4 19 155 789,664 917 2,170 195 196,295 5,093 4,088 342 54 106 118 69	0.040 0.014 0.017 0.000 0.002 0.016 78.966 0.092 0.217 0.020 19.630 0.509 0.409 0.034 0.005 0.011 0.012 0.007	100.000

Name of Company Registered offices	Company holding	Voting shares held	% holding	% Total
SOAIMPIANTI-ORGANISMI DI ATTESTAZIONE SRL in liq. ITALY	FONDIARIA-SAI SPA	18,307	21.639	21.639
SOCIETÀ EDILIZIA IMMOBILIARE SARDA – S.E.I.S. SPA – ITALY	IMMOBILIARE FONDIARIA-SAI SRL	387,500	51.667	51.667
SOCIETÀ FINANZIARIA PER LE GEST.ASS.VE SRL in liq. ITALY	FONDIARIA-SAI SPA MILANO ASSICURAZIONI SPA	13,931,807 7,012,859	14.907 7.504	22.410
SOCIETÀ FUNIVIE DEL PICCOLO S. BERNARDO SPA ITALY	IMMOBILIARE FONDIARIA-SAI SRL	1,441,691	27.384	27.384
SOFINPA SPA ITALY	SAIFIN SAIFINANZIARIA SPA	2,400,000	30.000	30.000
SOGEINT SRL ITALY	MILANO ASSICURAZIONI SPA	100,000	100.000	100.000
SRP ASSET MANAGEMENT S.A. SWITZERLAND	SAINTERNATIONAL S.A.	1,000	100.000	100.000
STIMMA SRL ITALY	FONDIARIA-SAI SPA	10,000	100.000	100.000
SVILUPPO CENTRO EST SRL ITALY	IMMOBILIARE MILANO ASS.ZIONI SRL	4,000	40.000	40.000
SYSTEMA COMPAGNIA DI ASSICURAZIONI SPA - ITALY	MILANO ASSICURAZIONI SPA	10,000	100.000	100.000
SYSTEMA VITA COMP.DI ASS.NI SPA - ITALY	FONDIARIA-SAI SPA	12,000,000	100.000	100.000
THE LAWRENCE LIFE ASSURANCE COMPANY LTD IRELAND	POPOLARE VITA SPA	802,886	100.000	100.000
THE LAWRENCE R.E. IRELAND LTD - IRELAND	FONDIARIA-SAI NEDERLAND BV	635,000	100.000	100.000
TOUR EXECUTIVE SPA ITALY	ATAHOTELS Compagnia italiana Aziende Turistiche Alberghiere SPA	500,000	100.000	100.000
TRE TORRI CONTRACTOR SCRL Italy	IMMOBILIARE LOMBARDA SPA	5,000	50.000	50.000
TRENNO OVEST SRL ITALY	IMMOBILIARE FONDIARIA-SAI SRL	10,000	100.000	100.000
UFFICIO CENTRALE ITALIANO SCARL - ITALY	CAPITALIA ASSICURAZIONI SPA DIALOGO ASSICURAZIONI SPA FONDIARIA-SAI SPA LIGURIA SOCIETÀ DI ASS.NI SPA MILANO ASSICURAZIONI SPA SIAT - SOCIETÀ ITALIANA ASS.NI E RIASSICURAZIONI SPA SYSTEMA COMPAGNIA DI ASS.NI SPA	24 1 141,358 3,093 109,752 948 2	0.002 0.000 14.136 0.309 10.975 0.095 0.000	25.518
VALORE IMMOBILIARE SRL ITALY	MILANO ASSICURAZIONI SPA	5,000	50.000	50.000
VILLA RAGIONIERI SRL ITALY	FONDIARIA-SAI SPA	150,000	100.000	100.000
WAVE TECHNOLOGIES SRL ITALY	FONDIARIA-SAI SPA	14,925	15.000	15.000

Details of tangible and intangible fixed assets			
(in thousands of Euro)			
	At cost	At revalued amount or fair value	Total book value
Investment property	3,012,699	0	3,012,699
Others buildings	518,387	0	518,387
Other tangible assets	106,550	0	106,550
Other intangible assets	162,661	0	162,661

