2008 Annual Report

MILANO ASSICURAZIONI S.p.A.
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Share capital Euro 305,851,341.12 fully paid-in
Fiscal Code, VAT No. and
Milan Company's Registration Office: 00957670151
Company authorised to issue insurance
(as per R.D.L No. 966 of April 29, 1923)
FONDIARIA-SAI Group – management and co-ordination FONDIARIA-SAI S.p.A.

5 YEAR OVERVIEW - PARENT COMPANY

	2004	%	2005	%	2006	%	2007	%	2008	%
TOTAL PREMIUMS										
MOTOR TPL	1,925,995	60.78	1,973,286	59.72	1,978,650	59.42	1,860,973	59.47	1,987,705	57.65
NON-LIFE DIVISION	719,349	22.70	736,697	22.30	771,365	23.16	771,647	24.66	905,147	26.25
LIFE DIVISION	523,302	16.52	594,165	17.98	580,138	17.42	496,564	15.87	555,079	16.10
TOTAL	**3,168,646**	**100.00**	**3,304,148**	**100.00**	**3,330,153**	**100.00**	**3,129,184**	**100.00**	**3,447,931**	**100.00**
CLAIMS PAID ***and related charges***	**2,246,473**		**2,416,673**		**2,557,520**		**2,678,222**		**3,439,871**	
GROSS TECHNICAL RESERVES										
UNEARNED PREMIUM RESERVE	942,765		984,088		964,329		944,673		1,090,903	
CLAIMS RESERVE	3,229,492		3,306,704		3,371,541		3,333,996		3,551,218	
OTHER NON-LIFE TECHNICAL RESERVES	7,701		7,417		9,057		11,217		13,257	
LIFE TECHNICAL RESERVES	3,842,901		4,045,573		4,132,848		3,982,725		3,822,212	
TOTAL	**8,022,859**		**8,343,782**		**8,477,775**		**8,272,611**		**8,477,590**	
TECHNICAL RESERVES/PREMIUMS	**253.20%**		**252.52%**		**254.58%**		**264.37%**		**245.87%**	
SHAREHOLDERS' EQUITY										
SHARE CAPITAL AND RESERVES	1,082,846		1,269,409		1,410,173		1,537,089		2,029,168	
NET PROFIT	306,226		233,106		195,492		224,716		15,389	
TOTAL	**1,389,072**		**1,502,515**		**1,605,665**		**1,761,805**		**2,044,557**	
INVESTMENTS										
PROPERTY	415,716	5.01	404,735	4.62	457,670	4.94	505,250	5.45	524,405	5.63
SECURITIES AND TIME DEPOSITS	7,311,663	88.16	7,744,981	88.44	8,327,135	89.90	8,327,553	89.90	8,284,297	89.00
LOANS	68,012	0.82	95,529	1.09	56,496	0.61	54,759	0.59	61,211	0.66
DEPOSITS AT REINSURING COMPANIES	6,449	0.08	4,110	0.05	3,336	0.04	3,010	0.03	2,651	0.03
DEPOSITS AT CREDIT INSTITUTIONS	139,709	1.68	150,018	1.71	86,525	0.93	119,057	1.29	158,379	1.70
CLASS D INVESTMENTS	352,394	4.25	358,253	4.09	331,280	3.58	253,662	2.74	277,725	2.98
TOTAL	**8,293,943**	**100.00**	**8,757,626**	**100.00**	**9,262,442**	**100.00**	**9,263,291**	**100.00**	**9,308,668**	**100.00**
AVERAGE NUMBER OF EMPLOYEES	**1,657**		**1,629**		**1,585**		**1,541**		**1,709**	

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SEPARATE FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

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 **Aldé**
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 operations with related parties 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.

Notice of the Ordinary and Extraordinary Shareholders' Meeting

(Published in O.G. March 18, 2009 No. 33)

The shareholders are called to the ordinary and extraordinary shareholders' meeting, in first call, on April 21, 2009, at the time of 11 AM at the Atahotel Executive in Milan, Viale Don Luigi Sturzo No. 45, and, in second call, on April 22, 2009 at the same time and location, to examine and deliberate on the following

Agenda

<u>Ordinary session</u>

1. Financial statements at December 31, 2008. Board of Directors' Report on Operations. Report of the Board of Statutory Auditors pursuant to article 153 of Legislative Decree No. 58/1998 and Independent auditors' report. Deliberations thereon.
2. Authorisation for the Company to sign an insurance policy against the civil responsibility of the corporate boards.
3. Resolutions in relation to treasury shares in accordance with article 2357 and 2357-ter of the Civil Code.
4. Resolutions on the shares of the direct parent company FONDIARIA-SAI S.P.A., pursuant to article 2359 of the civil code.
5. Resolutions on the shares of the indirect parent company PREMAFIN FINANZIARIA S.P.A., pursuant to article 2359 of the civil code.

<u>Extraordinary session</u>

1. Proposal of changes to articles 4 and 21 of the Company By-Laws with reference, respectively, in accordance with regulations in force, of belonging to the Fondiaria-SAI insurance group and to the statutory limit on the accumulation of offices by the members of the Board of Statutory Auditors. Deliberations thereon.

Pursuant to article 9 of the Company By-Laws, holders of ordinary shares in possession of the appropriate certificate given by the intermediary certifying participation to the system managed by Monte Titoli S.p.A. may attend the Shareholders' Meetings.

It is recalled that holders of Milano Assicurazioni S.p.A. shares, not within the Monte Titoli S.p.A. system, that exercise the rights relating to these securities may exclusively delivery these certificates to an intermediary for the input into the management system.

The documentation relating to the agenda will be made available in accordance with the provisions required by law. The shareholders have the right to obtain a copy.

For the Board of Directors
The Chairman-Chief Executive Officer
Fausto Marchionni

DIRECTORS' REPORT ON OPERATIONS
for the year ended December 31, 2008

Operational Performance

Dear Shareholders,

In 2008, a significant corporate and industrial restructuring of the Fondiaria-Sai Group was completed, whose guidelines were approved at the beginning of the year by the Board of Directors of Fondiaria-Sai and of Milano Assicurazioni and which, for Milano Assicurazioni, included:

- the merger by incorporation into Milano Assicurazioni of Sasa Assicurazioni e Riassicurazioni and Sasa Vita;
- the conferment to Milano Assicurazioni, by Fondiaria-Sai, of the entire shareholding in Liguria Assicurazioni held by Fondiaria-Sai, amounting to 99.97% of the share capital, and a holding in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital.

The conferment deeds in the investments of Liguria Assicurazioni and in Immobiliare Lombarda were signed on October 30 with effect as of December 31, while on December 16 the merger deeds were signed. The legal effects of the merger are as of December 31, 2008 with accounting and fiscal effects retrospectively to January 1, 2008.

This operation further enhances the value of Milano Assicurazioni, significantly strengthening its presence on the market and as holder of the assets from the strong acquisition expansion realised by the Fondiaria-Sai Group in recent years. In particular, within Milano Assicurazioni there will be an even greater concentration of the coordination of the brands of the distribution networks of non-listed companies, with a direct commercial presence on the market in order to combine:

- the benefits deriving from the synergies of the costs expected from the merger of Sasa and Sasa Vita and from the conferment of Liguria;
- the competitive and organisational benefits from the application of Sasa and Liguria of the know-how within Milano Assicurazioni in valuing the agency networks of the Group connected to matters in terms of brand and/or agency mandate and/or territorial presence;
- the maintaining of the commercial identity of the company subject to merger/conferment and of the appropriate autonomous operations in order to preserve the typical flexible approaches to the markets which characterises these companies and which has permitted a loyal agency network and achievement of excellent results in terms of premium growth.

From a financial viewpoint the operation will also permit Milano Assicurazioni to benefit from opportunities deriving from a significant increase in capitalisation, with consequent improvement in the liquidity of the security and re-rating within the Midex, as well as an increase in premiums written, equal to approx. Euro 700 million on a consolidated basis, without any financial investment by the Company and the shareholders.

Finally, the conferment of 27.88% of the share capital of Immobiliare Lombarda, on the successful outcome of the Public Purchase and Exchange Offer proposed by Fondaria-Sai on the shares of Immobiliare Lombarda and the subsequent delisting, will permit the Fondiaria-Sai Group, and therefore also Milano Assicurazioni (whose share following the conferment increases from 11.15% to 39.03%) to achieve greater efficiency in the internal allocation of capital and of the risks and returns of the three principal business areas of Immobiliare Lombarda: *facility management, property management and project development.*

Taking into account the operations illustrated above, the data of the previous year in the present report is also shown for comparative purposes on a like-for-like basis (pro-forma), aggregating the amounts in the accounts of 2007 of Milano Assicurazioni, Sasa Assicurazioni and Sasa Vita and, where not otherwise specified, the comments on the operations refer to the pro-forma data.

* * *

A net profit of Euro 15.4 million was recorded in 2008. The significant decrease on the particularly positive result of the previous year, amounting to Euro 224.7 million (Euro 239.4 million considering also Sasa and Sasa Vita), is principally due to the current economic crisis and particularly to the strong turbulence in the financial markets which has seen the most intense crisis in the post-war period.

In fact it should be noted that the company did not utilise the option permitted by Legislative Decree No. 185 of November 29, 2008 and the consequent ISVAP Regulation No. 28 of February 17, 2009 which, in consideration of the exceptional turbulence on the financial markets, introduced the option to value current securities based on the carrying value in the last half year report instead of the market values, except in the case of a permanent loss in value.

The present accounts were therefore prepared valuing the current securities at the stock exchange prices recorded on the last trading day of the year and recognising the difference between this price and the carrying value in the income statement.

For the corporate bonds with subordination clauses the current value was determined using alternative valuation models, developed internally on the basis of parameters commonly utilised by the operators, taking into account that the relative trading markets do not express, at the end of the year for trading volumes and reliability, sufficiently predictable listings.

This choice was made in consideration of the principle of transparency, presenting financial statements, in spite of the strong financial market crisis, centred on the principle of mark to market, in continuity with the financial statements of the previous year.

The key events in 2008 which contributed to this result are summarised below:

- the technical result of the Life Division recorded a loss of Euro 78.5 million (profit of Euro 49.1 million in 2007), affected for Euro 190.7 million by the adjustments in value of investments, following the write-down of the carrying values to current market prices, exceptionally low due to the effect of the financial crisis - one of the worst post-war economic crises;

- the technical result in the Non-life Division reported a profit of Euro 119.1 million compared to Euro 294.7 million in the previous year. The decrease is due to lower investment profits (decreasing from Euro 141.2 million to Euro 92.2 million, also due to the effect of higher adjustments on investments) and the technical result, which recorded a profit of Euro 28.3 million compared to a profit of Euro 154.7 million in the previous year.
  The technical result was impacted by the current economic crisis, from pressure on prices in difficult markets and a greater negative impact from reinsurance compared to the previous year, which had benefited from the recovery from reinsurers of claims higher than the coverage of the excess claims.
  In relation to direct business, premiums in the Motor TPL class were affected by the drop in new vehicle registrations, strong competition following increased price flexibility and from the penalising effects of the so-called Bersani bis Law in terms of bonus-malus class application. The land vehicle class recorded a positive technical result but down on 2007, due to the increased competition, which reduced profit margins and an increase in the number of claims reported, also due to the effects of adverse atmospheric events.
  The other non-life classes reported a performance substantially in line with the previous year;

- the asset and financial management reported investment income of Euro 389.3 million, an increase of 7.1% compared to Euro 363.5 million in 2007. Net profits from the realisation of investments amounted to Euro 64.3 million, also growth on Euro 54.9 million in 2007. The contribution of the financial management to the net result was strongly affected by the adjustment in investment values, amounting to Euro 334.7 million compared to Euro 46.9 million in 2007. The financial market crisis, which was sparked by the US real estate bubble in 2007 and progressively deteriorated in 2008, paralleled one of the worst economic crises in recent decades, heavily and exceptionally penalising equity and bond prices, especially in the corporate segment, resulting in large write-downs of carrying values;

- the administration expenses, net of the allocation to the technical and asset accounts, amounted to Euro 92.7 million and as a percentage on premiums were 2.7%. The number of employees at December 31, 2008 amounted to 1,709, a decrease of 29 compared to December 31, 2007. Employee leaving indemnities amounted to Euro 116.3 million, in line with 2007 (+0.3%).

