



*Interim report
on the First Quarter 2010*

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Share Capital €305,851,341.12 fully paid-in – Milan Company Registration Office, Tax and VAT No. 00957670151 – Authorised to underwrite insurance (art. 65 R.D.L. 29-4-1923 No. 966) - Enrolled at Section I of ISVAP Company Register at No. 1.00010
A company forming part of the Fondiaria-SAI Insurance Group, enrolled in the Insurance Groups Register at No. 030 – under the management and co-ordination of FONDIARIA-SAI S.p.A.

**GRUPPO
FONDIARIA-SAI**



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BOARD OF DIRECTORS

Salvatore **Ligresti**

Honorary Chairman

Fausto **Marchionni** *

Chairman-Chief Executive Officer

Gioacchino Paolo **Ligresti** *

Vice Chairman

Cosimo **Rucellai** *

Vice Chairman

Umberto **Bocchino** *

Barbara **De Marchi**

Flavio **Dezzani**

Maurizio **Di Maio**

Emanuele **Erbetta**

Mariano **Frey**

Giulia Maria **Ligresti** *

Jonella **Ligresti**

Lia **Lo Vecchio**

Emilio **Perrone da Zara**

Massimo **Pini** *

Francesco **Randazzo**

Salvatore **Rubino** *

Simone **Tabacci**

Alessandra **Talarico**

Antonio **Talarico** *

Alberto **Marras**

Secretary of the Board and the Executive Committee

BOARD OF STATUTORY AUDITORS

Giovanni Ossola

Chairman

Maria Luisa Mosconi

Statutory Auditor

Alessandro Rayneri

Statutory Auditor

Giuseppe Aldè

Alternate Auditor

Claudio De Re

Alternate Auditor

Roberto Frascinelli

Alternate Auditor

EXECUTIVE RESPONSIBLE

for the preparation of the corporate accounting documents

Pier Giorgio Bedogni

- The Directors that are members of the Executive Committee are indicated with an asterisk.
- An Internal Control Committee was set up with the functions of providing consultation and proposals in accordance with the provisions of the Self-Governance Code of Listed Companies. This Committee is composed of the Directors Mariano Frey, Emilio Perrone Da Zara and Cosimo Rucellai.
- With reference to CONSOB Communication 97001574 of February 20, 1997, the nature of the delegated powers conferred to the Directors are as follows:
the Chairman-Chief Executive Officer, Mr. Fausto Marchionni, is the Legal Representatives of the company pursuant to article 20 of the Company By-Laws and has all ordinary and extraordinary administrative powers, 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 10 million for each operation;
 - sale and/or purchase of investments above the value of Euro 25 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 Executive Committee has all the powers not attributed to the Chairman/Chief Executive Officer, with the exception of those which by law or the company by-laws are the exclusive responsibility of the Board of Directors, excluding all resolutions in relation to inter-group and related party operations identified by the Board of Directors.
- The Board of Directors was appointed by the Shareholders' Meeting on April 21, 2008 and will remain in office until the approval of the financial statements by the Shareholders' Meeting for the year ended December 31, 2010.

GROUP FINANCIAL HIGHLIGHTS

<i>(in Euro millions)</i>	Q1 2010	Q1 2009 IFRS 5	2009
Group net profit (loss)	-22.4	31.5	-140.0
Gross premiums written	965.6	937.0	3.631.6
of which:			
Gross Non-Life premiums written	809.2	817.2	3.136.1
Gross Life premiums written	156.4	119.8	495.5
APE (*)	13.6	9.4	43.7
Combined ratio Non-Life sector (**)	105.8%	96.4%	108.9%
Loss ratio Non-Life sector	79.6%	68.9%	85.2%

<i>(in Euro millions)</i>	31/03/2010	31/12/2009
Investments	9,572.6	9,170.5
Net technical reserves - Non-Life division	4,731.9	4,754.4
Net technical reserves - Life division	3,849.6	3,780.3
Financial liabilities	458.2	466.1

(*) *Sum of the first premiums of the new annual premium contracts, plus one tenth of the new annual premium contracts.*

(**) *Includes technical charges and excludes the amortisation effect on commissions on long-term contracts.*

THE MILANO ASSICURAZIONI GROUP

Milano Assicurazioni S.p.A. is a leading insurance player on the Italian market, operating in the non-life and life sectors, with consolidated annual premiums of over Euro 3.6 billion and a sales network of over 2,000 agencies spread throughout the country.

Milano Assicurazioni is controlled by Fondiaria-Sai which exercises management and coordination pursuant to article 2497 bis of the civil code.

The registered office of the company is Via Senigallia 18/2, Milan. The Company is listed on the Italian Stock Exchange.

The Milano Group, including the Parent Company, numbers 13 companies fully consolidated. Of these 6 are insurance companies, 5 property companies and 2 service companies. Bipiemme Vita S.p.A. has been included among the consolidated insurance companies, of which Milano Assicurazioni holds 51% of the share capital.

We recall that in December 2009 Banca Popolare di Milano S.c.a.r.l. and Milano Assicurazioni S.p.A. signed an agreement for the mutual winding-up of the partnership in the bancassurance sector begun in 2005.

The agreement, approved by the respective Boards of Directors, provides for the repurchase by Banca Popolare di Milano of the 51% holding in Bipiemme Vita S.p.A. held by Milano Assicurazioni for a consideration of approx. Euro 122 million. The transfer of the investment will take place, subject to obtaining the necessary authorisations, in the first half of 2010.

In accordance with IFRS 5, Bipiemme Vita is therefore to be considered a discontinued operation and a group held-for-sale. Consequently, the First Quarter 2010 data of this company is not fully consolidated but reclassified in specific accounts in the financial statements (Non-current Assets and Liabilities or groups of discontinued assets held for sale and Profit/loss from discontinued operations). As per the regulations established in order to enable comparability, this classification was applied also in relation to the income statement data of Bipiemme Vita for the same period of the previous year.

PREMIUMS WRITTEN

The gross premiums and accessories of direct and indirect business in the first three months totalled Euro 965.6 million compared to Euro 937 million in the previous year on like-for-like consolidation scope (+3.1%).

In particular, with reference to the direct business, which represent almost the entire portfolio:

- Premiums written in the Non-Life Division amounted to Euro 807.6 million (-0.9% on Q1 2009), of which Euro 553.9 million relate to the motor classes (-1.4%) and Euro 253.7 million relate to the other classes, which recorded an increase of 0.2%. Motor premiums, in addition to the difficult economic conditions, have been affected by the actions undertaken to recover satisfactory technical margins - particularly the cancelation of poorly performing contracts and an underwriting policy which through the new tariff launched at the end of 2009 ensures the application of correct technical parameters, limiting the use of discounts.
- In the Life division, premiums written amount to Euro 156.4 million and increased by 30.6% due to the strong performance of class I products by the agencies and of the securitisation contracts centrally managed.

In the indirect business, premiums amounted to Euro 1.5 million compared to Euro 2.3 million in the same period of the previous year. The indirect business continues to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Fondiaria-SAI Group.

The breakdown of the premiums written and the changes on the first quarter of 2009 is shown in the table below on like-for-like terms:

(in Euro thousands)	31/03/2010	31/03/2009 <i>IFRS 5</i>	Change %	31/03/2009 <i>Published</i>
DIRECT PREMIUMS				
Non-Life Division	807,623	814,967	-0.9	816,201
Life Division	156,424	119,745	+30.6	246,136
Total direct premiums	964,047	934,712	+3.1	1,062,337
INDIRECT PREMIUMS				
Non-Life Division	1,543	2,228	-30.7	2,228
Life Division	-	22	-100.0	22
Total indirect premiums	1,543	2,250	-31.4	2,250
TOTAL	965,590	936,962	+3.1	1,064,587
of which:				
Non-Life Division	809,166	817,195	-1.0	818,429
Life Division	156,424	119,767	+30.6	246,158

CONSOLIDATED INCOME STATEMENT

The group net result in the first three months of 2010 amounted to a loss of Euro 22.4 million (profit of Euro 31.5 million in Q1 2009).