Details of the technical reserves - reinsurance amount		
(in thousands of Euro)		
	Total book value	
	30/06/2010	31/12/2009
Non-Life reserves	685,228	690,169
Life reserves	173,495	180,131
Technical reserves where investment risk is borne by policyholders and from pension fund management	0	0
Actuarial reserves and other reserves	173,495	180,131
Technical reserves attributed to reinsurers	858,723	870,300

Details of financial assets						
(in thousands of Euro)						
	Investments held to maturity		Loans and receivables		Financial assets available-for-sale	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Equity securities and derivatives valued at cost		0				
Equity securities at fair value		0			1,606,137	1,695,610
<i>of which listed securities</i>		0			1,477,673	1,558,299
Debt securities	609,984	808,473	1,020,111	1,020,996	17,969,530	16,261,242
<i>of which listed securities</i>	609,610	808,421	876,527	873,625	17,922,017	16,230,879
Fund units		0		0	791,829	937,833
Loans and receivables from banks		0	703,303	506,848	0	0
Loans and interbank receivables		0	278,929	470,085		0
Deposits with reinsurers		0	28,681	28,570		0
Financial asset components of insurance contracts		0		0		0
Other loans and receivables		0	719,598	876,596		0
Non-hedging derivatives		0		0		0
Hedging derivatives		0		0		0
Other financial investments		0	6,141	4,915	2,011	1,973
Total	609,984	808,473	2,756,763	2,908,010	20,369,507	18,896,658

Financial assets at fair value through the profit or loss account				Total book value	
Financial assets held for trading		Financial assets designated at fair value recorded through profit or loss			
30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
				0	0
1,414	2,222	22,529	95,637	1,630,080	1,793,469
1,313	2,175	22,529	95,637	1,501,515	1,656,111
176,280	156,161	8,294,780	7,314,034	28,070,685	25,560,906
64,312	61,553	3,619,022	3,628,765	23,091,488	21,603,243
25,612	30,110	427,011	379,978	1,244,452	1,347,921
	0		0	703,303	506,848
	0		0	278,929	470,085
	0		0	28,681	28,570
	0		0	0	0
	0		0	719,598	876,596
3,720	3,509	517,135	602,582	520,855	606,091
		4,639	5,639	4,639	5,639
		63,741	65,236	71,893	72,124
207,026	192,002	9,329,835	8,463,106	33,273,115	31,268,249

(in thousands of Euro)						
	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Assets in accounts	8,976,212	8,096,589	241,751	226,918	9,217,963	8,323,507
Inter-group assets*	6,318	0		0	6,318	0
Total Assets	8,982,530	8,096,589	241,751	226,918	9,224,281	8,323,507
Financial liabilities in accounts	1,588,465	1,831,117	241,751	226,918	1,830,216	2,058,035
Technical reserves in accounts	7,393,648	6,265,181		0	7,393,648	6,265,181
Inter-group liabilities*		0		0	0	0
Total Liabilities	8,982,113	8,096,298	241,751	226,918	9,223,864	8,323,216
* Assets and liabilities eliminated in consolidation						

Details of the technical reserves - reinsurance amount		
(in thousands of Euro)		
	Total book value	
	30/06/2010	31/12/2009
Non-Life reserves	685,228	690,169
Life reserves	173,495	180,131
Technical reserves where investment risk is borne by policyholders and from pension fund management	0	0
Actuarial reserves and other reserves	173,495	180,131
Technical reserves attributed to reinsurers	858,723	870,300

Details of technical reserves		
(in thousands of Euro)		
	Total book value	
	30/06/2010	31/12/2009
Non-Life reserves	11,600,392	11,668,235
Unearned premium reserve	2,780,272	2,730,646
Claims reserve	8,807,488	8,924,047
Other reserves	12,632	13,542
<i>of which reserves set aside following the liability adequacy test</i>		0
Life reserves	22,651,013	20,049,815
Reserve for claims to be paid	198,297	155,054
Actuarial reserves	15,074,458	13,518,260
Technical reserves where investment risk is borne by policyholders and from pension fund management	7,393,648	6,265,181
Other reserves	-15,390	111,320
<i>of which reserves set aside following the liability adequacy test</i>	0	0
<i>of which deferred liabilities to policyholders</i>	-111,938	7,739
Total Technical Reserves	34,251,405	31,718,050