- income taxes in the year, comprising current and deferred taxes are a positive income component, principally due to the effect of dividends, which are almost entirely tax exempt.

The income statement for the year 2008 illustrated below is presented compared with the relative 2007 financial statements and 2007 pro-forma financial statements and thus including the data relating to Sasa and Sasa Vita, incorporated during the year.

(in Euro thousands)

Summary of the Income Statement	**2008**	**2007 Pro-forma**	**2007**
Result of life technical account	**- 78,463**	**49,139**	**45,723**
Direct Business Non-Life Technical Balance:			
- Motor TPL	1,763	39,697	39,804
- Other Non-Life Classes	79,249	125,161	126,711
Total direct premiums	**81,012**	**164,858**	**166,515**
Outward reinsurance and indirect business	- 52,696	- 10,179	- 12,311
Non-Life Technical Balance	**28,316**	**154,679**	**154,204**
Change in the equalisation reserves	- 1,409	- 1,254	- 1,209
Profit attributed to the non life technical account	92,154	141,250	130,298
Result of non-life technical account	**119,061**	**294,675**	**283,293**
Total technical management result	**40,598**	**343,814**	**329,016**
Investment income	389,308	363,463	342,451
Adjustments to investment values, net of write-backs	- 334,716	- 46,910	- 42,362
Net profit on sale of investments	72,198	28,214	25,528
Income relating to investments with risk borne by policyholders	- 38,187	3,692	6,263
Less: profits assigned to technical accounts	- 53,918	- 300,801	- 287,061
Quota of goodwill amortised	- 23,992	- 23,992	- 23,992
Other income, net of other charges	- 20,682	- 14,303	- 14,248
Result from ordinary activities	**30,609**	**353,177**	**335,595**
Profits from sale of long-term investments	- 7,915	26,673	26,673
Other extraordinary income and charges	- 8,869	- 4,020	- 3,846
Pre-tax profit	**13,825**	**375,830**	**358,422**
Income taxes	1,564	- 136,449	- 133,706
Net profit for the year	**15,389**	**239,381**	**224,716**

Insurance Business

Premiums and accessories

The gross premiums and accessories of direct and indirect business totalled Euro 3,447.9 million compared to Euro 3,129.2 million in 2007 (+10.2%). The increase is due to the amount of approx. Euro 498 million deriving from the merger of Sasa Assicurazioni and Sasa Vita in the year within the corporate reorganisation and industrial process of the Fondiaria-SAI Group, as described in the introduction. On a like for like basis, considering the data of Sasa and Sasa Vita also for 2007, total premiums written would have decreased by 4.3%.

Within the direct business, which represents almost all of the portfolio with premiums written of Euro 3,436.7 million, the non-life division amounted to Euro 2,881.7 million (+9.7% compared to 2007) while the life division premiums amounted to Euro 555 million, an increase of 11.8%.

On like-for-like terms, the non-life division reported a decrease of 4.4% and the life division 5%. The reasons for these trends, already described in the interim accounts, are summarised below:

- the non-life division was impacted by the drop in motor premiums (-7% on like-for-like terms), principally deriving from the significant contraction in new motor registrations and by the effects of law No. 40/2007 (so-called Bersani bis) in terms of class attribution, which resulted in a decrease in the average premium. In particular, the Motor TPL class recorded premiums of Euro 1,704.8 million (-7.2%) while the land vehicle class recorded premiums of Euro 282.9 million (-5.3%).
  However, the commercial initiatives undertaken and the cancellation actions taken on the multi claim portfolio, commenced in previous years, resulted in improved claims reported in the Motor TPL class, which decreased by 10.4%.
  The other non-life classes recorded however an increase, at like-for-like terms, of 1.75% with premiums written of Euro 894 million. The development initiatives continue which, in line with the objectives of the industrial plan, are concentrated in the retail sector which has greater profitability opportunities, while, in the corporate sector, a prudent underwriting policy is in place, especially in those categories such as Public Entities which in previous years recorded high levels of claims.

- in the life division, the decrease in premiums principally relates to the pure securitisation contracts, which recorded a drop of 31.1%, and to the index-linked contracts which recorded a decrease of 32.4%. These performances were significantly affected by the current financial crisis, which progressively deteriorated in 2008, and the uncertainties on the future economic and financial outlook, which induced clients to undertake alternative uses of liquidity, often short and very short-term, while awaiting clarity on the international macroeconomic environment. However, the performance of the traditional type products was positive, reporting an increase of 11% with premiums written of Euro 396.1 million.

In the indirect business, the premiums amounted to Euro 11.3 million compared to Euro 5.6 million written in the previous year. The increase is principally due to the greater volumes of premiums accepted by the Group company Lawrence Re and the subsidiary Systema.
The premiums accepted from companies not belonging to the Fondiaria-SAI Group remain limited as, following the decision taken in the past to terminate the underwriting in the inward reinsurance market, the agreements relate almost exclusively to pools and market agreements.

The table below shows the premiums written by class, compared with the 2007 accounts and the 2007 pro-forma and therefore including premiums written of Sasa and Sasa Vita.

Premiums and Accessories	**2008**	**2007 Pro-forma**	**Cge %**	**2007**	**Change %**
	in Euro thousands			*in Euro thousands*	
DIRECT PREMIUMS					
NON-LIFE DIVISION					
Accidents	190,506	197,661	- 3.62	175,434	8.59
Health	58,466	57,346	1.95	52,479	11.41
Railway	-	-	-	-	-
Aviation	18,207	8,317	118.91	58	n.s.
Maritime	5,909	4,887	20.91	3,346	76.60
Goods in transit	7,170	6,292	13.95	3,808	88.29
Fire and natural elements	177,383	176,286	0.62	160,188	10.73
Other damage to property	147,049	141,116	4.20	127,735	15.12
Aviation TPL	2,858	2,146	33.18	165	n.s.
Maritime TPL	3,358	3,281	2.35	2,731	22.96
General TPL	211,227	210,713	0.24	190,227	11.04
Credit	7	3	133.33	2	250.00
Bonds	32,781	33,679	- 2.67	23,436	39.87
General pecuniary losses	10,217	12,350	- 17.27	7,271	40.52
Legal expenses	6,728	6,320	6.46	5,963	12.83
Assistance	22,091	18,155	21.68	13,260	66.60
Total Non-Life Division – excluding the Motor division	**893,957**	**878,552**	**1.75**	**766,103**	**16.69**
Land Motor TPL	1,704,809	1,837,541	- 7.22	1,601,912	6.42
Land vehicles	282,896	298,856	- 5.34	259,061	9.20
Total Division – Motor	**1,987,705**	**2,136,397**	**- 6.96**	**1,860,973**	**6.81**
Total Non-Life Division	**2,881,662**	**3,014,949**	**- 4.42**	**2,627,076**	**9.69**
LIFE DIVISION					
Insurance on human life expectancy	396,121	356,602	11.08	303,440	30.54
Insurance relating to investment funds and market indices	56,228	83,154	- 32.38	50,222	11.96
Health Insurance	240	66	263.64	66	263.64
Securitisation operations	98,377	142,836	- 31.13	141,412	- 30.43
Management operations of Pension Funds	4,042	1,337	202.32	1,337	202.32
Total Life Division	**555,008**	**583,995**	**- 4.96**	**496,477**	**11.79**
Total Direct Business	**3,436,670**	**3,598,944**	**- 4.51**	**3,123,553**	**10.02**
INDIRECT PREMIUMS					
NON-LIFE DIVISION	11,190	5,598	99.89	5,544	101.84
LIFE DIVISION	71	87	- 18.39	87	- 18.39
Total indirect premiums	**11,261**	**5,685**	98.08	**5,631**	99.98
TOTAL	**3,447,931**	**3,604,629**	**- 4.35**	**3,129,184**	**10.19**

Technical results

Non-Life Division

The technical result in the Non-life division reported a profit of Euro 119.1 million compared to Euro 294.7 million in the previous year (like-for-like).
The decrease is due to the lower profits from investments attributable to the technical account, which fell to Euro 92.2 million from Euro 141.2 million in 2007, and to the performance of the account, which was impacted by the current economic crisis, from pressure on prices in difficult markets and a greater negative impact from reinsurance compared to the previous year, which had benefited from the recovery from reinsurers of claims higher than the coverage of the excess claims.

The total technical balance net of reinsurance, obtained excluding the share of profits from investments transferred from the non-technical account and the change of the equalisation reserves, recorded a profit of Euro 28.3 million compared to Euro 154.7 million in 2007.
Limited to the direct business, before outward reinsurance, the technical balance recorded a profit of Euro 81 million compared to a profit of Euro 164.9 million in 2007. In particular:

- the Motor TPL class recorded a decrease in profits to Euro 1.8 million from Euro 39.7 million in 2007. The decrease is due to price pressures within a difficult economic scenario and to previous year claims, in which a particularly prudent reservation policy was adopted. The claims reported in the current year was however positive, decreasing by 10.4%.
- the *Land Vehicle class* continues to record a largely positive technical balance (Euro 38 million) although lower than the previous year (Euro 79.9 million) due, in addition to the strong competition on prices, to the significant increase in claims deriving from adverse atmospheric events.
- the other non life classes maintained an overall positive technical result and substantially in line with 2007. Particularly good results were recorded in the accident and health classes, while difficulties remain in the General TPL class where, among others, the late claims reported reserve was strengthened further.

Outward reinsurance, principally structured on non-proportional coverage, recorded a negative technical balance of Euro 52.5 million, compared to a loss of Euro 7.3 million in 2007. The deterioration is due to both the different impact of the proportional agreements in the Aviation class (in line with the different trend in the direct premiums) and to the fact that, in 2007, some claims of high amounts within the excess claims coverage were recovered from reinsurers.

Indirect premiums, net of reinsurance, records a substantial breakeven technical result compared to a loss of Euro 2.8 million in 2007. As previously described, the indirect business is limited to acceptations from companies of the Fondiaria-Sai Group, while underwriting on the inward reinsurance market terminated a number of years ago.