The income statement in the first quarter of 2010 compared to the same period of 2009 is shown below. The changes are illustrated on like-for-like terms and therefore the 2009 data of Bipiemme Vita is reclassified in accordance with IFRS 5 in relation to discontinued activities.

<i>(in Euro thousands)</i>	31/03/2010	31/03/2009	Changes	31/03/2009
		<i>IFRS 5</i>		<i>Published</i>
Net premiums	933,140	884,340	48,800	1,007,993
Commission income	39	40	-1	7,618
Net Income from financial instruments recorded at fair value through profit or loss	9,365	20,392	-11,027	20,647
Income from subsidiaries, ass. and jt. ventures	121	100	21	100
Income from other financial instruments and property investments	106,308	106,245	63	141,271
- Interest income	53,300	68,722	-15,422	84,777
- Other income	17,349	15,891	1,458	21,666
- Profits realised	35,062	21,632	13,430	34,828
- Valuation gains	597	-	597	-
Other revenues	46,554	15,218	31,336	15,247
Total revenues	1,095,527	1,026,335	69,192	1,192,876
Net charges relating to claims	-785,702	-665,870	-119,832	-792,639
Commission expenses	-17	-	-17	-9,063
Charges from subsid., ass. & jt. ventures	-7,905	-2,515	-5,390	-2,515
Charges from other financial instruments and property investments	-35,238	-49,360	14,122	-62,490
- Interest expense	-2,343	-4,755	2,412	-4,917
- Other expenses	-4,211	-2,896	-1,315	-15,773
- Losses realised	-9,393	-19,688	10,295	-19,779
- Valuation losses	-19,291	-22,021	2,730	-22,021
Management expenses	-164,068	-161,540	-2,528	-167,684
- Commissions and other acquisition expenses	-137,366	-134,201	-3,165	-138,180
- Investment management charges	-714	-2,045	1,331	-2,592
- Other administration expenses	-25,988	-25,294	-694	-26,912
Other costs	-121,947	-91,983	-29,964	-97,601
Total costs	-1,114,877	-971,268	-143,609	-1,131,992
Profit/(loss) before taxes in the period	-19,350	55,067	-74,417	60,884
Income taxes	-4,087	-24,998	20,911	-27,931
Net profit/(loss)	-23,437	30,069	-53,506	32,953
Profit/(loss) from discontinued operations	-1,876	2,884	-4,760	-
Consolidated profit/(loss)	-25,313	32,953	-58,266	32,953
Minority interest share	-2,866	1,488	-4,354	1,488
Group profit (loss)	-22,447	31,465	-53,912	31,465

The key events in the first quarter of 2010 which contributed to this result are summarised below:

- the non-life sector recorded a pre-tax loss of Euro 37.5 million compared to a profit of Euro 54.3 million in the first quarter of 2009 and a loss of Euro 200.8 million for the full year 2009. The result continues to be affected by the poor performance of Motor TPL contracts written in previous years, particularly in certain regions of Centre-South Italy, where a higher amount of physical injury claims were recorded, which due to the manner of the claim and the occurrence of the incident have raised suspicions of fraud against the company. The current generation claims improved significantly due to the new Motor TPL tariff introduced at the end of 2009 and also the new underwriting policy which despite the strong price competition still within the market, limits the recourse to discounts; the reduction in claims made and the discontinuation of the multi-claim portfolio also supported the improvement.

The increased adoption of the new physical injury compensation tables, originally adopted by the Milan Court, necessitates the maintenance of a particularly prudent reservation policy.

The land vehicle class records a positive result, substantially in line with Q1 2009. The technical balance of the other non-life classes also reports an overall positive result;

- the life sector recorded a pre-tax profit of Euro 21.7 million, a significant turnaround from Q1 2009 (a loss of Euro 3.1 million). The sector benefitted in particular from higher investment profits, following improvements on the financial markets which, although not reassuming normal operating conditions, rewarded the strategic asset allocation of the company and provided trading opportunities. The new policy portfolio continues to offer adequate technical margins and features a large portion of traditional type products with higher remuneration and an ability to satisfy the entire client base through the quality and extensive range of products offered;

- the real estate sector recorded a loss of Euro 3.7 million compared to a profit of Euro 4.1 million in Q1 2009. The result was principally affected by the loss of Immobiliare Milano S.r.l. (Euro 2.4 million) in part 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, it is noted that the 2009 result benefitted from real estate income of the company Meridiano Eur which in 2010, following the merger with Milano Assicurazioni, is included in the non-life sector;

- Asset and financial management recorded net income of Euro 80.4 million, growth on Euro 77.3 million in Q1 2009. Specifically, the continued drop in interest rates has on the one hand led to a reduction in interest from the bond portfolio (which amounts to Euro 53.3 million compared to Euro 68.7 million on Q1 2009) and on the other has had positive effects on the price of securities already in portfolio, permitting trading opportunities. In the quarter, in line with the fair value policy declared in the 2009 annual accounts, impairments were made on instruments classified in the available-for-sale category for an amount of Euro 13.7 million (Euro 19.1 million in Q1 2009).

- the management expenses in the non-life insurance sector amounted to Euro 156.7 million, with a percentage on net premiums of 20.1%, compared to 19.8% in Q1 2009 and 21.9% for the full year 2009. The amortisation of the commissions on long-term contracts continues to affect this data and is of greater significance following the recent regulation introduced concerning the cancelation methods of these contracts. In the life division, management expenses amounted to Euro 7.3 million, a decrease on Euro 9 million in Q1 2009, with a percentage on net premiums decreasing from 7.8% in Q1 2009 to 4.8% in the current quarter (6.9% for the full year 2009).

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

The table below shows the result before taxes in each sector. The Real Estate sector includes the subsidiary real estate companies (Immobiliare Milano Assicurazioni, Sintesi Seconda, Meridiano Orizzonti, Campo Carlo Magno, Athens Fund), while the Other Activities include Sogoint, which provides commercial assistance to the Agencies and Pronto Assistance Servizi, which operates in relation to guarantees in the assistance class present in the insurance contracts of the companies of the Fondiaria-Sai group.

<i>(in Euro thousands)</i>	Non-Life	Life	Real Estate	Other Activity	Total
Net premiums	779,408	153,732	-	-	933,140
Commission income	-	39	-	-	39
Net Income from financial instruments recorded at fair value through profit or loss	1,297	8,413	-345	-	9,365
Income from subsidiaries, ass. and jt. ventures	121	-	-	-	121
Income from other financial instruments and property investments	55,132	49,567	1,609	-	106,308
- Interest income	16,456	36,767	77	-	53,300
- Other income	12,676	3,141	1,532	-	17,349
- Profits realised	26,000	9,062	-	-	35,062
- Valuation gains	-	597	-	-	597
Other revenues	39,264	3,861	1,623	1,806	46,554
Total revenues	875,222	215,612	2,887	1,806	1,095,527
Net charges relating to claims	-620,080	-165,622	-	-	-785,702
Commission expenses	-	-17	-	-	-17
Charges from subsid., ass. & jt. ventures	-6,790	-82	-1,033	-	-7,905
Charges from other financial instruments and property investments	-21,046	-10,209	-3,983	-	-35,238
- Interest expense	-1,170	-775	-398	-	-2,343
- Other expenses	-2,408	-145	-1,658	-	-4,211
- Losses realised	-4,387	-5,003	-3	-	-9,393
- Valuation losses	-13,081	-4,286	-1,924	-	-19,291
Management expenses	-156,718	-7,350	-	-	-164,068
- Commissions and other acquisition expenses	-132,969	-4,397	-	-	-137,366
- Investment management charges	-360	-354	-	-	-714
- Other administration expenses	-23,389	-2,599	-	-	-25,988
Other costs	-108,104	-10,614	-1,582	-1,647	-121,947
Total costs	-912,738	-193,894	-6,598	-1,647	-1,114,877
Profit/(loss) before taxes Q1 2010	-37,516	21,718	-3,711	159	-19,350
Profit (loss) before taxes Q1 2009 IFRS 5	54,269	-3,108	4,103	-197	55,067

NET FINANCIAL POSITION

The tables below show the situation at March 31, 2010 of the investments and other tangible fixed assets as well as the technical reserves, net of the reinsurance portion, and of the financial liabilities; all the data is compared with the end of the previous year and the first quarter 2009 and reported at like-for-like terms, therefore excluding Bipiemme Vita.