Details of financial liabilities				
(in thousands of Euro)				
	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Equity financial instruments	0	0	0	0
Sub-ordinated liabilities	0	0	0	0
Liabilities from financial contracts issued by insurance companies deriving	0	0	1,830,216	2,058,035
From contracts for which the investment risk is borne by policyholders	0	0	1,588,465	1,831,117
From the management of pension funds	0	0	241,751	226,918
From other contracts	0	0	0	0
Deposits received from reinsurers	0	0	0	0
Financial liability components of insurance contracts	0	0	0	0
Debt securities issued	0	0	0	0
Payables to bank clients	0	0	0	0
Interbank payables	0	0	0	0
Other loans obtained	0	0	0	0
Non-hedging derivatives	4,910	4,825	0	0
Hedging derivatives	4,467	10,954	40,005	10,279
Other financial liabilities	0	0	0	1,322
Total	9,377	15,779	1,870,221	2,069,636

Other financial liabilities		Total book value	
30/06/2010	31/12/2009	30/06/2010	31/12/2009
0	0	0	0
1,040,749	1,040,425	1,040,749	1,040,425
0	0	1,830,216	2,058,035
0	0	1,588,465	1,831,117
0	0	241,751	226,918
0	0	0	0
277,081	266,089	277,081	266,089
0	0	0	0
297,995	221,120	297,995	221,120
507,393	579,289	507,393	579,289
28	25,049	28	25,049
136,556	147,647	136,556	147,647
0	0	4,910	4,825
0	0	44,472	21,233
389,000	385,426	389,000	386,748
2,648,802	2,665,045	4,528,400	4,750,460

Details of insurance technical accounts			
(in thousands of Euro)			
		30/06/2010	30/06/2009
Non-Life business			
NET PREMIUMS		3,510,478	3,487,277
a	Premiums written	3,547,930	3,531,255
b	Change in unearned premium reserve	-37,452	-43,978
NET CHARGES RELATING TO CLAIMS		-2,785,345	-2,673,293
a	Amount paid	-2,939,554	-2,795,327
b	Change in claims reserve	109,444	58,211
c	Change in recoveries	45,177	64,118
d	Change in other technical reserves	-412	-295
Life Division			
NET PREMIUMS		3,699,326	2,729,216
NET CHARGES RELATING TO CLAIMS		-4,064,226	-3,264,180
a	Sums paid	-1,342,950	-1,447,956
b	Change in reserve for sums to be paid	-29,803	42,306
c	Change in actuarial reserve	-1,574,679	-573,364
d	Change technical reserves where investment risk borne by policyholders and from pension fund management	-1,128,484	-1,300,354
e	Change in other technical reserves	11,690	15,188

Financial income and charges and from investments				
(in thousand)				
	Interest	Other Income	Other expenses	Profits realised
Result from investments	456,302	145,757	-60,194	259,906
a Deriving from property investments		48,297	-29,969	4,317
b Deriving from investments in subsidiaries, associates and joint ventures		175	-11,662	
c Deriving from investments held-to-maturity:	22,466	45	-2	24,939
d Deriving from loans and receivables	52,957	206	-483	1,779
e Deriving from available-for-sale financial assets	264,979	48,976	-4,109	183,427
f Deriving from financial assets held for trading	3,422	1,201	-93	5,606
g Deriving from financial assets designated at fair value through profit or loss	112,478	46,857	-13,876	39,838
Result of other receivables	6,673	49	-14	3,753
Result of cash and cash equivalents	3,542		-333	
Result of financial liabilities	-33,927	0	-466	0
a Deriving from financial liabilities held for trading				
b Deriving from financial liabilities designated at fair value through profit or loss				
c Deriving from other financial liabilities	-33,927		-466	
Result of payables	-3,087		-2	
Total	429,503	145,806	-61,009	263,659