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

Gross Direct Business Technical Balance Non-Life Division – Italian Portfolio	**2008**	**2007 Pro-forma**	**Change 2008 /2007**	**2007**
	(in Euro thousands)			
Accidents	44,045	44,036	9	41,109
Health	5,337	2,190	3,147	1,806
Railway	-	-	-	-
Aviation	13,980	- 17,246	31,226	- 4,170
Maritime	916	5,180	- 4,264	- 503
Goods in transit	2,638	738	1,900	1,886
Fire and natural elements	1,912	- 1,642	3,554	9,369
Other damage to property	- 6,082	10,290	- 16,372	7,437
Aviation TPL	2,473	1,364	1,109	- 372
Maritime TPL	- 423	1,477	- 1,900	641
General TPL	- 34,624	- 10,923	- 23,701	- 11,096
Credit	239	789	- 550	787
Bonds	3,577	3,971	- 394	2,606
General pecuniary losses	- 1,230	2,203	- 3,433	2,581
Legal expenses	2,709	1,251	1,458	1,171
Assistance	5,760	1,579	4,181	808
Total Non -Life Division – excluding Motor division	**41,227**	**45,257**	**-4,030**	**54,060**
Land Motor TPL	1,763	39,697	-37,934	39,804
Land vehicles	38,020	79,904	- 41,884	72,650
Total Motor division	**39,783**	**119,601**	**-79,818**	**112,454**
Total gross direct business	**81,010**	**164,858**	**- 83,848**	**166,514**
Business ceded	**- 52,549**	**- 7,341**	**-45,208**	**- 9,506**
Total direct business retained	**28,461**	**157,517**	**- 129,056**	**157,008**
Indirect business	**-146**	**- 2,838**	**2,692**	**- 2,804**
Total retained direct and indirect business	**28,315**	**154,679**	**- 126,364**	**154,204**

Comments on the performance of the individual classes are reported below. The number of claims reported includes, for the quota of the year, also the claims on co-insurance policies. The data is compared on like-for-like terms.

Accidents

Premiums Euro 190.5 million (-3.6%)
Claims reported 42,870 (-3.5%)

The technical performance of the class, largely satisfactory, reports a profit of Euro 44 million, in line with the previous year and due to a combined ratio below 80%. There was a good performance of the claims reported, with a claims/premiums ratio for the current year below 50%, and of the claims of previous years, already reserved.
A new retail product *La mia Assicurazione Infortuni* for sale together with Permanent Invalidity and Debt Guarantee with two choices of sums insured at fixed premiums was launched.

Health

Premiums Euro 58.5 million (+1.9%)
Claims reported 38,427 (-4.1%)

The performance of the premiums is principally due to the strong growth of the commercial network of Sasa while the premiums of the Milano and Maa networks declined, in line with the results already reported in the interim accounts during 2008. However the underwriting process remains particularly cautious and selective, which permits the maintaining of a claims/premiums ratio within the limits which guarantee profitable returns, within a generally difficult sector.
The technical balance in 2008 also benefited from a favourable evolution of claims from previous years, already reserved.

Land vehicles

Premiums Euro 282.9 million (- 5.3%)
Claims reported 119,467 (10.1%)

Premiums were affected by the significant contraction in the registration of new motor vehicles, which in 2008 decreased by 13.4%, and by the strong competitive pressures with the greater application of discounts in a sector which for many years has experienced high profitability.

The technical performance remains largely positive, although on levels lower than the previous year, caused by - in addition to the previously mentioned strong price competition – a significant increase in claims reported due to adverse atmospheric damage.

Aviation

Premiums Euro 18.2 million (118.9%)
Claims reported 47 (74.1%)

The *Aviation Class* operations are principally handled by Sasa Assicurazioni, incorporated at the end of the year. The increase of premiums is due to the commercial actions implemented by the Company, which includes the realisation of *Polo Aviation*, and by the significant increase in the risk quotation rates.
The good performance of the claims reported in terms of average claims cost accepted permitted a very strong result compared with the significant loss in 2007, deriving from two large claims.
However the strong recourse to reinsurance, typical of a class with high exposure in terms of capital insured, significantly reduces the technical profit of the portfolio retained.

Maritime

Premiums Euro 5.9 million (20.9%)
Claims reported 247 (18.8%)

The premiums written by Milano Assicurazioni amount to Euro 3.3 million, substantially stable compared to the previous year, while the premiums written by Sasa, incorporated at the end of the year amount to Euro 2.6 million and record strong growth, due to the commercial actions undertaken in the pleasure boat segment and some premium settlements in the construction segment.
The claims in the current year have improved compared to the previous year, which was negatively impacted by two particularly large claims. The decrease in the result is due to the different amount deriving from the settlement of the claims already reserved which in the previous year and with reference to the Sasa portfolio resulted in a particularly positive contribution.

Goods in transit

Premiums Euro 7.2 million (13.9%)
Claims reported 702 (-48.6%)

The actions to support the agency network (new IT products, on-site training courses and via Intranet) significantly contributed to an increase in premiums in a market which remains very competitive. The favourable performance of the claims reported resulted in significantly higher profits than 2007, with a technical balance of gross direct premiums which reports a particularly high combined ratio (60%).

Fire and natural elements

Premiums Euro 177.4 million (0.6%)
Claims reported 38,797 (28.9%)

The substantial stability of the premiums derives from a good growth rate in the Retail sector and a contraction of volumes in the Corporate sector, where the underwriting policy favours selection of risks and the application of rigorous technical parameters. The claims reported were also affected by some atmospheric events in the summer months, which affected some multi risk contracts relating to factories.
The technical balance of the direct premiums before reinsurance was a small profit (Euro 1.9 million) compared to a loss of Euro 1.6 million in 2007, attributable to the Sasa Portfolio which, in 2007, recorded a particularly strong loss (Milano Assicurazioni recorded a positive technical balance of Euro 9.4 million).

From a management viewpoint, training programmes were carried out for technical operators in order to be fully operational on the Sigra project, in which the Company is strongly involved in the programme which will introduce innovative risk valuation models relating to natural flooding events.

Thanks to the collaboration between CINEAS (in which Fondiaria-SAI is a shareholder) and CRESME (Italian centre for economic and sociological research in the construction market), a project is being drawn up aimed at introducing software which can identify a valuation method of the construction costs of residential and industrial buildings, based on a series of estimated components relating to both external parameters (location, accessibility, seismicity, economies of scale etc.) and internal (characteristics and technical aspects). The instrument may be utilised in the underwriting and settlement phases.

Other damage to property

Premiums Euro 147 million (4.2%)
Claims reported 56,256 (12.1%)

In 2008, the Technological Risks portfolio recorded an increase in premiums in spite of the negative trend in the construction sector which, after nine years of uninterrupted growth, recorded significant contraction in activity especially in the second half of the year. However, a large number of ten year policies were recorded in application of law 210/2004, for the protection of purchases of buildings, and a growing attention to the sector by the agency network.
The strong performance of the Technological Risks class in 2008 was also due to significant interest from enterprises and private individuals towards the uses of renewable energy, in particular photovoltaic plant in which there is a new insurance demand. Among the first operators in the market to meet this demand, the Company prepared and launched a specific product in the second half of the year, called Sole Amico, which guarantees all risks from the principal damage which can hit the plants. The provisions and completeness of this product were well received by the market, permitting the signing of important conventions. The technological risks organisational unit is also equipped to provide technical assistance on the request for insurance cover on other sources of renewable energy, such as wind and biomass plants.

Relating to the theft segment, premiums written relating to Public Entities increased, while those written with Large Enterprises decreased.

Relating to Hailstorm insurance, the further affirmation of the multi-risk coverage and the significant rise in the unit price of cereals resulted in an increase in premiums of 36.6%.
In spite of the negative climatic conditions during the harvest, the claims/premium ratio was 53%, an improvement on 2007 (75%) and significantly better than the average on the market (105%).
In relation to the current economic difficulties, currently no funds have been provisioned for 2009 and 2010 for the financing of insurance coverage against damage from atmospheric conditions to agriculture, within Legislative Decree No. 102 of March 29, 2004.
The Government appears committed to introduce adequate substitute provisions through decrees under the Finance Act. Where no such measures are taken, the segment will see a drastic reduction in coverage and, consequently, revenues.

The overall technical balance of the class was a loss due to the claims reported and the consequent increase in the claims/premium ratio in the current year.

Land Motor TPL

Premiums Euro 1,704.8 million (-7.2%)
Claims reported 397,493 (-10.4%)

Premiums were affected by the significant contraction in the registration of new motor vehicles, which in 2008 decreased by 13.4%, by the strong competitive pressures following the customisation of products, the diversification of tariffs and the greater application of discounts.
Negative factors included:

- the effects of Law No. 40 of April 2, 2007 (the afore-mentioned Bersani bis), which requires the assignment to further vehicles insured by a customer or a co-habiting family member to the same class as the first vehicle, instead of the entry class indicated by the company.
- the restructuring of the multi-claim portfolio, undertaken in the previous year in accordance with the industrial plan.

From March 1, 2008 a unique new motor product is available to all the sales network, created based on the joint experiences of all the insurance companies of the Fondiaria-Sai Group.
The strength of the new product - Nuova Prima Global - provides for the most complete and up-to-date coverage in terms of flexibility, content and price, as well as for the clarity of the contracts and the inclusion of the most recent regulatory developments.

From a regulatory viewpoint, in compliance with Isvap Regulation No. 2590, new regulations were introduced on merit assignment class, defined based on the number of claims with principal responsibility paid and the number of times that the "cumulative" equal responsibility for the claims paid reached at least 51%. Over the long-term period this provision will result in lower premium rises for the policyholders involved in claims with non principal responsibility.

We also report that on June 30 the "Contract for young drivers" was underwritten by ANIA, the Highway Police and the Association of Consumers. The initiative has the objective of engendering a culture of road safety within young people, through an agreement which awards responsible driving behaviour with the offer of special policies for policyholders between 18 and 26 years. Milano Assicurazioni added to the "Contract for young drivers" with their own initiative: drivers possessing a motor vehicle with a GPRS device with an accelerometre (black box) recognised by the Company, may obtain a discount on the price of the Motor TPL guarantee.
In relation to the CARD claims system, a new direct compensation procedure is in place which, in the case of road accidents resulting in non-serious injuries, permits non-responsible claimants, or those only partly responsible, to be compensated directly by their insurance company; we highlight that, from January 1, 2008, significant changes were made to the regulations for the calculation of flat rate payments. In particular, the single flat rate for the direct compensation convention was replaced by two separate flat rates, separately applied for material damage and for any personal injury to the driver.

Shortly after the start-up of the new settlement procedures, a further element was introduced, which contributes to the difference in the historical data of the management indicators and requires further caution in expressing a definitive opinion on the economic impacts deriving from the new settlement regime.
At December 31, the claims reported by our policyholders within the new compensation regime (so-called CARD management system) amounted to 252,627, of which 211,462 were fully paid. The settlement speed in the current year, net of the claims without further process, was 83.2% (75.1% at December 31, 2007), while for previous year claims the amount was 91.4%, also an increase on 2007 (72%).
The reported claims accepted with follow up through the clearing house with CONSAP, in relation to the claims in which our policyholders were in full or in part responsible (so-called CARD debtor) amounted to 249,666 - of which 189,027 gave rise to the full payment of the indemnity and 60,639 resulted in the recording of a reserve.
Relating to the claims not within the CARD regime (prevalently relating to claims with more than two vehicles involved or with bodily damage above 9%), the settlement speed in 2008 was 67.2% (64.1% in 2007), while previous year claims amounted to 67% (72% in 2007).

Overall, the claims for the current year amount to Euro 1,333.5 million, compared to Euro 1,437.7 million in 2007. The ratio of claims to premiums for the current year decreased to 77 % compared to 77.5% recorded in 2007.
The claims of the current generation defined during the year were 313,506 and represented 78.9% of the total claims reported, in line with the data relating to the previous year.