Investments and other tangible fixed assets

<i>(in Euro thousands)</i>	31/03/2010	31/12/2009	Change	31/03/2009 <i>Pro-forma</i>
INVESTMENTS				
Investment property	1,075,622	805,162	270,460	622,976
Investments in subsidiaries, associates and joint ventures	210,886	189,331	21,555	279,333
Investments held to maturity	116,761	114,924	1,837	106,839
Loans and receivables	497,495	510,588	-13,093	586,968
Financial assets available-for-sale	7,315,380	7,206,593	108,787	7,170,476
Financial assets at fair value through the profit or loss account	356,421	343,916	12,505	326,771
TOTAL INVESTMENTS	9,572,565	9,170,514	402,051	9,093,363
CASH AND CASH EQUIVALENTS	296,420	247,015	49,405	168,552
PROPERTY, PLANT & EQUIPMENT				
Buildings	58,553	332,031	-273,478	38,998
Other tangible assets	5,848	5,719	129	140,097
TOTAL PROPERTY, PLANT & EQUIPMENT	64,401	337,750	-273,349	179,095
TOTAL	9,933,386	9,755,279	178,107	9,441,010

Investment property

The account includes the property held for investment purposes through rental and the appreciation over time of the capital invested. The decrease on December 31, 2009 is principally due to the reclassification of the buildings held by Immobiliare Milano Assicurazioni (Euro 273.7 million at December 31, 2009) which were previously recorded as inventory under *Property, plant and equipment* in the *Buildings* account.

The account also includes the down-payments (unchanged on December 31, 2009) in relation to real estate operations regarding the areas in Milan - via Confalonieri, via de Castilia (Euro 103.5 million) and in Rome, via Fiorentini (Euro 42.1 million).

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures principally include:

- the holding of 35.83% in **Immobiliare Lombarda** with a book value of Euro 7.7 million;
- a holding of 26.66% in **Citylife S.r.l.**, with a book value of Euro 67.7 million. As previously noted, the company was awarded the international tender by the Fiera Milano Foundation for the improvement of the historical area of ex-Fiera, with a project designed by the architects Zaha Hadid, Arata Isozaki, Daniel Libeskind and Pier Paolo Maggiora. The investment is for approx. Euro 2.1 billion with a total value of production equal to Euro 3.3 billion;
- a holding of 16.67% in **IGLI S.p.A.**, with a book value of Euro 28.2 million, which holds in turn as its only asset approx. 29.96% of the company Impregilo.
- a holding of 44.93% in **Borsetto S.r.l.**, with a book value of Euro 3.5 million. The Company owns land comprising approx. 3.1 million sq.m., with a building area of approx. 276,000 sq.m., situated in the municipalities of Turin, Borgaro and Settimo. A study to enhance the value of this area which will be dedicated to civil and commercial construction is in progress;
- the holding of 50% in **Valore Immobiliare S.r.l.**, with a book value of Euro 13.1 million. The company, incorporated at the end of 2008 as part of a real estate operation with the companies of the Generali group, owns three buildings in Milan (Piazza Firenze n. 6 - Via Caracciolo n. 16 and Via Cagliero n. 3) and in Rozzano (MI), Via Montepenice n. 6-8-10;
- the holding of 49% in **Atahotels**, acquired in 2009 and with a current book value of Euro 10.1 million;
- the holding of 34.65% in the consortium company **Fondiarria-Sai Servizi Group**, with a book value of Euro 11.3 million, which handles the IT and management services of the companies of the Fondiarria-Sai Group;

- the holding of 48% in Garibaldi S.C.S. with a book value of Euro 41.8 million. The company is involved in the real estate project Porta Nuova Garibaldi which concerns an area in Milan between Corso Como, Piazzale don Sturzo, via Melchiorre Gioia and the local railway station. The project will undertake the development of approx. 95 thousand sq. m. of building surface, of which approx. 50 thousand sq. m. for office use, approx. 10 thousand sq. m. for commercial use, approx. 15 thousand sq. m. for residential use and 20 thousand sq. m. for exhibition use;
- the 43% holding in HEDF Isola S.C.S. with a book value of Euro 12.6 million. The company, through its subsidiaries, owns the area in which the real estate project "Porta Nuova Isola" will be completed. The project is being promoted and managed by the US Group Hines which plans, by 2013 the construction of approx. 30 thousand sq.m. of buildings, of which approx. 22 thousand sq.m. for residential use.

Investments held to maturity

The account includes securities related to policies with fixed returns or covered by contractual commitments realised through specific assets.

Loans and receivables

The account *Loans and Receivables*, substantially stable on December 31, 2009, includes:

- Debt securities of Euro 351 million;
- Time deposits of Euro 35.9 million;
- Loans on life policies of Euro 27.7 million;
- Receivables from agents for end of mandate indemnities (Euro 59.8 million);
- Deposits with reinsuring companies of Euro 2.4 million;
- Other loans and receivables for Euro 20.6 million;

The debt securities principally refer to corporate bonds with subordination clauses, with carrying values below the repayment value and a gross effective yield higher than 5%.

Financial assets available-for-sale

The available-for-sale financial assets include debt and capital securities not otherwise classified and represents the largest category of the financial instruments, in line with the characteristics and purposes of the insurance activity.

The breakdown of the account is as follows.

<i>(in Euro thousands)</i>	31/03/2010	31/12/2009	Changes	31/03/2009 Pro-forma
Financial assets available-for-sale	7,315,380	7,206,593	108,787	7,170,476
Equity securities and investment funds	1,244,981	1,302,351	-57,370	1,063,527
Debt securities	6,070,399	5,904,235	166,164	6,106,949
Other financial investments	-	7	-7	-

The listed financial instruments recorded in this category are valued at market value at the last day of trading in the period or based on adequate valuation techniques, with allocation of the differences compared to cost in a specific net equity reserve, except for the recording of any reductions in value.

The net equity reserve, which includes the fair value adjustments of the securities recorded in this category, where the losses are not permanent losses in value, was negative for Euro 142.6 million, net of the shadow accounting and fiscal effect.

Under the fair value policy outlined in the 2009 Annual Accounts, impairment charges were recorded in this category in the quarter for Euro 13.7 million. However, these impairments, implemented based on the market prices at the end of the quarter, are not yet recorded in the income statement for 2010 in that they refer to adjustments made for the purposes of the half-year report and the annual financial statements, with reference to the market prices respectively at June 30 and December 31.

Financial assets at fair value through the profit or loss account

These principally consist of hedging investments on contracts in which the financial risk is borne by the policyholders. Structured bonds with significant derivative components are also included.