Losses realised	Total income and charges realised	Valuation gains		Valuation losses		Total income and charges not realised	Total income and charges 30/06/2010	Total income and charges 30/06/2009
		Valuation gains	Write-back of value	Valuation losses	Impairment			
-78,145	723,626	154,729	131	-100,166	-76,064	-21,370	702,256	791,798
-462	22,183			-33,456	-403	-33,859	-11,676	-836
	-11,487			-3,102		-3,102	-14,589	-3,057
	47,448					0	47,448	23,745
-3,459	51,000		131	-22		109	51,109	52,861
-60,259	433,014				-75,661	-75,661	357,353	301,458
-393	9,743	4,224		-12,328		-8,104	1,639	23,898
-13,572	171,725	150,505		-51,258		99,247	270,972	393,729
	10,461	0	0	0	0	0	10,461	16,722
	3,209	0	0	0	0	0	3,209	7,624
0	-34,393	117	0	0	0	117	-34,276	-51,757
	0	117		0		117	117	0
	0	0	0	0	0	0	0	0
	-34,393	0	0	0	0	0	-34,393	-51,757
	-3,089	0	0	0	0	0	-3,089	-7,446
-78,145	699,814	154,846	131	-100,166	-76,064	-21,253	678,561	756,941

Details of insurance management expenses				
(in thousands of Euro)				
	Non-Life Division		Life Division	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
Gross commissions and other acquisition expenses net of commissions and profit participations received from reinsurers	-639,921	-639,332	-91,570	-114,596
Investment management charges	-3,191	-2,435	-2,847	-2,525
Other administration expenses	-151,162	-137,032	-31,756	-35,866
Total	-794,274	-778,799	-126,173	-152,987

Details of financial assets and liabilities by level									
		Level 1		Level 2		Level 3		Total	
		30-06-2010	31/12/2009	30-06-2010	31/12/2009	30-06-2010	31/12/2009	30-06-2010	31/12/2009
Financial assets available-for-sale		19,322,359	17,732,409	918,684	1,026,938			20,241,043	18,759,347
Financial assets at fair value through the profit or loss account	Financial assets held for trading	63,671	97,765	143,254	94,237			206,925	192,002
	Financial assets designated at fair value recorded through profit or loss	18,112	84,105	9,311,723	8,379,001			9,329,835	8,463,106
Total		19,404,142	17,914,279	10,373,661	9,500,176	0	0	29,777,803	27,414,455
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	9,377	15,779					9,377	15,779
	Financial liabilities designated at fair value	40,005	11,601	1,830,216	2,058,035			1,870,221	2,069,636
Total		49,382	27,380	1,830,216	2,058,035	0	0	1,879,598	2,085,415

Details of other comprehensive income statement items				
	Allocation		Adjustments from reclassification to the Income Statement	
	Total 30-06-2010	Total 30-06-2009	Total 30-06-2010	Total 30-06-2009
Translation reserve	-10,809	-5,260		
Profit or loss on available-for-sale financial assets	-133,622	122,937	-145,039	16,854
Profit or loss on cash flow hedges	-22,366	-2,537		
Profit or loss on a net foreign investment hedge				
Reserve on net equity changes in investments	-3,911	938		
Revaluation reserve of intangible assets				
Revaluation reserve of tangible assets	-8,763	-461		
Income/(charges) on non-current assets or of a discontinued group held for sale	407			
Actuarial profits and losses and adjustments to employee defined plans	-5,066	-640		
Others items	1,135	894		
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	-182,995	115,871	-145,039	16,854

Other changes		Total changes		Income taxes		Balance	
Total 30-06-2010	Total 30-06-2009	Total 30-06-2010	Total 30-06-2009	Total 30-06-2010	Total 30-06-2009	Total 30-06-2010	Total 30-06-2009
		-10,809	-5,260			-14,666	-1,217
	-160,352	-278,661	-20,561	61,087	-15,927	-358,511	-466,701
		-22,366	-2,537	8,072	698	-30,037	-9,797
		0	0			0	
		-3,911	938			1,659	2,136
		0	0			0	
		-8,763	-461	876	46	0	8,970
		407	0			-268	44,942
		-5,066	-640	1,058	207	-14,530	
		1,135	894			53,516	
0	-160,352	-328,034	-27,627	71,093	-14,976	-362,837	-421,667