The claims for which our policyholders were civilly responsible, still open at December 31, 2008 and the relative percentages on the claims reported are shown in the table below:

Generation	Claims Reported	Number of claims open	% on reported claims
2000	446,855	699	0.16
2001	445,460	1,174	0.26
2002	443,984	1,762	0.40
2003	453,234	2,586	0.57
2004	454,165	3,442	0.76
2005	465,381	6,227	1.34
2006	464,359	14,335	3.09
2007	443,740	19,497	4.39
2008	397,493	83,987	21.13

(includes the no CARD and CARD debtor claims; total number of other delegations and expressed as share of co-insurance)

General TPL Class

Premiums Euro 211.2 million (0.2%)
Claims reported 46,320 (3%)

The performance of the premiums written essentially reflects a slowdown with regard to public entities and large enterprises, also due to the effect of the cancellation actions and restructuring of some contracts with particularly high losses.
The technical balance remains negative, due to the claims reported which resulted in an increase in the claims/premiums ratio in the current year and a strengthening of the late claim reserve.
The new *Construction Companies TPL* was launched in February, unifying the underwriting criteria of the previous products and undertaking the necessary modifications, in particular at tariff level, to cover this particularly complex area of risk, which recorded negative results in recent years.
In June the new products *Pollution TPL* and *Pollution TPL from loading and unloading operations* were launched, which contain particularly innovative new coverage conditions in the environmental risk sector, which are expected to be particularly significant in the coming years, in consideration of the regulatory developments both nationally and at EU level.
In August, the new product *Withdrawal TPL* was launched, which completes the range of guarantees relating to Product TPL, with an innovative solution compared to that utilised in the past, which integrates this guarantee in the Product TPL coverage.
The new edition of *Directors' TPL* was also launched, reformulating the contents of the previous contractual regulations and renewing an agreement with a leading world reinsurer, leader in the sector, which guarantees us a proven and reliable partnership.

Bonds Class

Premiums Euro 32.8 million (-2.7%)
Claims reported 574 (-10.7%)

Also in 2008, there was a general slowdown in the Public Tenders, traditionally the driving segment of the class. There was also a decrease in operations in the residential building segment, particularly hit by the current economic crisis, with consequent reduction in the demand of guarantees as per Law 210/04 relating to down payments paid by purchases of buildings under construction.
In relation to the profitability, the year 2008 reported an improvement in the claims/premiums ratio compared to the previous year.

The result obtained is particularly satisfactory for the Company and awards the underwriting policy based on a selection of risks and the application of correct technical parameters, in a notoriously difficult segment.
The overall technical profit was Euro 3.6 million due to the good performance of the claims reported in the current year and of previous year claims already reserved.
In the year just commenced, the research and study of innovative instruments and methods

will continue, in order to analyse risks increasingly more technically complex and with maximum coverage guarantees of increasingly significant amounts.

General pecuniary losses

Premiums Euro 10.2 million (-17.3%)
Claims reported 2,619 (-6.5%)

The good performance of the claims reported maintains the claims/premiums ratio of the current year within acceptable profit margins. The technical balance before reinsurance reports a loss of Euro 1.2 million, principally due to the negative performance of previous year claims, reported late, relating to the Sasa Assicurazioni portfolio, incorporated at the year-end.

Legal expenses

Premiums Euro 6.7 million (6.5%)
Claims reported 594 (12.9%)

The increase in the number of claims was off-set by a decrease in the average cost of the claims and, therefore, a consequent reduction in the claim to premium ratio of the current year, which is particularly favourable. The technical balance therefore reports a profit of Euro 2.7 million, significant compared to the volumes of premiums written and a strong improvement on 2007.

Assistance

Premiums Euro 22.1 million (21.7%)
Claims reported 48,408 (6.2%)

The premiums written principally refers to guarantees inserted in the motor, health, injury, fire and other property damage contracts, capable of providing more complete insurance cover and of greater interest to the customer. The good growth of premiums, together with the positive performance of the claims reported, resulted in a particularly good result and a significant improvement on 2007.

Life Division

The direct premiums written amounted to Euro 555 million, growth of 11.8% on 2007. The increase is attributable to the merger by incorporation of Sasa Vita at the end of the year.
On like-for-like terms, therefore considering the premiums of Sasa Vita with the comparative data of 2007, premiums decreased by 5%, principally due to the pure securitisation contracts, which recorded a decrease of 31.1%, and to the index-linked contracts which recorded a decrease of 32.4%.

These performances were significantly affected by the current financial crisis, which progressively deteriorated in 2008, and the uncertainties on the future economic and financial outlook, which induced clients to undertake alternative uses of liquidity, often short and very short-term while awaiting clarity on the international macroeconomic environment. However, the performance of the traditional type products was positive, reporting an increase of 11%, with premiums written of Euro 396.1 million.
The technical reserves of the direct business at the year-end amounted to Euro 3,820.4 million (-10.7% on 2007). The technical reserves relating to the "class C" portfolio (which excludes the contracts with investment risk borne by the policyholders) amounts to Euro 3,542.7 million (-10% compared to 2007) and almost entirely relates to Separate Management contracts.

The returns in the year on the principal Separated Managements of the company are shown in the table below:

	2008	2007
Viva	4.22%	4.43%
Valuta Viva	4.63%	4.83%
Gepre	4.17%	4.59%
Geprecoll	5.06%	4.88%
3 A	4.21%	4.51%
Sasariv	4.24%	4.23%

The technical account reports a loss of Euro 78.5 million (profit of Euro 49.1 million in 2007), due to the current financial market crisis, which is among the worst crises in recent decades and strongly affected profits from investments. The positive performance of net income and trading profits, which recorded an increase over the previous year, were offset by provisions of Euro 190.7 million (Euro 45.1 million in 2007) to write-down the carrying value of the securities to current market prices, which reached excessively low levels.

Individual Insurance

In 2008, the underwriting of individual contracts was orientated largely towards products related to the Separated Management, better regarded by the clientele in the current market turbulences of providing minimum guaranteed returns and investment protection. From April, a greater number of annual premium products were in evidence, better capable of adding value to the portfolio in the long-term period while at the same time ensuring client loyalty. The price lists of the revalued policies related to the separated management Milass Re were however renewed.
Commercial initiatives were also undertaken in the Index-Linked policies - the March WORLD CUP edition and the June WORLD CUP 2 edition were well received by the clientele, with very satisfactory results.
In the first quarter, the new Term-Life insurance tariff DEDICATA was launched which introduced the differentiation of the policyholders according to their smoking behaviour and the marketing began in the second quarter – which was met with success - of a new revaluable constant single premium product OPEN PIU', featuring a bonus related to the loyalty of clients.
In the final quarter of the year, policies with fixed yields with coverage of contractual commitments for specific activities were launched, provided through two distinct versions of the product called CERTAIN VALUE, and achieved high levels of business.
As in the past, particular attention was placed on maintaining the capital on maturity, proposing to clients the renewed range of products available.

In relation to Lehman Brothers, on September 15, 2008, the investment bank filed for "Chapter 11" bankruptcy at the New York Bankruptcy Court. At year-end, there were no class D technical reserves concerning the financial instruments issued by Lehman Brothers.

In relation to the financial difficulties of the Icelandic banks, Sasa Vita, incorporated at the year-end, has the Metal Oil index-linked product in portfolio, issued on November 28, 2005 with expiry on November 28, 2011. This product has underlying financial instruments issued by Glitnir Bank hf for a nominal value of Euro 6.5 million.

Recently, the ratings attributable to the Icelandic banks by the principal agencies worsened considerably and for Glitnir Bank were a Caa1 (Moody's) and D (S&P).

As these policies do not guarantee minimum yields or repayment of the capital, the investment risk connected to the solvency of the issuers is contractually borne by the policyholder. The payment of the services is in fact subordinated to the capital solidity of the issuers and the repayment capacity of the underlying debt securities by the same entities.
The Company therefore wrote down the values of the assets and liabilities related to these policies, while continuing to attentively follow the situation relating to Glitnir Bank hf in order to monitor the impact on the positions of the policyholders as well as evaluate possible solutions.

Collective Insurance

During the year, the corporate segment continued its activity in the "pre-existing" pension funds with insurance management.
In consideration of the fact that the employee has the right to confer the employee leaving indemnity to a complementary pension even if he/she had initially decided to place it with the employer, we maintained contacts with our clients which, together with targeted actions on the cost structure applied on the renewal of single conventions, allowed us to achieve strong improvements quantitatively in terms of premiums written in this sector.
In relation to products connected to employee leaving indemnity (ELI VALUE), the forecasted contraction in distribution from the impact of the new regulation continued, which not only incentivises the allocation of the annual portion of the indemnity to the complementary pension, but also affects the ELI insurance coverage in businesses with at least 50 employees. The drop however has been largely contained due to the success in marketing the product to small businesses, which has allowed a good performance in this sector to be maintained.

New issues of securitisation products were also contracted, mainly in relation to institutional clients.

The risk coverage segment recorded good results in the institutional sector of insurance deriving from collective negotiations as well as from the accessory coverage typical of the Pension Funds, which reports an increased interest among subscribers to complete pension programmes with this type of coverage.

Open Pension funds

The Fund is operative since June 2007. In 2008, premiums written from new subscribers continued in a contained manner, consolidating the progress made in 2007.
From January 1, 2008, a further investment sector became operative called "Milano – ELI Premium" which represents an entirely innovative product in the sector in terms of characteristics, objectives and relative economic conditions.

This segment contractually provides, on the occurrence of determined events, the payment of a minimum yield of 1.25%, not linked to management results and has the objective of achieving annual yields above the annual change in ELI.

The innovative aspect lies not only in the very small management commission (0.10%) but the meeting of interests of the subscribing party with that of the Company: an incentive commission was introduced in "Milano ELI Premium", thanks to which only if the performance of this sector is superior than the annual yield of ELI, the effective remuneration of the Company will be paid and the subscribing party can benefit by a revaluation higher than that forecast by the regulation on ELI.

The Milano Assicurazioni Open Pension Fund is therefore divided into 6 different investment segments, capable of satisfying a wide range of customers in terms of risk level and expected returns. In particular, in addition to the previously described "Milano Premium TFR":

- Milano Bond: a fund whose portfolio prevalently is based on debt securities denominated in Euro and, to a residual extent, denominated in foreign currencies. Investment in equity securities is excluded. Subscription to the fund attributes to the policyholder the right to the payment of a guaranteed minimum amount, whatever the management results, equal to the sum of the net contributions paid capitalised at an annual composed interest rate of 2.5%. The right to the guarantee is recognised in the case of: pension, death, permanent invalidity, unemployment over 48 months;
- Milano Gest: a fund whose portfolio is diversified but with a majority of debt securities denominated in Euro and in foreign currencies. The equity component may not exceed 50% of the total assets. The subscription to the fund attributes the right to the payment of a minimum guaranteed amount, whatever the management result, equal to the sum of the net contributions paid capitalised at a composed annual interest rate of 2%. The right to the guarantee is recognised in the case of: pension, death, permanent invalidity, unemployment over 48 months. With respect to the investment policy and taking into account the guarantees proposed, with this fund the Company targets, with high expectations, at least in the long-term, returns equal to or above those of the Employee Leaving Indemnity. The assets managed in this segment, which receives funds from the employee leaving indemnity conferred tacitly, at year-end amounted to Euro 1.4 million;
- Milano Mix: a fund whose portfolio prevalently is based on debt and equity securities predominantly denominated in Euro and, to a residual extent, in foreign currencies. The equity component may not exceed 70% of the total assets;
- Milano Europa: a fund whose portfolio prevalently is based on equity securities denominated in Euro and, to a residual extent, denominated in foreign currencies. The equity component must constitute at least 70% of the total assets;
- Milano Global: a fund whose portfolio prevalently is based on equity securities denominated in Euro and in foreign currencies. The equity component must constitute at least 70% of the total assets.