The listed financial instruments recorded in this category are valued at market value at the last day of trading in the period, with allocation of the difference with the carrying value to the income statement.

The table below indicates the breakdown:

<i>(in Euro thousands)</i>	31/03/2010	31/12/2009	Changes	31/03/2009 Pro-forma
Financial assets at fair value through the profit or loss account	356,421	343,916	12,505	326,771
Equity securities and investment funds	61,192	58,350	2,842	50,643
Debt securities	291,336	282,429	8,907	264,019
Other financial investments	3,893	3,137	756	12,109

Buildings and other fixed assets

The decrease on December 31, 2009 is principally due to the already stated reclassification to the account "Property investments" of buildings held by Immobiliare Milano Assicurazioni for an amount of Euro 273.7 million.

Net technical reserves

<i>(in Euro thousands)</i>	31/03/2010	31/12/2009	Change	31/03/2009 Pro-forma
NON-LIFE DIVISION				
Unearned premium reserve	1,110,849	1,121,114	-10,265	1,134,981
Claims reserve	3,617,838	3,629,678	-11,840	3,415,776
Other reserves	3,234	3,562	-328	3,757
Total Non-Life Division	4,731,921	4,754,354	-22,433	4,554,514
LIFE DIVISION				
Actuarial reserves	3,536,063	3,482,010	54,053	3,459,280
Reserve for claims to be paid	32,865	37,119	-4,254	29,850
Technical reserves where investment risk is borne by policyholders and pension fund management	222,665	224,411	-1,746	231,672
Other reserves	58,024	36,720	21,304	-42,390
Total Life Division	3,849,617	3,780,260	69,357	3,678,412
TOTAL	8,581,538	8,534,614	46,924	8,232,926

The *other technical reserves* of the non-life division relate to the ageing reserve of the health class, in order to compensate the deterioration of the insurance risk due to the ageing of the policyholders, where the premiums are determined, for the entire contractual duration, by the age of the policyholders at the moment of the signing of the contract.

We recall that with the introduction of international accounting standards IAS/IFRS, the non-life technical reserves no longer includes the equalisation reserves and the reserves to cover risks of a catastrophic nature, determined with flat rate methods on the basis of specific national legislation.

The amount of these accumulated reserves at the transition date to the international accounting standards was recorded as an increase of net equity.

The technical reserves of the life classes are those relating to the insurance contracts and the investment contracts with discretionary participation, governed by IFRS 4. This account does not include the liabilities relating to the pure capitalisation unit linked and indexed linked policies which, having an insignificant insurance risk, are governed by IAS 39 (Financial instruments) and are therefore recorded under financial liabilities.

Financial liabilities

<i>(in Euro thousands)</i>	31/03/2010	31/12/2009	Change	31/03/2009 <i>Pro-forma</i>
Financial liabilities at fair value through the profit or loss account	74,759	68,215	6,544	54,182
Other financial liabilities	383,418	397,932	-14,514	360,265
TOTAL	458,177	466,147	-7,970	414,447

The *financial liabilities at fair value through the profit or loss account* include Euro 68.6 thousand of liabilities relating to life policies that, although legally insurance contracts, have an insignificant insurance risk and therefore do not fall within the remit of IFRS 4.

The account *other financial liabilities* consists of deposits from reinsurers according to various contractual provisions (Euro 163.8 million), bank payables (Euro 69.5 million) and subordinated loans (Euro 150.1 million).

The subordinated liabilities are composed as follows:

- Euro 50.3 million relates to the residual book value of the subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an original amount of Euro 150 million.

This loan provides for an interest rate of Euribor at 6 months +180 basis points and repayable in five equal annual instalments from the 16th anniversary of the loan. The loan

may also be repaid in advance, including partially, from the tenth anniversary of the loan and with authorisation from ISVAP.

- Euro 99.8 million, equal to the amortised costs of the nominal Euro 100 million provided to Milano Assicurazioni by Mediobanca in July 2008. This loan was of a hybrid nature and perpetual duration and is therefore included in the solvency margin up to 50% of the relative amount. The payment of the interest is made in arrears on a half-yearly basis, at an interest rate of Euribor at 6 months +350 basis points for the first ten years and subsequently 450 basis points. The repayment should be made in one repayment after 10 years.

OPERATIONAL PERFORMANCE AND NOTES

Non-Life Insurance Sector

Premiums written

The direct premiums written, which comprise almost the entire portfolio, amount to Euro 807.6 million, compared to Euro 815 million in Q1 2009 (-0.9%).

In particular:

- Premiums written in the Motor Classes amount to Euro 553.9 million, of which Euro 479.3 million refer to the Motor TPL Class (-1.6% compared to the previous year) and Euro 74.7 million relating to the Land Vehicle Class (+0.1%). Motor TPL premiums, in addition to the difficult economic conditions, have been affected by the actions undertaken to recover satisfactory technical margins, particularly the cancelation of poorly performing contracts and an underwriting policy which through the new tariff launched at the end of 2009 ensures the application of correct technical parameters, limiting the use of discounts. The effects of the recently introduced regulations to the sector continued to be felt, particularly in relation to the attribution of the bonus-malus class at family level and also the application of malus only in the case of principal responsibility.

In relation to the Land Vehicle class, the general stability in premiums written is despite both the current economic crisis, which renders the inclusion of accessory guarantees into motor contracts more difficult, as well as the sales policies of the motor manufacturers which offer insurance packages with fire, theft and assistance guarantees built into the purchase price of the vehicle. The quarterly results indicate a turnaround on the 2009 results;

- In the other non-life classes, premiums amounted to Euro 253.7 million, substantially in line with Q1 2009. Also in this case the premiums trend, within a still hostile economic environment, reflects the underwriting policies already announced, which centre on the selection of risks and the application of technically correct tariffs, with particular caution exercised in the acquisition of corporate risk which generally results in an increased amount of claims.

In the indirect business, premiums amounted to Euro 1.5 million compared to Euro 2.2 million in the same period of the previous year. The indirect business continues to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Fondiaria-SAI Group.

The breakdown of the premiums written by the direct business is as follows:

<i>(in Euro thousands)</i>	31/03/2010	31/03/2009 IFRS 5	Changes %	31/03/2009 Published
Accident & health	65,426	69,386	-5.7	70,620
Marine, aviation and transport	15,127	19,922	-24.1	19,922
Fire and other property damage	87,674	80,641	+8.7	80,641
General TPL	59,979	57,369	+4.5	57,369
Credit & Bonds	12,670	13,350	-5.1	13,350
General pecuniary losses	2,316	2,871	-19.3	2,871
Legal expenses	2,421	2,362	+2.5	2,362
Assistance	8,062	7,251	+11.2	7,251
TOTAL OTHER NON-LIFE DIVISION	253,675	253,152	+0.2	254,386
Land Motor TPL	479,256	487,210	-1.6	487,210
Motor vehicles – other classes	74,692	74,605	+0.1	74,605
TOTAL MOTOR	553,948	561,815	-1.4	561,815
TOTAL	807,623	814,967	-0.9	816,201

Claims

In the first quarter of 2010, 217,224 claims were reported, compared to 212,962 claims reported in Q1 2009 (+2%). In the Motor TPL class, the claims reported in the first three months of 2010 were 107,066, a reduction of 2.7%, due in part to the review of the multi-claim portfolio.

The claims paid in the first quarter of 2010, gross of outward reinsurance, amounted to Euro 642.5 million, compared to Euro 630 million paid in Q1 2009 (+2%).