Consolidation scope								
(Amounts in Euro)								
Number	Company	State	Method (1)	Activities (2)	% Direct Holding	% Total Holding (3)	% Voting in Ordinary Shareholder Meeting (4)	% consolidated
1	PRONTO ASSISTANCE SPA	086	G	1	100.00	100.00	100.00	100.00
2	SIAT SOCIETA' ITALIANA ASS E RIASS SPA	086	G	1	0.00	94.69	94.69	100.00
3	BIM VITA SPA	086	G	1	50.00	50.00	50.00	100.00
4	EUROSAI FINANZIARIA DI PARTECIPAZIONE SRL	086	G	11	100.00	100.00	100.00	100.00
5	FINSAI INTERNATIONAL SA	092	G	11	19.92	99.99	99.99	100.00
6	SAIAGRICOLA SPA	086	G	11	92.01	97.48	100.00	100.00
7	SAIFIN - SAIFINANZIARIA SPA	086	G	11	100.00	100.00	100.00	100.00
8	SAINTERNATIONAL SA	092	G	11	99.99	99.99	99.99	100.00
9	SAI HOLDING ITALIA SPA	086	G	11	100.00	100.00	100.00	100.00
10	SAILUX SA	092	G	11	0.00	100.00	100.00	100.00
11	SIM ETOILE SA	029	G	10	99.99	99.99	99.99	100.00
12	SRP ASSET MANAGEMENT SA	071	G	11	0.00	99.99	100.00	100.00
13	COLPETRONE SRL	086	G	11	0.00	97.48	100.00	100.00
14	CASTELLO CONSORTIUM	086	G	10	0.00	98.50	99.66	100.00
15	DIALOGO ASSICURAZIONI SPA	086	G	1	0.00	62.76	99.85	100.00
16	DOMINION INSURANCE HOLDING LTD	031	G	11	0.00	99.99	100.00	100.00
17	SYSTEMA VITA SPA	086	G	1	100.00	100.00	100.00	100.00
18	EUROPA TUTELA GIUDIZIARIA SPA	086	G	1	100.00	100.00	100.00	100.00
19	FONDIARIA NEDERLAND B.V.	050	G	11	100.00	100.00	100.00	100.00
20	DIALOGO VITA SPA	086	G	1	0.00	62.85	100.00	100.00
21	SERVICE GRUPPO FONDIARIA SRL	086	G	11	70.00	88.86	100.00	100.00
22	MILANO ASSICURAZIONI SPA	086	G	1	60.58	62.85	62.86	100.00
23	NUOVE INIZIATIVE TOSCANE SRL	086	G	10	96.88	98.84	100.00	100.00
24	STIMMA SRL	086	G	10	100.00	100.00	100.00	100.00
25	SYSTEMA COMPAGNIA DI ASS.NI SPA	086	G	1	0.00	62.85	100.00	100.00
26	THE LAWRENCE RE IRELAND LTD	040	G	5	0.00	100.00	100.00	100.00
27	THE LAWRENCE LIFE ASSURANCE CO. LTD	040	G	2	0.00	50.00	100.00	100.00
28	GRUPPO FONDIARIA-SAI SERVIZI SCRL	086	G	11	64.12	87.10	100.00	100.00
29	VILLA RAGIONERI SRL	086	G	10	100.00	100.00	100.00	100.00
30	CASCINE TRENNO SRL	086	G	10	0.00	100.00	100.00	100.00
31	TRENNO OVEST SRL	086	G	10	0.00	100.00	100.00	100.00
32	INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. SPA	086	G	10	0.00	100.00	100.00	100.00
33	MERIDIANO BELLARMINO SRL	086	G	10	0.00	100.00	100.00	100.00
34	MERIDIANO BRUZZANO SRL	086	G	10	0.00	100.00	100.00	100.00
35	MERIDIANO PRIMO SRL	086	G	10	0.00	100.00	100.00	100.00
36	MERIDIANO SECONDO SRL	086	G	10	0.00	100.00	100.00	100.00
37	BANCA SAI SPA	086	G	7	100.00	100.00	100.00	100.00
38	BRAMANTE SRL	086	G	10	0.00	100.00	100.00	100.00
39	CAMPO CARLO MAGNO SPA	086	G	10	0.00	62.85	100.00	100.00
40	CARPACCIO SRL	086	G	10	0.00	100.00	100.00	100.00
41	CASA DI CURA VILLA DONATELLO SPA	086	G	11	100.00	100.00	100.00	100.00
42	CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL	086	G	11	100.00	100.00	100.00	100.00
43	PONTORMO SRL	086	G	10	0.00	100.00	100.00	100.00
44	CRIVELLI SRL	086	G	10	0.00	100.00	100.00	100.00
45	FINITALIA SPA	086	G	11	0.00	100.00	100.00	100.00
46	IMMOBILIARE LITORELLA SRL	086	G	10	0.00	100.00	100.00	100.00
47	IMMOBILIARE LOMBARDA SPA	086	G	10	64.17	86.69	100.00	100.00
48	INIZIATIVE VALORIZZAZ.NI EDILI IN.V.ED. SRL	086	G	10	0.00	100.00	100.00	100.00
49	MASACCIO SRL	086	G	10	0.00	100.00	100.00	100.00
50	MERIDIANO QUARTO SRL	086	G	10	0.00	100.00	100.00	100.00
51	ATAVALUE SRL (ex Meridiano Terzo)	086	G	11	0.00	100.00	100.00	100.00
52	MIZAR SRL	086	G	10	0.00	100.00	100.00	100.00
53	NUOVA IMPRESA EDIFICATRICE MODERNA SRL	086	G	10	0.00	100.00	100.00	100.00
54	MARINA DI LOANO SPA	086	G	10	0.00	100.00	100.00	100.00
55	PROGETTO BICOCCA LA PIAZZA SRL	086	G	10	0.00	74.00	74.00	100.00
56	PRONTO ASSISTANCE SERVIZI SPA	086	G	11	37.40	79.63	100.00	100.00
57	RISTRUTTURAZIONI EDILI MODERNE R.EDIL.MO SRL	086	G	10	0.00	100.00	100.00	100.00
58	SAI INVESTIMENTI SGR SPA	086	G	8	51.00	69.23	80.00	100.00
59	SAI MERCATI MOBILIARI SIM SPA	086	G	11	100.00	100.00	100.00	100.00
60	SANTA MARIA DEL FICO SRL	086	G	11	0.00	97.48	100.00	100.00
61	SOGEINT SRL	086	G	11	0.00	62.85	100.00	100.00
62	TIKAL R.E. FUND	086	G	10	59.65	81.87	95.01	100.00
63	SAI ASSET MANAGEMENT SGR SPA	086	G	8	100.00	100.00	100.00	100.00
64	FLORENCE CENTRO DI CHILURGIA AMBULATORIALE SRL	086	G	11	0.00	100.00	100.00	100.00
65	LIGURIA SOCIETA' DI ASSICURAZIONI SPA	086	G	1	0.00	62.83	99.97	100.00