At December 31, 2008, the Fund had 2,326 subscribers and contributions amounted to over Euro 4 million, with a total equity of approx. Euro 5.2 million.

Finally, in relation to subscriptions and contributions, in 2009, the interest will continue in the open pension funds with particular reference to guaranteed returns by individuals (employees and other) and by the companies which still have not developed complementary pensions on behalf of their employees.

Reinsurance policy

The premiums ceded in the non-life division amount to Euro 144.9 million compared to Euro 128.9 million in the previous year, and includes the data of Sasa Assicurazioni. Euro 95.3 million refers to the Milano Assicurazioni portfolio and accounts for 3.8% of direct premiums written and Euro 49.6 million (12.2% of direct premiums written) relates to Sasa Assicurazioni, incorporated at year-end. The greater recourse to reinsurance for Sasa is due to the characteristics of the portfolio, with a greater percentage of Transport and Aviation insurance, which typically have high exposure levels of capital insured.

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 Group 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.

The reinsurance undertaken has not incurred significant variations compared to previous years, as it has demonstrated to be efficient in relation to the needs of the Company; despite the increased yet controlled exposure, the structures described above have allowed a progressive containment of costs in the presence of stable and adequate coverage.
The premiums ceded amounted to Euro 13.7 million compared to Euro 15.5 million in the previous year. The reinsurance structure is unchanged compared to 2007, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re.
On the Sasa Vita portfolio, quota coverage were applied (both on commercial premiums and on risk premium) and excess coverage on the risk premium.

External Organisation

At December 31, 2008, there were 1,779 agencies compared to 1,785 at the end of the previous year. In addition, there are Offices at Milan, Turin, Rome, Padova and Pescara.
During the year, 74 new agencies (64 relating to Sasa and Sasa Vita) were created and 80 agencies (37 for Sasa and Sasa Vita) were dissolved.
The table below shows the Agency distribution and the relative average portfolios:

	2008	**2007**
Milano		
North	667	678
Centre	335	347
South	333	341
Total Agencies	**1,335**	**1,366**
Average Portfolio (Euro thousands)	1,969	2,015
Sasa and Sasa Vita		
North	236	225
Centre	108	108
South	100	86
Total Agencies	**444**	**419**
Average Portfolio (Euro thousands)	901	901
Total Company		
Number of Agencies	**1,779**	**1,785**
Average Portfolio (Euro thousands)	1,703	1,754

Indirect business

The indirect premiums amount to Euro 11.3 million compared to Euro 5.7 million in the previous year. The increase is principally due to the greater volumes of premiums accepted by the Group company Lawrence Re and the subsidiary Systema.
The premiums accepted from companies not belonging to the Fondiaria-SAI Group remain limited as, following the decision taken in the past to terminate the underwriting in the inward reinsurance market, the agreements relate almost exclusively to pools and market agreements.

The account includes the technical data for the year 2008 relating to the optional business and the contracts accepted from companies of the Group and, to a lesser and insignificant extent, those for the year 2007 for the other business in that the data relating to the year 2008, partially preliminary, was suspended in the transitory accounts of the balance sheet.
The overall technical balance, net of reinsurance, was substantially breakeven (loss of Euro 0.1 million) compared to loss of Euro 2.8 million in 2007.

Acquisition Expenses

The acquisition expenses of gross direct premiums amounted to Euro 510.7 million with a percentage on premiums of 14.9%, largely unchanged on 2007 (14.8%). The acquisition and collection commissions amounted to Euro 428.8 million, with a margin of 12.5% on premiums written (12.7% in 2007).
The other acquisition expenses amounted to Euro 81.9 million, compared to Euro 75.6 million in 2007, with a margin on premiums of 2.4% (2.1% in 2007).

Administration expenses

The administration expenses, net of the allocation to the technical and asset accounts, amounted to Euro 92.7 million compared to Euro 93.3 million in the previous year (-0.7%). The account includes personnel costs of Euro 27.9 million, other expenses of Euro 64.2 million and depreciation on fixed assets of Euro 0.7 million. The percentage on direct premiums was 2.7% (2.6% in 2007).

Personnel costs

At December 31, 2008, total employee numbers, including Sasa Assicurazioni and Sasa Vita incorporated during the year amounted to 1,709, as shown in the table below in comparison with December 31, 2007:

	2008	2007
Milano Assicurazioni:		
Executives	22	23
Insurance white collar workers	1,484	1,514
Building caretakers	4	4
Total	**1,510**	**1,541**
Sasa and Sasa Vita		
Executives	4	5
Insurance white collar workers	195	192
Building caretakers	,	-
Total	**199**	**197**
Total Company	**1,709**	**1,738**

The overall decrease of 29 employees is due to an intake of 62 and 91 departures during the year. Salary costs in the year amounted to Euro 116.3 million, in line with 2007 (Euro 116 million).

Taking into account the reciprocal recharging between the Companies of the Fondiaria-SAI Group, deriving from the allocation of the general organisational costs, the total personnel cost for the company were Euro 119.8 million attributed to the following income statement accounts:

	(Euro thousands)
Charges relating to claims	42,530
Acquisition Expenses	43,832
Administration expenses	27,913
Investment management charges	1,419
Other charges	4,124
TOTAL	**119,818**

Asset and Financial Management

In relation to the bond markets, the year 2008 can be divided into two parts, which saw a major shift during the summer period.

In the first six months of the year, the bond markets suffered heavily due to inflationary fears, primarily due to high levels of price growth in raw materials and by the weakening of the Dollar - the reference currency for oil and commodities.
This scenario, which in fact led the ECB to increase interest rates to 4.25% in July, changed drastically in a deep and worrying global recession which forced all the Central Banks to cut interest rates sharply and the National Governments to quickly implement neo-Keynesian fiscal stimulus policies.

The credit crunch following the global financial crisis, originating from the American real estate crisis which spread across the world due to the high debt levels of American households, brought prestigious financial institutions such as Lehman Brothers to their knees, which went bankrupt in September, and also the disappearance of others such as Merrill Lynch, which was acquired by Bank of America.

In the face of the deteriorating financial situation and the consequent effect on economic growth, with the worst global crisis since the Second World War, the Fed and ECB repeatedly cut interest rates, which at the end of 2008 were 0.25% and 2.5% respectively and, similarly, the other principal Monetary Authorities across the world implemented strong monetary expansion policies to confront the contraction in credit, arising from the growing crisis in confidence.

National Governments implemented fiscal stimulus policies, aimed at sustaining internal demand and public investments, to offset the reduction in private consumption. This therefore results in the risk of growing public debt in the medium term period, with greater concerns for those states with higher debt, while the excessive expansion monetary policies could give rise to new rounds of inflation.

The expansive monetary and fiscal policies are however necessary to counter the recession and to lay the foundations, during 2009 and more probably 2010, for the seeds for new growth, based less on leverage and on finance and more centred on real activity and financial equilibrium.

Obviously the price of bonds benefited from the “fly to quality” and the fact that, since the summer, interest rates lowered significantly, in particular the short-term maturities.

In this scenario, the financial management of the company undertook, through a close analysis of the macroeconomic issues, a careful and targeted approach to increasing the total Corporate component, indicated as the asset class which best satisfies the diverse needs of the Portfolios. In particular, the Corporate component, which increased principally in the Life Portfolios in consideration of the trade off between risk and additional yield at parity of duration compared to the other investment categories, reported constant growth throughout the year, from a particularly low share even in comparison to the competition, to a more balanced level based on the profitability of the single separated management in comparison to the insurance system.

The choice to lengthen the duration of some Life Portfolios, taking also into consideration the requirements of Asset Liability Management, permitted an ordinary return above that recorded in 2007. The Corporate equities component, as expected, also contributes to this result which through a careful selection policy on the quality of the issuer and the average maturity provided significant yields.

In the Non-Life Division, the profitability of the portfolio decreased on 2007 due to the significant presence of variable rates, whose yields are related to the performance of markets, which is in a negative cycle.
The decrease in the yield of securities at variable interest rates was in part offset by the strong presence of short-term fixed rates which performed better than the long-term fixed rates in that the increase of the risk premium related to the global financial crisis caused a strong increase in the yield curve, in particular in those with short-term maturities up to 3 years, which is seen as a secure approach toward liquidity in a time of great uncertainty.

In relation to the equity markets, in 2008 there was a significant drop in share prices with average losses of around 40% which hit all sectors, but principally the financial, industrial and cyclical sectors.
In the first part of the year, the market was particularly impacted by macroeconomic issues, initially by inflationary worries and thereafter strong concern for the crisis in the real economy. This caused global share prices to fall heavily in the first half-year.
The downward trend since the beginning of the year continued into the second half of the year, with October probably one of the worst months on record for international stock markets.

In Europe, the losses were significant, from 44% on the Eurostoxx50 to 49% on the S&P MIB. The US stock exchanges also performed poorly, which as well as hitting the financial sector, also hit the most resistant sectors traditionally – such as primary goods and utilities. The Japanese market was also negative, with the slowdown in the global economy and the revaluation of the yen having a serious impact on the motor sector.

In relation to the non strategic equity portfolio the activities saw a reduction in the percentage holding of equity by approx. 20%, undertaken at the beginning of January, and the shift from sectors more closely related to the economic cycle and to the financial crisis towards more defensive sectors. Since the beginning of the year, the best sector choice was particularly the underweight of financial securities.

Considering the continued uncertainties on the markets, it was decided to seek benefits from the high levels of volatility through a strategic management policy of investments, also through the sale of call options on securities in portfolio, thus supporting ordinary yields of separated management; these operations related to approx. 15/20% of the portfolio.

In relation to the strategic portfolio, in the second half of 2008 the partial release from favourable hedges in previous years and the simultaneous reduction of underlying securities was carried out.
Currently the overall view on Equity still remains prudent in the short-term period given the recent downward trend and the strongly negative outlook of investors, but with a view to the progressive increase of investments in the medium-long term period.

The composition of the investments at December 31, 2008 compared to the end of the previous year is shown in the table below:

	2008 *(thousands of Euro)*	**Compos.** *%*	**2007 Proforma Consol** *(thousands of Euro)*	**2007**
Land and buildings	524,405	5.7	512,394	505,250
Bonds issued by group companies	-	-	3,994	3,994
Bonds and other fixed-income securities	5,969,484	65.3	6,899,761	6,266,049
Shares and holdings in group companies	1,124,040	12.3	645,358	642,985
Equity investments and minority holdings	642,918	7.0	1,004,328	989,708
Loans to group companies	31,060	0.4	27,173	27,173
Loans to policyholders and other loans	30,151	0.3	29,873	27,587
Investment fund units	448,370	4.9	411,717	396,789
Other financial investments	99,487	1.1	28,051	28,028
Deposits with reinsuring companies	2,650	-	3,102	3,010
Total	**8,872,565**	**97.0**	**9,565,751**	**8,890,573**
Investments where risk is borne by policyholders and those relating to pension fund management	277,725	3.0	346,425	253,662
TOTAL	**9,150,290**	**100.0**	**9,912,176**	**9,144,235**

The amounts at December 31, 2008 are net of value adjustments totalling Euro 334.7 million as follows:

(Euro thousands)

Land and buildings	1,595
Bonds and other fixed-income securities	121,648
Shares and holdings in group companies	19,547
Equity investments and minority holdings	149,431
Investment fund units	42,054
Other financial investments	441
TOTAL	**334,716**

The value adjustments on land and buildings refer to depreciation on buildings utilised by the business. The buildings for use by others are not subject to depreciation, in consideration of their constant maintenance, and therefore their utilisation is not limited over time.