The table below shows the breakdown of the number of claims reported and the amount of the claims paid on direct Italian business:

	Claims reported Number			Claims paid (in Euro thousands)		
	31/03/2010	31/03/2009 <i>IFRS 5</i>	Cge. %	31/03/2010	31/03/2009 <i>IFRS 5</i>	Cge. %
Accident & health	23,146	22,218	+4.2	37,737	34,549	+9.2
Marine, aviation and transport	146	183	-20.2	2,421	1,642	+47.4
Fire and other property damage	24,476	25,429	-3.7	56,521	59,749	-5.4
General TPL	12,669	12,458	+1.7	39,124	44,339	-11.8
Credit & Bonds	210	164	+28.0	9,188	6,316	+45.5
General pecuniary losses	599	642	-6.7	2,509	2,539	-1.2
Legal expenses	196	249	-21.3	248	206	+20.4
Assistance	13,955	7,405	+88.5	2,350	1,787	+31.5
TOTAL OTHER NON-LIFE DIVISION	75,397	68,748	+9.7	150,098	151,127	-0.7
Land Motor TPL	107,066	110,069	-2.7	443,424	432,670	+2.5
Land vehicles	34,761	34,145	+1.8	48,988	46,164	+6.1
TOTAL MOTOR	141,827	144,214	-1.7	492,412	478,834	+2.8
TOTAL	217,224	212,962	+2.0	642,510	629,961	+2.0

Technical performance

At March 31, 2010, the combined ratio of the non-life division, net of outward reinsurance, was 105.8% compared to 96.4% in the same period of the previous year, but an improvement on 108.9% for the full year 2009.

The combined ratio was achieved excluding the calculation of the charges deriving from the amortisation of the commissions on long-term contracts which, following the new regulations concerning the cancellation of these contracts, are not uniform with the past.

The Motor TPL class continues to record negative results, but with an improved combined ratio on 2009, due to the actions undertaken to recover profitability whose effects, already evident in the current quarter in terms of the increase in the average premium and the improvement in the frequency, will continue to gain ground throughout the year.

Concern continues to arise from the contracts written in previous years, particularly in certain region of Centre-South Italy, with a higher amount of physical injury claims and claims which due to the manner of the claim and the occurrence of the incident have raised suspicions of

fraud against the company. The current generation claims improved significantly due to the new Motor TPL tariff which focuses in greater detail on the differentiation of risk, and also due to the new underwriting policy which, despite the strong price competition still within the market, limits the recourse to discounts; the reduction in claims made and also the discontinuation of the multi-claim portfolio operated in previous years contributed to the performance.

The increased adoption of the new physical injury compensation tables, originally adopted by the Milan Court, necessitates the maintenance of a particularly prudent reservation policy.

The other motor class recorded a positive result, substantially in line with Q1 2009 and has seen the first benefits from the new manner of sale of guarantees, which offset the claims in relation to certain types of coverage.

The technical balance of the other non-life classes was positive overall, which focussed on the creation of technically correct tariffs, with particular caution exercised in the acquisition of corporate risks which in the recent past have recorded unsatisfactory technical performances.

The brevity of the period under examination however means the data is easily influenced by seasonal factors and it is therefore appropriate to await results over a longer time period to make more expansive considerations on the various trends.

In relation to the telephone and internet channels, the premiums written in Q1 2010 by Dialogo Assicurazioni S.p.A. (controlled by Milano Assicurazioni for 99.85%) amounted to Euro 8 million, an increase of 22.3% on Euro 6.6 million in Q1 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 1.1 million compared to Euro 1.8 million in Q1 2009), entirely expensed to the income statement.

The contribution of the company to the consolidated results was a loss of Euro 2.5 million (a loss of Euro 3.2 million in Q1 2009) due to the performance of the Motor TPL class, significantly the largest part of the portfolio. The higher amount of physical injury claims and the increase in average costs, also due to the application of the new compensation tables by the courts, affected the combined ratio which remains negative although an improvement on the full year 2009.

In relation to the standardised products distributed by partner banks, Systema Compagnia di Assicurazioni S.p.A. (wholly owned by Milano Assicurazioni) recorded premiums in the period of Euro 4.7 million, an increase of 47.4% on the same period in the previous year (+43.1% in the motor class and 56.1% in the other non-life classes).

The technical performance was positive overall, although the Motor TPL class experienced some difficulties related to the average claims accepted.

The company recorded a profit as per IAS/IFRS accounting standards of Euro 0.2 million, substantially in line with Q1 2009.

Reinsurance

The premiums ceded to reinsurers amounted to Euro 39.8 million compared to Euro 56.6 million in the same period of the previous year.

The reinsurance structure of the non-life division is based on proportional cover and non-proportional coverage in claim excess.

Proportional coverage is utilised for the Credit, Bonds, Transport, Technological Risks, Aviation, Assistance and Hailstorm Classes.

For the Bond, Transport and Aviation classes, there is also protection of the net retention with specific programmes in claim excess for protection of a single risk or event.

The net retention of the Technology Risks is protected following an event which occurred jointly with the fire and land vehicle classes; the protection for individual risk is only utilised for some specific guarantees.

The non-proportional programmes are also utilised to protect the Fire, Motor TPL, General TPL, Theft and Injury classes.

The reinsurance contracts are with the Irish company The Lawrence Re, indirectly controlled 100% by Fondiaria-Sai, which subsequently transfers the risks underwritten in reinsurance, utilising primary international operators with an adequate rating, in line with ISVAP circular 574/D.

The only exceptions are Aviation coverage, directly placed on the reinsurance market, the Assistance class and the Transport class: for the Assistance class, the protection is guaranteed by Pronto Assistance, while for the Transport classes, in line with the concentration programme of the underwriting with SIAT (the specialised company of the Fondiaria-SAI group), the company continues to reinsure the entire portfolio with SIAT, utilising a proportional coverage.

There were no substantial changes in the reinsurance operations described above with previous years.

Life Insurance Sector

The direct premiums written in the period amounted to Euro 156.4 million, an increase of 30.6% compared to Q1 2009 at like-for-like terms, therefore excluding Bipiemme Vita. As stated at the beginning of the present report, the holding is presently being sold and is therefore classified as a discontinued operation in accordance with IFRS 5.

The increase in premiums relates both to the class I policies placed through the agency networks and securitisation contracts managed centrally. No commercial initiatives were launched on products with financial risks borne by the policyholders, in line with the wish to promote underwriting policies favouring products with high insurance content, which present greater profit margins and create value over the long-term.

The breakdown of the premiums written by the direct business is reported below:

<i>(in Euro thousands)</i>	31/03/2010	31/03/2009 IFRS 5	Change %	31/03/2009 Published
I - Insurance on human life expectancy	111,153	102,114	+8.9	221,648
III - Insurance related to market indices	43	59	-27.1	59
IV - Health insurance	10	8	+25.0	15
V - Securitisation operations	45,218	17,564	+157.5	24,414
TOTAL	156,424	119,745	+30.6	246,136

We recall that in accordance with the provisions of IFRS 4 (Insurance Contracts) the amounts recorded in the account premiums relate to the contracts with significant insurance risk and to the financial instruments with discretionary participation, while the other financial instruments and in particular the pure securitisation index-linked contracts and unit-linked contracts, are treated under the deposit accounting method which provides, substantially, for the recording in the income statement of only the profit margins and the recording under financial liabilities of the amount matured in favour of the counterparties.