66	LIGURIA VITA SPA	086	G	1	0,00	62,83	100,00	100,00
67	MERIDIANO AURORA	086	G	10	100,00	100,00	100,00	100,00
68	BANCA GESFID SA	071	G	7	100,00	100,00	100,00	100,00
69	CAPITALIA ASSICURAZIONI SPA	086	G	1	51,00	51,00	51,00	100,00
70	ITALIBERIA INVERSIONES FINANCIERAS SL	067	G	11	100,00	100,00	100,00	100,00
71	POPOLARE VITA SPA	086	G	1	24,39	50,00	50,00	100,00
72	SINTESI SECONDA SRL	086	G	10	0,00	62,85	100,00	100,00
73	SOCIETA' EDILIZIA IMMOBILIARE SARDA S.E.I.S SPA	086	G	10	0,00	51,67	51,67	100,00
74	DDOR NOVI SAD ADO	289	G	3	99,99	99,99	99,99	100,00
75	SISTEMI SANITARI SCRL	086	G	11	78,97	92,26	100,00	100,00
76	AUTO PRESTO & BENE SRL	086	G	11	100,00	100,00	100,00	100,00
77	SAINT GEORGE CAPITAL MANAGEMENT SA	071	G	11	0,00	100,00	100,00	100,00
78	ATHENS RE FUND - FONDO SPECULATIVO	086	G	10	0,00	62,85	100,00	100,00
79	CITTA' DELLA SALUTE SCRL	086	G	11	0,00	100,00	100,00	100,00
80	ATAHOTELS COMPAGNIA ITALIANA AZIENDE TURISTICHE ALBERGHI	086	G	11	51,00	81,80	100,00	100,00
81	DDOR RE JOINT STOCK REINSURANCE COMPANY	289	G	6	0,00	100,00	100,00	100,00
82	DONATELLO DAY SURGERY SRL	086	G	11	0,00	100,00	100,00	100,00
83	IMMOBILIARE FONDIARIA-SAI SRL	086	G	10	100,00	100,00	100,00	100,00
84	IMMOBILIARE MILANO ASSICURAZIONI SRL	086	G	10	0,00	62,85	100,00	100,00
85	ITALRESIDENCE SRL	086	G	11	0,00	81,80	100,00	100,00
86	SAI NETWORK SPA	086	G	11	24,50	90,90	100,00	100,00