The value adjustments on bonds and other fixed income securities relates to current securities and were made with reference to stock exchange prices recorded on the last trading day of the year with the exception of the Corporate bond securities with subordinated clauses.
For securities the current value was determined using alternative valuation models, developed internally on the basis of parameters commonly utilised by the operators, taking into account that the relative trading markets do not express, at the end of the year for trading volumes and reliability, sufficiently predictable listings.

The adjustments relating to *Shares and Holdings in Group Companies* were determined with reference to the share of losses recorded by the subsidiaries Bipiemme Vita (Euro 8 million), Dialogo Assicurazioni (Euro 10.4 million) and Sogeint (Euro 0.3 million).

The value adjustments relating to *Equity Investments* and *Minority holdings* relates to current securities of Euro 123.8 million and non-current investments of Euro 26.5 million.
The current securities were valued with reference to the stock exchange prices recorded on the last trading day of the year. The adjustments of the non-current investment segment relates to the investment in RCS Mediagroup, recorded at the consolidated net equity value at September 30, 2008.

The adjustments in the account *Other Financial Investments* refer to the write-down to current values of derivative contracts.

The strong increase in *Shares and Holdings in Group Companies* is principally due to:
- the industrial and corporate restructuring of the Fondiaria-Sai Group, already described in detail in the introduction to the present report and in particular the conferment to Milano Assicurazioni, by Fondiaria-Sai, of the entire shareholding in Liguria Assicurazioni held

by Fondiaria-Sai, amounting to 99.97% of the share capital, and a holding in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital.

These investments were acquired by Milano Assicurazioni at the same book value resulting from the accounts of the conferring Fondiaria-SAI, equal to Euro 151.1 million for Liguria Assicurazioni and Euro 172.4 million for Immobiliare Lombarda and this also takes into account the operation is a business combination of companies under common control;

- the share capital payment of approx. Euro 130 million paid to the subsidiary Meridiano Eur to provide the company with funding for real estate expansion.

Excluding the assets covering contracts where the investment risk is borne by the policyholders as well as the non-listed shares, the bond sector at the year-end represented 77.9% of the total portfolio, with a total duration of approx. 3.7 years.

The Non-Life Division is composed for 70.1% of fixed interest bonds, for 27.2% those at a variable rate, while the residual component comprises liquidity and time deposit investments. The total duration of the Portfolio is 1.9 years.

The Life Division has a fixed rate component of 83.6% while the variable portion amounts to approx. 14.3%. The remaining part refers to monetary investments and time deposits. The duration of the Portfolio is 5.1 years.

At a strategic level, preference was given to investments in Government Securities and Euro Zone securities which represent 76.9% of the total portfolio, while during the year the Corporate segment increased from 16.1% since the beginning of the year to 23.1% at the year-end. The Corporate Securities are, largely, belonging to the investment grade category.

The average net yields realised during the year, compared with the previous year is shown in the table below. With regard to the yield on shares, bonds and investment funds, these were calculated including the net profits to be realised on the investments recorded under current assets.

	2008	**2007**
	%	%
Land and buildings	2.5	2.9
Bonds	4.6	3.9
Shares and quotas in mutual investment funds	3.1	6.0
TOTAL	**4.2**	**4.3**

Principal Risks and Uncertainties

Management of risks

In relation to the management of corporate risks, the Company has carried out activities in the Risk Management department constituted by the Parent Company Fondiaria-Sai in 2006. This department has the objective to develop and complete an internal Risk Capital model for the implementation of an efficient Enterprise Risk Management system.

The Risk Map

The risks considered in the Model adopted are shown in the Risk Map (the following table), which breaks down each risk by segment of business. As well as the assessment of maximum potential loss, the approach adopted in the monitoring of the total exposure considers also the risks which according to the cause – effect, can manifest themselves as a consequence of other risks, although not always generating a directly measurable economic impact.

These risks, called "Second level risks" are:
- The Reputational Risk, or rather the risk related to the deterioration of the corporate image and the increase of conflict with insured parties, related also to a drop in the quality of the products offered, the placing of unsuitable policies or the conduct of sales networks;
- Risks related to belonging to a group or "infection" risk, refers to the risk which arises due to the interlinked nature of the other companies of the group, a situation of difficulty if an entity of the same group has solvency issues; risks of conflict of interests.

Alongside these types of Risks, particular attention must be paid to <u>Strategic Risk</u>, or the current or future risk of a drop in profits or of capital deriving from a change in the operating context or from bad corporate decisions, inadequate decisions or a failure to react sufficiently to changes in the competitive environment.
The Risk Map, of Level I and II, is the basis for the Risk Management activity. This structure however is not a fixed element within the Model, in that the approach adopted, as set out above, must consider not only all of the current Risks, but also the possible future risks, with the objective to anticipate any possible threats originating from the context in which the company operates.

Table 3 Risk Map of the Fondiaria-SAI Group

(*) The Credit Risk includes the Counterparty Default Risk and the Spread Risk , as per the risks included in the Technical Specifications of the Fourth Quantitative Impact Study (QIS4) in the standard formula calculation of SCR (Solvency Capital Requirement).

Definitions		Life	Non-Life	RE	Other
Financial Risks					
Market Risk	Risk of losses from changes in interest rates, in share prices, exchange rates and property prices.	x	x	x	x
Credit Risk (*)	Risk related to contractual breach by the issuer of financial instruments, of reinsurers, of brokers and of other counterparties.	x	x	x	x
Liquidity Risk	Risk of non-compliance of obligations towards policyholders and other creditors due to difficulties in transforming the investments into liquidity without incurring losses.	x	x	x	x
Life Technical Risks					
Longevity	Risk related to the impact on the valuation of the reserves of the uncertainty of the trend and parameters related to the duration of life.	x			
Mortality	Risk related to the impact on the valuation of the reserves of the uncertainty of the trend and parameters related to the mortality.	x			
Disability (**)	Risk related to the impact on the valuation of the reserves of the uncertainty of the trend and parameters related to disability.	x			
Expenses	Risk related to the changes in the value of the expenses related to the policies.	x			
Redemption	Risk related to the value of the insurance liabilities deriving from changes in the level or volatility of the redemption rates, resolution of contracts and non payment of premiums.	x			
Catastrophe	Risks deriving from external events (for example a pandemic), which is not sufficiently covered by the required capital levels.	x			
Non- Life Technical Risks					
Reserves	Risk related to insufficient provision of technical reserves for commitments underwritten and damages.		x		
Premiums	Risks deriving from the underwriting of insurance contracts, associated with the events covered, the tariff creation processes and the selection of risks and higher claims than that estimated.		x		
Catastrophe	Risk deriving from external events which is not sufficiently covered in the valuation of the risk premium and reserves.		x		
Operational and Other Risks					
Operating Risks	Risk of loss deriving from dysfunctional procedures, personnel or internal systems or from external events.	x	x	x	x
Risk of non compliance with regulations (***)	Risk of judicial or administrative sanctions, incur losses or reputational damage as a consequence of non compliance with law, regulations or provisions of the Supervision Authority or self-governance regulations, such as by-laws, conduct codes or self-governance codes; risk deriving from unfavourable changes in regulations or laws.	x	x	x	x
Reputational Risk	Risk related to the weakening of the corporate image and the increase of conflict with insured parties, related also to a drop in the quality of the products offered, the placing of unsuitable policies or the conduct of sales networks.	x	x	x	x
Risk related to the Group or "of contagion"	Risk which arises due to the interlinked nature of the other companies of the group, a situation of difficulty if an entity of the same group has solvency issues; risks of conflict of interests.	x	x	x	x
Strategic Risk	Current or future risk of a drop in profits or of capital deriving from a change in the operating context or from bad corporate decisions, inadequate decisions or a failure to react sufficiently to changes in the competitive environment.	x	x	x	x

(**) The Disability Risk includes the Mortality Risk.
(***) The Non- Compliance Risk is considered in the estimate of the Economic Capital of the Operational Risks (Solvency II Directive proposal).

Guidelines issued by the Board of Directors of the Parent Comp any Fondiaria-Sai

In relation to the objectives and the management policies on financial risks as well as the hedging policies, the Board of Directors of the parent company Fondiaria-Sai issued guidelines in relation to the management of the equity portfolio and of the operations with regard to derivative financial instruments. These guidelines set out, among other issues, a structure of operating limits in relation to the level of exposure to:
- equity risk;
- interest rate risk;
- credit risk.

Limits are also set out in relation to the operations in derivative financial instruments, broken down between those for "efficient management" and those for "hedging".

In February 2009, a Group level Risk Policy was approved by the Board of Directors of the parent company Fondiaria-SAI, which established the following principal objectives:
- to set out the principles and structures of the ERM model of the Group, in order to guarantee a homogeneous approach at Group level to risk;
- set out the guidelines and structure of the operating limits of the Group in line with the risk appetite and strategies of capital allocation of the parent company Fondiaria-SAI;
- formalise the decision making process for new investments in light of the introduction of criteria based on an Economic Capital approach and the measurement of Risk Adjusted profitability;
- support, in a general manner, the process to define the strategic choices in relation to risk.

This document should be viewed in the current regulatory context of transition from the Solvency I regime to the future Solvency II regime. In this regard, the policy was developed taking account of the provisions of Reg. ISVAP No. 20 of March 26, 2008 and the future changes to be implemented contained in the Framework Directive Solvency II document and the Issue Papers set out by CEIOPS.

With particular reference to Financial Risks, the policy adopted intends to guarantee:
- adequate diversification, avoiding excessive concentration of risk;
- a readily liquid portion of investments;
- structuring of liabilities through the utilisation of ALM policies;
- prudent management, focused prevalently on investments in plain vanilla instruments and residually in more complex assets, whose valuation is monitored through an internal pricing model.

In line with these objectives, operating limits were defined for all types of Financial Risk:
- Market Risk
  - Equities
  - Interest rate
  - Real Estate
  - Currency
- Credit Risk
  - Counterparty Default Risk
  - Spread Risk
- Liquidity Risk.

In relation to these categories of risk, attention was paid also to possible exposures to a concentration of risk, considered separate from each definable individual type of risk.

The structure of the limits included all of the principal asset classes which make up the investments. In particular the limits were defined in terms of:
- Maximum % per asset class of the total of the Assets Under Management (Total Investments);
- limits of concentration by issuer/counterparty;
- limits in terms of rating;
- limits in terms of VaR;
- limits in terms of duration gap (broken down between Non-Life and Life);
- limits in terms of minimum hedging on the strategic investments;
- limits in terms of liquidity: % maximum percentage of "illiquid" instruments.

The Board of Directors of Milano Assicurazioni and of its subsidiaries were requested to implement the guidelines for the management of the risks and the decisional procedures relating to new investments (Group Risk Policy) approved by the Board of Directors of the parent company Fondiaria-Sai and to define its structure of operating limits, taking into account the peculiarities of the individual businesses and any specific restrictions in terms of Risk Tolerance.

Market risk, Interest risk and V.a.R. and Risk Capital

The market risk represents a risk in the change of the value of the financial position due to changes in the value of the underlying components on which these depend, such as equities, bonds, exchange rates, commodities, etc.