On an indicative basis, the new premiums written, determined according to the provisions of the Supervision Authority and therefore also relating to the financial contracts governed by IAS 39, are shown below:

<i>(in Euro thousands)</i>	31/03/2010	31/03/2009	Changes %
Class I – Insurance on human life expectancy	65,533	56,868	+15.2
Class III – Insurance related to market indices	3	22	-86.4
Class IV - Health insurance	-	-	-
Class V – Securitisation operations	35,223	5,989	+488.1
Class VI - Management of Pension Funds	66	-	n.s.
TOTAL	100,825	62,879	+60.3

New premiums written in terms of equivalent annual premiums (Annual Premium Equivalent, APE), obtained taking into account the sum of the new business annual premiums and 10% of the single premiums, is shown in the table below:

<i>(in Euro thousands)</i>	31/03/2010	31/03/2009	Changes %
Class I – Insurance on human life expectancy	10,002	8,822	+13.4
Class III – Insurance related to market indices	3	18	-83.3
Class IV - Health insurance	-	-	-
Class V – Securitisation operations	3,522	599	+488.0
Class VI - Management of Pension Funds	66	-	n.s.
TOTAL	13,593	9,439	+44.0

The life sector recorded a pre-tax profit of Euro 21.7 million, a significant turnaround from Q1 2009 (a loss of Euro 3.1 million). The sector benefitted in particular from higher investment profits, following improvements on the financial markets which, although not reassuming normal operating conditions, rewarded the strategic asset allocation of the company and provided trading opportunities. The newly acquired policies portfolio continues to recover the profitability seen in the previous year; renewed interest is apparent in the single recurring premiums with also a strong interest in traditional type products, which are more remunerative and able to satisfy - due to their quality and range of products available – the full extent of client needs;

The passing of the sharpest phase of the financial crisis also has had positive effects in terms of redemptions, decreasing significantly on Q1 2009.

Individual Insurance

In the first 3 months of 2010, individual policies have almost in their entirety consisted of Separated Management products, featuring clauses which guarantee the repayment of capital and a minimum return, which are particularly popular with clients in times of uncertain economic conditions. In particular both single premium products, which strengthens the capital on maturity segment, and recurring premium products, were launched - which have seen a significant increase in new business (in March the new product OPEN GOLD was launched, without a proportional loading on entry, and OPEN RISPARMIO was restyled without reviewing the loading); additionally the launch of constant annual premium products saw very positive results by the products dedicated to young persons OPEN BRAVO and OPEN ASSICURATO, a new Mixed Policy product made available to clients in the last quarter of 2009.

The new business relating to the complementary pension segment, implemented through the Individual Pension Plans, recorded an increase on the same period of the previous year.

Collective Insurance

The difficult economic conditions with rising unemployment levels continue to affect premiums in the corporate sector. Despite this, the sector has remained stable and in some areas has seen some signs of recovery.

The securitisation class saw fresh interest from clients in insurance products as instruments for effective treasury management. There was a significant decrease in the advanced redemption of contracts from the most severe period of the financial crisis.

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 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 have resulted in a negative performance for the portfolio, which however remains substantially in line with the previous year.

The insurance segment places particular attention on collective contracts and, although generally remaining stable, continues to underperform.

Reinsurance

The premiums ceded amounted to Euro 2.7 million compared to Euro 4.5 million in the previous year. The reinsurance structure is unchanged, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re.

Real Estate Sector

The real estate sector includes the results of the subsidiary property companies of Milano Assicurazioni (Immobiliare Milano Assicurazioni S.r.l., Sintesi Seconda S.r.l., Meridiano Orizzonti S.r.l., Campo Carlo Magno S.r.l., Fondo Immobiliare Athens).

The overall pre-tax result records a loss of Euro 3.7 million compared to a profit of Euro 4.1 million in Q1 2009. The result was principally affected by:

- the loss of Immobiliare Milano S.r.l. (Euro 2.4 million) in part due to 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;
- the loss of Athens Real Estate Fund (Euro 1.4 million) in part due to the damage caused to the complex at Taormina Cape, which however will be covered by the existing insurance policies.

In comparing the data, it is noted that the 2009 result benefited from real estate income of the company Meridiano Eur which in 2010, following the merger with Milano Assicurazioni, is included in the non-life sector;

On April 19, 2010, the merger by incorporation of Meridiano Orizzonti into Milano Assicurazioni was signed. The legal effects of the merger are as of April 19, 2010 with accounting and fiscal effects back-dated to January 1.

The merger was approved by the Shareholders' Meeting of Meridiano Orizzonti on October 13, 2009 within the rationalisation and reorganisation of the Fondiaria-Sai Group.

Other Sectors

The diversified activities sector includes the companies SOGEINT and PRONTO ASSISTANCE SERVIZI

SOGEINT (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At March 31, 2010, the company had 62 employees and 52 agencies. The company reported a net profit of Euro 90 thousand in Q1 2010 (loss of Euro 0.2 million in Q1 2009).

PRONTO ASSISTANCE SERVIZI (Milano Assicurazioni holding of 54.51%) provides guarantees in the assistance class present in the insurance contracts marketed by the Fondiaria-Sai Group companies.

Asset and financial management

Q1 2010 saw a tentative economic recovery, principally due to strongly performing exports to the emerging countries, which have bounced back quicker from the economic crisis and which are returning to strong growth levels.

Against this improvement in the economic situation - with however persistent internal demand weakness - concern continues to mount in relation to increasing government deficits.

The policies adopted by the various governments to counter the recession, based on fiscal stimulus and spending increases, have significantly increased deficits, putting those weakest countries in terms of public finances in a critical situation. Particular concern is focused on Greece, which has presented the first serious crisis for the European Economic and Monetary Union.

The Central Banks have begun to draw up an Exit Strategy from the period of high levels of liquidity injected into the financial system. However a change in the interest rate policy does not appear to be imminent with the maintenance of low levels for a substantial period as inflationary risks remain low, also due to the excess production capacity and the weakness of internal demand.

From an operating viewpoint in relation to bonds in Q1 2010, particularly heavy trading occurred in the non-life sector as a result of uncertainty regarding the sustenance of economic growth or even fears of a double dip recession, thus causing fluctuations in the market and presenting significant trading opportunities.

In the Life Sector, particular focus has been centred on separated management returns, with a move away from the corporate securities which has performed well, increasing the Treasury component and acquiring corporate bonds with a risk profile in line with the needs of the Asset Liability Management.

The Non-Life sector is composed of fixed interest bonds for 66.3%, those at a variable rate for 29.1% and Time Deposit investments and money market financial instruments for the residual 4.6%.

The total duration of the portfolio is 2.19 years and the return is 2.30%.

In the Life sector, the fixed rate bond securities comprise 85.4% of the portfolio, while the variable rate securities comprise 13.5% with money market instruments comprising the remaining 1.1%. The total duration of the portfolio is 5.46 years and the return is 4.60%.

In relation to the stock markets, the quarter has seen both periods of rising prices and sharp corrections. After a positive opening to the year, even from the midway point of January a strong correction took place, sparked by renewed tensions in the Eurozone following deficit concerns for the weakest states in terms of public finances and US economic growth coming in under expectations in Q4 2009.

The beginning of February saw a recovery while towards the end of the month weakness was experienced due to the drop in American consumer confidence. Renewed growth was seen in March, with the markets overcoming significant short-term resistance.

Within the various sectors in Europe, shares performed well in Technologies (+15%), Industrials (+13%) and Raw Materials (+15%). The more defensive sectors such as Utilities (-2%) and Telecommunications (-1%) performed poorly.

In this environment, January and February was marked by high levels of trading. Subsequently, the existence of significant technical resistances in addition to the uncertainties which periodically emerge concerning the health of some countries within the Eurozone have pulled back some of the gains with sell-offs principally affecting the Financials and the non-cyclical securities.