(1) Consolidation method; Line-by-line =G, Proportional=P, Line-by-line for man. unit =U
(2) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other
(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held.
Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings
(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

Details of non-consolidated investments								
Number	Company	State	Activities (1)	Type (2)	% Direct Holding	Total Holding % (3)	% Voting in Ordinary Shareholder Meeting (4)	Book value
1	AGRISAI SRL	086	11	a	0.00	97.50	100.00	50,373.53
2	FIN. PRIV. SRL	086	11	b	28.57	28.57	28.57	25,578,094.75
3	SOFIGEA SRL	086	11	b	14.91	19.62	22.41	
4	UFFICIO CENTRALE ITALIANO SRL	086	11	b	14.14	21.32	25.53	130,135.80
5	MB VENTURE CAPITAL FUND	050	11	b	30.00	30.00	30.00	9,615,000.00
6	FINADIN SPA	086	11	b	0.00	40.00	40.00	36,457,646.40
7	SOCIETA' FUNIVIE DEL PICCOLO S. BERNARDO SPA	086	11	b	0.00	27.38	27.38	3,851,521.73
8	BORSETTO SPA	086	10	b	0.00	28.24	44.93	3,489,000.00
9	CITY LIFE SRL	086	10	b	0.00	17.09	27.20	70,818,000.00
10	GARIBALDI SCA	092	11	b	0.00	20.11	32.00	44,220,000.00
11	METROPOLIS SPA	086	10	b	0.00	18.69	29.73	899,000.00
12	PROGETTO ALFIERE SPA	086	10	b	0.00	19.00	19.00	6,805,582.15
13	SERVIZI IMMOBILIARI MARTINELLI SPA	086	10	b	0.00	12.57	20.00	105,000.00
14	A7 SRL	086	10	b	0.00	12.57	20.00	357,000.00
15	SOAMPIANTI- ORGANISMI DI ATTESTAZIONE SPA	086	11	b	21.64	21.64	21.64	317,114.00
16	GLOBAL CARD SERVICE SRL	086	11	a	0.00	59.69	95.00	
17	EXVAR SCS	092	11	b	18.00	24.29	28.00	18,278,789.90
18	PENTA DOMUS SPA	086	10	b	0.00	12.57	20.00	2,280,000.00
19	FONDIARIA-SAI SERVIZI TECNOLOGICI SRL	086	11	b	51.00	51.00	51.00	4,923,669.00
20	SVILUPPO CENTRO EST SRL	086	10	b	0.00	25.14	40.00	303,000.00
21	IGLI SPA	086	11	b	0.00	27.14	33.33	56,731,734.60
22	QUINTOGEST SPA	086	11	b	49.00	49.00	49.00	2,059,200.00
23	DDOR AUTO DOO	289	3	a	0.00	99.99	100.00	13,607.23
24	DDOR PENZUA PLUS AD	289	11	a	0.00	99.99	100.00	1,061,585.76
25	CONSULENZA AZIENDALE PER L'INFORMATICA SCAI SPA	086	11	b	30.07	30.07	30.07	1,402,624.17
26	BUTTERFLY AM SARL	092	11	b	0.00	28.57	28.57	7,814,790.67
27	VALORE IMMOBILIARE SRL	086	10	b	0.00	31.43	50.00	8,100,000.00
28	TRE TORRI CONTRACTOR SCRL	086	10	b	0.00	43.34	50.00	5,000.00
29	HOTEL TERME SI SAINT VINCENT SRL	086	11	a	0.00	81.80	100.00	1,288,833.53
30	ITAL H&R SRL	086	11	a	0.00	81.80	100.00	79,528.00
31	TOUR EXECUTIVE SPA	086	11	a	0.00	81.80	100.00	311,798.66
32	ATA BENESSERE SRL in liquidation	086	11	a	0.00	81.80	100.00	1.00
33	ATAHOTELS SUISSE SA	071	11	a	0.00	80.16	98.00	37,333.00
34	FONDO RHO IMMOBILIARE	086	10	b	30.54	38.32	42.92	54,158,923.65
35	ISOLA SCA (EX HEDF ISOLA)	092	11	b	0.00	18.58	29.56	12,589,000.00