The monitoring system provides for the valuation of the risk of change in interest rates and market risks in the portfolio and are measured by the "Value at Risk" (V.a.R.).

Through this measure, the loss in the value of the in-force portfolio is estimated, against sensitive fluctuations of risk factors in a predetermined time period and with a predetermined level of the probability of a damaging event occurring.

The VaR is probably the most used risk measure by financial institutions thanks to its generality and versatility. It facilitates:

- The obtaining of uniform measures of risks which permit the comparison of different instruments;
- Determine position limits;
- Construction of so-called "risk-adjusted" measures.

The profile of the risk portfolio of the assets is also determined by the structure of the liability, which these securities hedge.
In relation to the hedged assets of the Non-Life reserves, these are chosen based on the portfolio asset allocation, taking into account the expected evolution of the claims settlements to which the reserves refer.
From an operational viewpoint, in the Life Division the sensitivity of the value of the reserves to changes in interest rate is determined, whose measurement provides the change in the value of the portfolio for a determined change of one of the underlying risk factors. Subsequently the hedged asset portfolio is structured in order to have sensitivity in line with the risk value.

In the following tables, the market data analysed refer to market values at December 31, 2008.
The Duration index is the Macaulay duration expressed in years, while the Sensitivity Shift is calculated with reference to a parallel change of 1 b.p. The Sensitivity Index Rate is the relative change in value for a variation of 100 b.p. of the short-term rate.
The V.a..R is calculated at a probability level of 99.5%, with an unwinding period of 10 working days.

Table 2

Valuation Date December 31, 2008
MIL - Milano Assicurazioni
Type of portfolio D - Non Life portfolio

Securities - sensitivity analysis of the bond component (bonds, bond funds) by maturity - VaR

	Quoted Value	Composition %	Duration	VaR Interest %	VaR Exchange %	Sensitivity Rate %	Sensitivity Shift %
Government Euro	**2,451,047**	**87.48**	**2.41**	**0.61**	- -	**1.52**	**0.06**
Variable rate	*668,495*	*23.86*	*1.8*	*0.48*	- -	*1.26*	*0.01*
Fixed rate	*1,782,552*	*63.62*	*2.64*	*0.66*	- -	*1.61*	*0.08*
0.0< <=1.5	955,684	34.11	0.8	0.22	- -	0.72	0.00
1.5< <=3.0	398,837	14.24	2.33	0.78	- -	1.84	0.01
3.0< <=5.5	144,348	5.15	3.91	1.21	- -	2.65	0.03
5.5< <=7	154,893	5.53	5.74	1.51	- -	3.29	0.13
>7	128,789	4.6	11.48	1.95	- -	4.09	0.94
Corporate Euro	**252,503**	**9.01**	**2.11**	**0.66**	- -	**1.51**	**0.18**
Variable rate	*48,433*	*1.73*	*0.47*	*0.04*	- -	*0.33*	*0.01*
Fixed rate	*204,070*	*7.28*	*2.55*	*0.80*	- -	*1.82*	*0.22*
0.0< <=1.5	51,013	1.82	0.57	0.13	- -	0.53	0.00
1.5< <=3.0	69,950	2.5	2.18	0.74	- -	1.74	0.02
3,0< <=5,5	68,141	2.43	3.62	1.20	- -	2.51	0.17
5.5< <=7	8,734	0.31	5.49	1.77	- -	3.18	0.72
>7	6,233	0.22	4.8	1.28	- -	2.66	4.07
Euro Bond funds	**98,243**	**3.51**	**2.35**	**0.67**	- -	**1.64**	**0.00**
Fixed rate	*98,243*	*3.51*	*2.35*	*0.67*	- -	*1.64*	*0.00*
0.0< <=1.5	46,030	1.64	0.38	0.04	- -	0.35	0.00
3.0< <=5.5	52,213	1.86	4.09	1.23	- -	2.78	0.00
Total bonds	**2,703,550**	**96.49**	**2.38**	**0.62**	- -	**1.52**	**0.00**
Total	**2,801,794**	**100**	**2.38**	*0.62*	- -	*1.52*	*0.00*

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.
The duration index is the duration of Macaulay expressed in years.
The sensitivity shift is calculated with reference to a parallel shift of 1 bp.
The sensitivity index rate is the change relative to value for a variation of 100bp of the short-term rate.
The Value at Risk is calculated at a probability level of 99.5%, with an unwinding period di 10 working days.

Table 3

Valuation Date December 31, 2008

MIL - Milano Assicurazioni

Type of portfolio D - Non Life portfolio

Securities - analysis of the values and of the Value at Risk

Type	Currency	Composition %	VaR Interest/Price %	VaR Exchange %	VaR Total %
Shares	US Dollar	0.01	32.26	7.03	39.30
	Euro	8.53	15.66	0.00	15.66
	Swiss Franc	0.12	11.23	4.51	15.75
	UK Sterling	0.22	20.36	5.79	26.15
	Japanese Yen	0.02	26.18	10.09	36.27
	Total listed shares	**8.90**	**15.76**	**0.24**	**16.00**
Bond funds	Euro	3.83	0.95	0.00	0.95
	Bonds	62.97	0.63	0.00	0.63
	Time deposits	0.64	0.00	0.00	0.00
	Total Securities	**67.43**	**0.64**	**0.00**	**0.64**
Derivatives on shares	Euro	0.50	-11.59	0.00	-11.59
	Total Derivatives	**0.50**	**-11.59**	**0.00**	**-11.59**
Shares	US Dollar	0.03	16.40	7.04	23.44
	Euro	21.84	11.11	0.00	11.11
	Total non-listed shares	**21.87**	**11.12**	**0.01**	**11.13**
	Total	**98.72**	**4.26**	**0.02**	**4.29**
	Other assets	1.28	4.22	0.00	4.22
	Euro	1.28	4.22	0.00	4.22
	Total	**100.00**	**4.26**	**0.02**	**4.29**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.

The Value at Risk is calculated at a probability level of 99.5%, with an unwinding period di 10 working days.

The VaR t./p. expresses the VaR rate for the bond sector and the VaR price for the equity sector.

Table 4

Valuation Date December 31, 2008
MIL - Milano Assicurazioni
Type of portfolio V - Life portfolio

Securities - sensitivity analysis of the bond component (bonds, bond funds) by maturity - VaR

	Quoted Value	Composition %	Duration	VaR Interest %	VaR Exchange %	Sensitivity Rate %	Sensitivity Shift %
Government Euro	**2,277,473**	**74.01**	**6.63**	**1.26**	**- -**	**2.71**	**0.07**
Variable rate	***270,798***	***8.80***	***1.82***	***0.48***	***- -***	***1.25***	***0.02***
Fixed rate	***2,006,675***	***65.21***	***7.24***	***1.36***	***- -***	***2.89***	***0.07***
0,0< <=1,5	396,322	12.88	0.60	0.16	- -	0.54	0.01
1,5< <=3,0	146,697	4.77	1.73	0.58	- -	1.45	0.02
3,0< <=5,5	111,640	3.63	3.42	1.07	- -	2.41	0.03
5,5< <=7	382,271	12.42	5.23	1.42	- -	3.13	0.05
>7	969,745	31.51	11.53	1.98	- -	3.91	0.12
Corporate Euro	**744,178**	**24.18**	**4.92**	**1.54**	**- -**	**2.76**	**0.06**
Variable rate	***55,572***	***1.81***	***0.44***	***0.04***	***- -***	***0.32***	***0.00***
Fixed rate	***688,606***	***22.38***	***5.25***	***1.66***	***- -***	***2.95***	***0.06***
0,0< <=1,5	33,016	1.07	0.63	0.16	- -	0.59	0.01
1,5< <=3,0	66,198	2.15	2.05	0.70	- -	1.66	0.02
3,0< <=5,5	262,094	8.52	4.01	1.30	- -	2.67	0.04
5,5< <=7	106,738	3.47	5.21	1.63	- -	3.12	0.06
>7	220,560	7.17	7.31	2.62	- -	3.57	0.11
Euro Bond funds	**4,508**	**0.15**	**0.37**	**0.05**	**- -**	**0.31**	**0.00**
Fixed rate	***4,508***	***0.15***	***0.37***	***0.05***	***- -***	***0.31***	***0.00***
0,0< <=1,5	4,339	0.14	0.22	-	- -	0.22	0.00
3,0< <=5,5	169	0.01	4.07	1.22	- -	2.77	0.04
Government Non Euro	**28,195**	**0.92**	**4.06**	**0.59**	**5.83 -**	**1.62**	**0.04**
Fixed rate	***28,195***	***0.92***	***4.06***	***0.59***	***5.83 -***	***1.62***	***0.04***
0,0< <=1,5	6,620	0.22	0.17	0.03	6.70 -	0.16	0.00
1,5< <=3,0	12,362	0.40	2.15	0.52	5.46 -	1.52	0.02
5,5< <=7	83	-	5.68	1.44	7.03 -	2.94	0.05
>7	9,130	0.30	9.46	1.08	5.69 -	2.80	0.09
Corporate Non Euro	**23,015**	**0.75**	**1.57**	**0.41**	**5.54 -**	**1.06**	**0.02**
Variable rate	***3,644***	***0.12***	***0.14***	***0.00***	***5.87 -***	***0.11***	***0.00***
Fixed rate	***19,370***	***0.63***	***1.85***	***0.49***	***5.47 -***	***1.25***	***0.02***
0,0< <=1,5	9,192	0.30	0.54	0.12	4.90 -	0.45	0.01
1,5< <=3,0	6,322	0.21	2.46	0.57	5.42 -	1.64	0.03
3,0< <=5,5	3,857	0.13	3.91	1.23	6.92 -	2.44	0.04
Total bonds	**3,072,861**	**99.85**	**6.10**	**1.31**	**0.09 -**	**2.70**	**0.07**
Total	**3,077,369**	**100.00**	**6.09**	**1.31**	**0.09 -**	**2.70**	**0.06**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.
The duration index is the duration of Macaulay expressed in years.
The sensitivity shift is calculated with reference to a parallel shift of 1 bp.
The sensitivity index rate is the change relative to value for a variation of 100bp of the short-term rate.
The Value at Risk is calculated at a probability level of 99.5%, with an unwinding period di 10 working days.

Table 5

Valuation Date	December 31, 2008
	MIL - Milano Assicurazioni
Type of portfolio	V - Life portfolio

Securities - analysis of the values and of the Value at Risk

Type	Currency	Composition %	VaR Interest/Price %	VaR Exchange %	VaR Total %
Shares	Danish Crown	0.02	35.72	0.17	35.88
	Norwegian Crown	0.00	43.08	5.51	48.59
	Swedish Crown	0.02	21.15	4.50	25.66
	US Dollar	0.07	20.76	7.03	27.79
	Euro	5.84	13.86	0.00	13.86
	Swiss Franc	0.24	17.31	4.51	21.82
	UK Sterling	0.24	18.30	5.79	24.10
	Total listed shares	**6.44**	**14.33**	**0.49**	**14.82**
Bond funds	Euro	0.12	0.02	0.00	0.02
	Liquidity	0.17	0.00	0.00	0.00
Bonds	US Dollar	0.61	0.81	7.14	7.95
	Euro	76.19	1.35	0.00	1.35
	Swiss Franc	0.69	0.25	4.57	4.82
Time deposits	Euro	1.85	0.00	0.00	0.00
	Total Securities	**79.62**	**1.30**	**0.09**	**1.39**
Derivatives on shares	Euro	0.00		0.00	
	Total Derivatives	**0.00**		**0.00**	
Shares	Euro	7.25	13.42	0.00	13.42
	Total non-listed shares	**7.25**	**13.42**	**0.00**	**13.42**
	Total	**93.31**	**3.13**	**0.11**	**3.24**
	Other assets	6.69	3.09	0.04	3.12
	US Dollar	0.04	3.09	7.04	10.12
	Euro	6.65	3.09	0.00	3.09
	Total	**100.00**	**3.13**	**0.11**	**3.24**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.