The table below shows the results of the financial and real estate activities in the first quarter of 2010 compared with the same period of the previous year:

<i>(in Euro thousands)</i>	31/03/2010	31/03/2009 IFRS 5	31/03/2009 Published
Net income from financial instruments recorded at fair value through profit or loss	9,365	20,392	20,647
Income from investments in subsidiaries, associates and joint ventures	121	100	100
Income from other financial instruments and property investments of which:	106,308	106,245	141,271
Interest income	53,300	68,722	84,777
Other income	17,349	15,891	21,666
Profits realised	35,062	21,632	34,828
Valuation gains	597	-	-
Total income	115,794	126,737	162,018
Charges from investments in sub sidiaries, associates and joint ventures	-7,905	-2,515	-2,515
Charges from other financial instruments and property investments of which:	-35,238	-49,360	-62,490
Interest expense	-2,343	-4,755	-4,917
Other charges	-4,211	-2,896	-15,773
Losses realised	-9,393	-19,688	-19,779
Valuation losses	-19,291	-22,021	-22,021
Total charges	-43,143	-51,875	-65,005
TOTAL NET INCOME	72,651	74,862	97,013

Net income from financial instruments recorded at fair value through profit or loss amounted to Euro 9.4 million compared to Euro 20.4 million in Q1 2009, which included however Euro 23.5 million of profits deriving from the closure of the residual put and call combined options on 5,980,000 Unicredit shares to hedge the unrealised gains on the shares held in portfolio.

The reduction in interest income (Euro 53.3 million in Q1 2010 compared to Euro 68.7 million in Q1 2009) is essentially due to the reduced interest rates which on the one hand have affected returns, while on the other have seen a rise in prices of securities already in portfolio, providing opportunities for trading.

The net profits from investment gains amount to Euro 25.7 million, principally on bond securities following the opportunities presented by the market which has seen fluctuations based on alternating optimism on the general economic situation and fears of a double dip recession.

In accordance with the fair value policy applied in the 2009 annual accounts, impairment charges were recorded in the quarter in the Available for sale category for Euro 13.7 million (Euro 19.1 million in Q1 2009). The adjustments principally relate to the equity securities for Euro 13.1 million and investment fund units for Euro 0.6 million.

However, these impairments, implemented based on the market prices at the end of the quarter, are not yet recorded in the income statement for 2010 in that they refer to adjustments made for the purposes of the half-year report and the annual financial statements, with reference to the market prices respectively at June 30 and December 31.

Treasury shares and shares of holding companies

At March 31, 2010, the Parent Company Milano Assicurazioni held treasury shares, shares of the direct parent company Fondiaria-SAI and of the indirect parent company Premafin as shown in the table below:

<i>(in Euro thousands)</i>	Number	Amount
Treasury shares	6,764,860	31,353
Fondiaria-SAI Group	9,982,557	111,440
Premafin shares	9,157,710	9,252

Performance of Milano Assicurazioni shares

At March 31, 2010, the share capital of the parent company Milano Assicurazioni comprised 588,175,656 shares of Euro 0.52 each, of which 557,435,774 ordinary shares and 30,739,882 saving shares.

The share prices at the end of March 2010 and December 2009 were as follows:

<i>(in Euro)</i>	31/03/2010	31/12/2009	Change %
Milano Assicurazioni ord.	2.1049	2.0546	+2.4
Milano Assicurazioni sav.	2.2090	2.2207	-0.5

The stock exchange capitalisation at March 31, 2010 was Euro 1,241.3 million (Euro 1,213.6 million at 31/12/2009).

Employees

At March 31, 2010, the number of employees of the Parent Company and of the consolidated companies amounted to 2,014 (2,026 at 31/12/2009) divided as follows:

	31/03/2010	31/12/2009
Executives	26	25
Managers & white collar	1,984	1,997
Building caretakers	4	4
	2,014	2,026

OTHER INFORMATION

With reference to the provision of article 37, paragraph 1, of the Market Regulations (Consob Resolution No. 16191 of October 29, 2007), we report that the Company satisfies the requirements for the admission of shares of subsidiaries subject to the management and coordination of another company traded on an Italian regulated market in that it:

- has complied with the communication obligations pursuant to article 2497 bis of the civil code;
- has an independent trading capacity with clients and suppliers;
- has, with the parent company Fondiaria-SAI S.p.A. (company which exercises management and coordination), centralised treasury operations;
- has a Board of Directors comprised of 19 members, of which 8 are independent as per article 147 ter of Legislative Decree No. 58 of February 24, 1998.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On April 29, 2010, the Boards of Directors of Fondiaria-SAI S.p.A., of Milano Assicurazioni S.p.A. and of its subsidiaries Liguria Assicurazioni S.p.A. and Liguria Vita S.p.A. approved a corporate/industrial reorganisation project, to be implemented through a share capital increase of Liguria and Liguria Vita in accordance with article 2441, paragraph 4 of the Civil Code, reserved to Milano Assicurazioni, through conferment of the Milano business units dedicated to the agency networks which distributes brand products, respectively SASA and SASA VITA.

The re-allocation of the predominantly multi-mandate agency networks premium portfolio to a single entity, legally independent, will allow a more effective and efficient management of the organisational, communicative and commercial strengths in the various types of distribution networks and opens up a series of potential advantages (greater competitiveness, simplification of operational management, optimisation of group costs) in a market context still characterised by an uncertain macroeconomic scenario and high levels of competition.

The Sasa business unit combines the activities of Sasa Assicurazioni e Riassicurazioni S.p.a. and Sasa Vita S.p.a., long-established Trieste-based insurance companies founded in 1923 and merged by incorporation into Milano Assicurazioni in 2008. The business unit employs 204 persons principally in the Trieste headquarters and operates prevalently in the non-life sector with a presence throughout Italy thanks to a network of 425 agents, mainly “multi mandate”. The business unit also relies on a strong relationship with over 100 brokers. In 2009, total premiums of approx. Euro 501 million were recorded (Euro 424 million non-life, Euro 77 million life).

Liguria and Liguria Vita, founded in Genoa in 1883, have headquarters in Milan and operate both in the non-life and life divisions (Liguria Vita is held 100% by Liguria). The Liguria Group operates prevalently in the Non-Life Motor TPL sector and throughout Italy thanks to a network of 319 agencies concentrated in the centre-north of the country and in particular in the smaller municipalities. The Liguria Group reported total premiums written in 2009 of Euro 295 million (Euro 273 million non-life, Euro 22 million life) and employs 180 people.

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, 384 employees and a distribution network of approx. 750 agencies located throughout Italy, but principally in Northern Italy (45%).

The creation of a single commercial and organisational entity, as well as creating a significant force within the domestic market, will also allow the Group to take advantage of any combined entity valuation opportunities.

The two share capital increases which will be presented to the relative extraordinary shareholders' meetings of LIGURIA and LIGURIA VITA will be carried out through the issue of:

- with regard to the conferment to LIGURIA of the Sasa Business Unit, of 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, of 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.

The execution of the entire operation, subject to prior authorisation by Isvap, will take place in the second half of the current year.

KPMG Corporate Finance, a division of KPMG Advisory S.p.A., was appointed financial advisor by the Board of Directors.

The audit firm Pricewaterhouse Coopers was appointed as the expert pursuant to article 2343 ter of the civil code for the preparation of the sworn report on the estimate of the conferments. The issue price of the new shares for the conferments will, in accordance with article 2441, paragraph 6 of the civil code, be subject to a fairness opinion by the audit firm appointed by Liguria Assicurazioni, Reconta Ernst & Young.

OUTLOOK

Significant uncertainties continue to pervade the macroeconomic situation: widespread currency market tensions and worries regarding the public deficits of some countries in the Eurozone – with a destabilising effect on the financial markets - now accompany previous concerns regarding the weakness of internal demand and unemployment levels.