(1) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other
(2) a=subsidiaries (IAS27) ; b=associated companies (IAS28) joint venture (IAS 31); indicate with an asterisk (*) the companies classified as held for sale in accordance with IFRS 5 and shown in the key below
(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings
(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

Auditors' Report

**Relazione della società di revisione
sulla revisione contabile limitata del bilancio consolidato semestrale abbreviato**

Agli Azionisti di
FONDIARIA-SAI S.p.A.

1. Abbiamo effettuato la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito da stato patrimoniale, conto economico, conto economico complessivo, prospetto delle variazioni di patrimonio netto, rendiconto finanziario e relative note esplicative di FONDIARIA-SAI S.p.A. e sue controllate (Gruppo FONDIARIA-SAI) al 30 giugno 2010. La responsabilità della redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea nonché al Regolamento ISVAP n. 7 del 13 luglio 2007, compete agli Amministratori di FONDIARIA-SAI S.p.A.. E' nostra la responsabilità della redazione della presente relazione in base alla revisione contabile limitata svolta.
2. Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata è consistita principalmente nella raccolta di informazioni sulle poste del bilancio consolidato semestrale abbreviato e sull'omogeneità dei criteri di valutazione, tramite colloqui con la direzione della società, e nello svolgimento di analisi di bilancio sui dati contenuti nel predetto bilancio consolidato. La revisione contabile limitata ha escluso procedure di revisione quali sondaggi di conformità e verifiche o procedure di validità delle attività e delle passività ed ha comportato un'estensione di lavoro significativamente inferiore a quella di una revisione contabile completa svolta secondo gli statuiti principi di revisione. Di conseguenza, diversamente da quanto effettuato sul bilancio consolidato di fine esercizio, non esprimiamo un giudizio professionale di revisione sul bilancio consolidato semestrale abbreviato.

Per quanto riguarda i dati relativi al bilancio consolidato dell'esercizio precedente e al bilancio consolidato semestrale abbreviato dell'anno precedente presentati ai fini comparativi, si fa riferimento alle relazioni emesse da altri revisori rispettivamente in data 6 aprile 2010 e in data 28 agosto 2009. Come illustrato nelle note esplicative, gli Amministratori hanno riesposto alcuni dati comparativi rispetto ai dati precedentemente presentati. Le modalità di rideterminazione dei dati comparativi e la relativa informativa presentata nelle note esplicative, sono state da noi esaminate nell'ambito della revisione contabile limitata del bilancio consolidato semestrale abbreviato al 30 giugno 2010.

3. Sulla base di quanto svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo FONDIARIA-SAI al 30 giugno 2010 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Torino, 27 agosto 2010

Reconta Ernst & Young S.p.A.



Ambrogio Virgilio
(Socio)

Reconta Ernst & Young S.p.A.

Sede Legale: 00198 Roma - Via Po, 32

Capitale Sociale € 1.402.500,00 i.v.

Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma

Codice fiscale e numero di Iscrizione 00434000584

P.I. 00891231003

Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.

Suppl. 13 - IV Serie Speciale del 17/2/1998

Iscritta all'Albo Speciale delle società di revisione

Consob al progressivo n. 2 delibera n.10831 del 16/7/1997