In this difficult context, the Group continues to implement the targeted initiatives and already announced for the recovery of adequate profitability. In particular:

- in the motor division, the application of the new tariff introduced at the end of 2009 which further extends the risk differentiation; the underwriting policy adopted - which limits recourse to discounts as well as the cancellation actions of the multi-claims portfolio - began to have positive effects on the performance both on the average policy premium and on claims reported;
- in the non-life divisions excluding the motor classes, the reform actions and disengagement from poorly performing portfolios and the particularly prudent policy with regard to the acquisition of corporate risks, related in recent years to higher claims, continued;
- in the life division, profitability is recovering from new business and a renewed focus on recurring single premiums. The portfolio features a large portion of traditional type products with higher remuneration and an ability to satisfy all clients through the quality and extensive range of products offered;

The asset and financial management policies remain prudent, favouring high quality investments at a time in which the markets are suffering from renewed fears of unsustainable public deficits by some countries within the Eurozone.

PREPARATION CRITERIA AND CONSOLIDATION SCOPE

The present interim report was prepared on a consolidated basis and in accordance with the provisions of article 154-ter of Legislative Decree No. 58/98.

In the first quarter of 2010, there were no changes in the consolidation scope. A list of the Subsidiaries and Associated Companies in accordance with the above-mentioned ISVAP Regulation No. 7 of July 13, 2007 and subsequent amendments is provided as an attachment.

The amounts are expressed in millions or thousands of Euro, as indicated.

The quarterly financial statements have not been audited.

In the preparation of the income statement and net financial position, consideration was taken of ISVAP Regulation No. 7, concerning the instructions for the format of the consolidated financial statements as per the international accounting standards; the data contained in the financial statements derives from the application of the same accounting principles used for the preparation of the 2009 consolidated financial statements, to which reference should be made for a detailed description of the individual methodologies, except for those indicated below.

Motor TPL division claims reserve

A separate valuation was carried out by type of claim, under the following categories:

- claims before the commencement of the direct compensation regime: the determination of the reserve took account of the last cost determined at the end of 2008 based on the same statistical methodology on the claims cost and the reversals to the reserve;
- claims within the CARD Operator regime: the expected last cost was recorded based on the expected change in costs and taking into account the amount of the recoverable flat rate;
- claims within the CARD Debtor regime: the valuation was made based on the once-off amount defined by the Technical Committee created pursuant to Pres. Decree No. 254/2006;
- claims not within the direct compensation system (essentially as they involve more than two vehicles or with permanent physical damage above 9%): the valuation of the last cost of the claims in the current period 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 were noted, verifying the appropriateness of the reserves recorded at December 31, 2009.

Reinsurance

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.

The accounts relating to the indirect premiums represent the portion of the results estimated for the full year; in the determination of the values account was taken of the data acquired relating to obligatory contracts accepted by the companies outside of the Group, whose technical results refer to the year 2009.

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 reported has remained unchanged and therefore in the quarter the losses on available-for-sale financial instruments due to the application of the automatic criteria already illustrated in the annual accounts were recorded to the income statement, which establishes a time period (a market value continuously lower than the original book value for a period of 2 years) or a quantitative limit (reduction in the market value of over 80% of the original cost) to record a prolonged or significant decrease in the fair value in accordance with paragraph 61 of IAS 39.

However due to the limited availability of information necessary and the brief time period from the approval of the 2009 annual accounts, no new analytical valuations of financial instruments which present a decrease in the fair value but not falling within the automatic thresholds for impairment stated above were carried out.

Milan, May 12, 2010

MILANO ASSICURAZIONI S.p.A.
For the Board of Directors

CONSOLIDATION SCOPE

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Consolidation scope

Company	State	Method (1)	Activities (2)
ATHENS R.E. FUND	ITALY	G	10
CAMPO CARLO MAGNO S.p.A.	ITALY	G	10
DIALOGO ASSICURAZIONI S.p.A.	ITALY	G	1
DIALOGO VITA S.p.A.	ITALY	G	1
IMMOBILIARE MILANO ASSICURAZIONI S.r.l.	ITALY	G	10
LIGURIA SOCIETA' DI ASSICURAZIONI S.p.A.	ITALY	G	1
LIGURIA VITA S.p.A.	ITALY	G	1
MERIDIANO ORIZZONTI S.r.l.	ITALY	G	10
PRONTO ASSISTANCE SERVIZI S.c.r.l.	ITALY	G	11
SINTESI SECONDA S.r.l.	ITALY	G	10
SOGEINT S.r.l.	ITALY	G	11
SYSTEMA COMPAGNIA DI ASSICURAZIONI S.p.A.	ITALY	G	1

(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

% direct holding	% total holding (3)	% votes at ordinary shareholders' meeting (4)	% of consolidation
100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00
99.85	99.85	99.85	100.00
60.00	60.00	60.00	100.00
100.00	100.00	100.00	100.00
99.97	99.97	99.97	100.00
-	99.97	100.00	100.00
100.00	100.00	100.00	100.00
28.00	54.51	54.55	100.00
-	100.00	100.00	100.00
100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00

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Non consolidated investments

Company	State	Activities (1)	Type (2)
A7 S.r.l.	ITALY	10	B
ATAHOTELS S.p.A.	ITALY	11	B
BIPIEMME VITA S.p.A.	ITALY	1	(*)
BORSETTO S.r.l.	ITALY	10	B
CITYLIFE S.r.l.	ITALY	10	B
EX VAR SCS	LUXEMBOURG	10	B
GARIBALDI S.C.S.	LUXEMBOURG	10	B
GLOBAL CARD SERVICE S.r.l.	ITALY	11	A
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	ITALY	11	B
HEDF ISOLA S.C.S	LUXEMBOURG	10	B
IGLI S.p.A.	ITALY	11	B
IMMOBILIARE LOMBARDA S.p.A.	ITALY	10	B
METROPOLIS S.p.A.	ITALY	10	B
PENTA DOMUS S.r.l.	ITALY	10	B
SAI INVESTIMENTI S.G.R. S.p.A.	ITALY	8	B
SAI NETWORK S.p.A.	ITALY	11	B
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	ITALY	11	B
SERVIZI IMMOBILIARI MARTINELLI S.p.A.	ITALY	10	B
SISTEMI SANITARI S.c.r.l.	ITALY	11	B
SVILUPPO CENTRO EST S.r.l.	ITALY	10	B
VALORE IMMOBILIARE S.r.l.	ITALY	10	B

(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); c=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

% direct holding	% total holding (3)	% votes at ordinary shareholders' meeting (4)	Book Value
-	20.00	20.00	357
49.00	49.00	49.00	10,149
51.00	51.00	51.00	-
-	44.93	44.93	3,489
-	26.66	26.66	67,670
-	10.00	10.00	6,595
48.00	48.00	48.00	41,849
-	94.97	95.00	-
34.19	34.63	34.65	11,320
43.00	43.00	43.00	12,565
-	16.67	16.67	28,169
35.83	35.83	35.83	7,662
-	29.73	29.73	889
-	20.00	20.00	2,280
29.00	29.00	29.00	1,993
24.50	24.50	24.50	1,960
30.00	30.00	30.00	270
-	20.00	20.00	105
19.63	20.12	20.31	160
-	40.00	40.00	304
50.00	50.00	50.00	13,100

Declaration of the Executive Responsible

in accordance with art. 154 bis, paragraph 2 of Legislative Decree 24/02/1998, n. 58

The undersigned Pier Giorgio Bedogni, as Executive Responsible for the preparation of corporate financial documents of Milano Assicurazioni S.p.A.

AFFIRMS

pursuant to the provisions of article 154 bis of the “Finance Act for financial intermediaries” that the Interim Report for the first quarter of 2010 corresponds to the underlying accounting documents, records and accounting entries.

Milan, May 12, 2010

*The Executive Responsible for the preparation
of the corporate accounting documents*

Mr. Pier Giorgio BEDOGNI