The Value at Risk is calculated at a probability level of 99.5%, with an unwinding period di 10 working days.

The VaR t./p. expresses the VaR rate for the bond sector and the VaR price for the equity sector.

Risk Capital

As the capacity to be able to evaluate and manage the risks underwritten is a source of competitive advantage which each company must acquire to have success in an international scenario, a distinction must be made between the capital requirements of a “regulatory” nature such as, for example, the traditional actuarial reserve and the solvency margin required which must comply with law, and the capital requirements “at current market values”, such as the Risk Capital (RC) which, not withstanding the obligation to satisfy the above-mentioned requirements, is of fundamental importance for “strategic control”.
The Risk Capital therefore represents the value at risk determined over a predetermined time period (maximum loss potential) with a certain level of confidence (probability of bankruptcy), measuring the capital absorbed by the business. In addition, compared with the regulatory solvency margin, it is possible to value the cost (positive or negative) of the regulations.

In the following tables, the market data analysed refer to market values at December 31, 2008.
The Duration index is the Macaulay duration expressed in years, while the Sensitivity Shift is calculated with reference to a parallel change of 1 b.p. The Sensitivity Index Rate is the relative change in value for a variation of 100 b.p. of the short-term rate.
The Risk Capital is calculated at a probability level of 99.5%, with an unwinding period of 250 working days.

Table 6

Valuation Date December 31, 2008
MIL - Milano Assicurazioni
Type of portfolio D - Non Life portfolio

Securities - sensitivity analysis of the bond component (bonds, bond funds) by maturity - Risk Capital

	Quoted Value	Composition %	Duration	Risk Capital Interest %	Risk Capital Exchange %	Sensitivity Rate %	Sensitivity Shift %
Government Euro	**2,451,047**	**87.48**	**2.41**	**2.91**	**- -**	**1.52**	**0.02**
Variable rate	***668,495***	***23.86***	***1.8***	***3.43***	***- -***	***1.26***	***0.02***
Fixed rate	***1,782,552***	***63.62***	***2.64***	***2.72***	***- -***	***1.61***	***0.03***
0,0< <=1,5	955,684	34.11	0.8	0.25	- -	0.72	0.01
1,5< <=3,0	398,837	14.24	2.33	3.14	- -	1.84	0.02
3,0< <=5,5	144,348	5.15	3.91	5.78	- -	2.65	0.04
5,5< <=7	154,893	5.53	5.74	7.70	- -	3.29	0.06
>7	128,789	4.6	11.48	10.29	- -	4.09	0.12
Corporate Euro	**252,503**	**9.01**	**2.11**	**3.36**	**- -**	**1.51**	**0.02**
Variable rate	***48,433***	***1.73***	***0.47***	***2.92***	***- -***	***0.33***	***0.01***
Fixed rate	***204,070***	***7.28***	***2.55***	***3.47***	***- -***	***1.82***	***0.03***
0,0< <=1,5	51,013	1.82	0.57	0.07	- -	0.53	0.01
1,5< <=3,0	69,950	2.5	2.18	2.86	- -	1.74	0.02
3,0< <=5,5	68,141	2.43	3.62	5.66	- -	2.51	0.04
5,5< <=7	8,734	0.31	5.49	8.95	- -	3.18	0.07
>7	6,233	0.22	4.8	6.52	- -	2.66	0.05
Euro Bond funds	**98,243**	**3.51**	**2.35**	**3.13**	**- -**	**1.64**	**0.02**
Fixed rate	***98,243***	***3.51***	***2.35***	***3.13***	***- -***	***1.64***	***0.02***
0,0< <=1,5	46,030	1.64	0.38	0.00	- -	0.35	0.00
3,0< <=5,5	52,213	1.86	4.09	5.89	- -	2.78	0.04
Total bonds	**2,703,550**	**96.49**	**2.38**	**2.95**	**- -**	**1.52**	**0.02**
Total	**2,801,794**	**100**	**2.38**	**2.96**	**- -**	**1.52**	**0.02**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.
The duration index is the duration of Macaulay expressed in years.
The sensitivity shift is calculated with reference to a parallel shift of 1 bp.
The sensitivity index rate is the change relative to value for a variation of 100bp of the short-term rate.
The Risk Capital is calculated at a probability level of 99.5%, with an unwinding period di 250 working days.

Table 7

Valuation Date December 31, 2008
MIL - Milano Assicurazioni
Type of portfolio D - Non Life portfolio

Securities - analysis of the values and of the Risk Capital

Type	Currency	Composition %	Risk Capital Interest/Price %	Risk Capital Exchange %	Risk Capital Total %
Shares	US Dollar	0.01	89.28	31.57	120.85
	Euro	8.53	52.86	0.00	52.86
	Swiss Franc	0.12	42.34	21.01	63.35
	UK Sterling	0.22	67.46	26.47	93.93
	Japanese Yen	0.02	81.57	43.38	124.96
	Total listed shares	**8.90**	**53.20**	**1.09**	**54.28**
Bond funds	Euro	3.83	4.49	0.00	4.49
	Bonds	62.97	2.99	0.00	2.99
	Time deposits	0.64	0.00	0.00	0.00
	Total Securities	**67.43**	**3.05**	**0.00**	**3.05**
Derivatives on shares	Euro	0.50	-33.17	0.00	-33.17
	Total Derivatives	**0.50**	**-33.17**	**0.00**	**-33.17**
Shares	US Dollar	0.03	61.57	31.57	93.14
	Euro	21.84	42.00	0.00	42.00
	Total non-listed shares	**21.87**	**42.03**	**0.05**	**42.07**
	Total	**98.72**	**16.03**	**0.11**	**16.13**
	Other assets	1.28	16.06	0.00	16.06
	Euro	1.28	16.06	0.00	16.06
	Total	**100.00**	**16.03**	**0.11**	**16.13**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.
The Risk Capital is calculated at a probability level of 99.5%, with an unwinding period di 250 working days.
The RC t./p. expresses the Risk capital rate for the bond sector and the Risk capital price for the equity sector.

Table 8

Valuation Date December 31, 2008
MIL - Milano Assicurazioni
Type of portfolio V - Life portfolio

Securities - sensitivity analysis of the bond component (bonds, bond funds) by maturity - Risk Capital

	Quoted Value	Composition %	Duration	Risk Capital Interest %	Risk Capital Exchange %		Sensitivity Rate %	Sensitivity Shift %
Government Euro	**2,277,473**	**74.01**	**6.63**	**6.43**	**-**	**-**	**2.71**	**0.07**
Variable rate	***270,798***	***8.80***	***1.82***	***3.31***	***-***	***-***	***1.25***	***0.02***
Fixed rate	***2,006,675***	***65.21***	***7.24***	***6.85***	***-***	***-***	***2.89***	***0.07***
0,0< <=1,5	396,322	12.88	0.60	0.13	-	-	0.54	0.01
1,5< <=3,0	146,697	4.77	1.73	1.88	-	-	1.45	0.02
3,0< <=5,5	111,640	3.63	3.42	4.99	-	-	2.41	0.03
5,5< <=7	382,271	12.42	5.23	7.20	-	-	3.13	0.05
>7	969,745	31.51	11.53	10.43	-	-	3.91	0.12
Corporate Euro	**744,178**	**24.18**	**4.92**	**7.86**	**-**	**-**	**2.76**	**0.06**
Variable rate	***55,572***	***1.81***	***0.44***	***2.94***	***-***	***-***	***0.32***	***0.00***
Fixed rate	***688,606***	***22.38***	***5.25***	***8.26***	***-***	***-***	***2.95***	***0.06***
0,0< <=1,5	33,016	1.07	0.63	0.07	-	-	0.59	0.01
1,5< <=3,0	66,198	2.15	2.05	2.62	-	-	1.66	0.02
3,0< <=5,5	262,094	8.52	4.01	6.28	-	-	2.67	0.04
5,5< <=7	106,738	3.47	5.21	8.19	-	-	3.12	0.06
>7	220,560	7.17	7.31	13.57	-	-	3.57	0.11
Euro Bond funds	**4,508**	**0.15**	**0.37**	**0.22**	**-**	**-**	**0.31**	**0.00**
Fixed rate	***4,508***	***0.15***	***0.37***	***0.22***	***-***	***-***	***0.31***	***0.00***
0,0< <=1,5	4,339	0.14	0.22	0.00	-	-	0.22	0.00
3,0< <=5,5	169	0.01	4.07	5.86	-	-	2.77	0.04
Government Non Euro	**28,195**	**0.92**	**4.06**	**2.91**	**26.52**	**-**	**1.62**	**0.04**
Fixed rate	***28,195***	***0.92***	***4.06***	***2.91***	***26.52***	***-***	***1.62***	***0.04***
0,0< <=1,5	6,620	0.22	0.17	-	30.15	-	0.16	0.00
1,5< <=3,0	12,362	0.40	2.15	2.11	24.96	-	1.52	0.02
5,5< <=7	83	-	5.68	7.67	31.57	-	2.94	0.05
>7	9,130	0.30	9.46	6.06	25.96	-	2.80	0.09
Corporate Non Euro	**23,015**	**0.75**	**1.57**	**1.95**	**25.30**	**-**	**1.06**	**0.02**
Variable rate	***3,644***	***0.12***	***0.14***	***1.05***	***26.69***	***-***	***0.11***	***0.00***
Fixed rate	***19,370***	***0.63***	***1.85***	***2.12***	***25.04***	***-***	***1.25***	***0.02***
0,0< <=1,5	9,192	0.30	0.54	0.23	22.65	-	0.45	0.01
1,5< <=3,0	6,322	0.21	2.46	2.41	24.81	-	1.64	0.03
3,0< <=5,5	3,857	0.13	3.91	6.14	31.08	-	2.44	0.04
Total bonds	**3,072,861**	**99.85**	**6.10**	**6.71**	**0.43**	**-**	**2.70**	**0.07**
Total	**3,077,369**	**100.00**	**6.09**	**6.70**	**0.43**	**-**	**2.70**	**0.06**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.
The duration index is the duration of Macaulay expressed in years.
The sensitivity shift is calculated with reference to a parallel shift of 1 bp.
The sensitivity index rate is the change relative to value for a variation of 100bp of the short-term rate.
The Risk Capital is calculated at a probability level of 99.5%, with an unwinding period di 250 working days.

Table 9

Valuation Date December 31, 2008
MIL - Milano Assicurazioni
Type of portfolio D - Life portfolio

Securities - analysis of the values and of the Risk Capital

Type	Currency	Composition %	Risk Capital Interest/Price %	Risk Capital Exchange %	Risk Capital Total %
Shares	Danish Crown	0.02	92.40	0.83	93.23
	Norwegian Crown	0.00	96.72	25.29	122.00
	Swedish Crown	0.02	69.49	20.98	90.47
	US Dollar	0.07	63.77	31.57	95.34
	Euro	5.84	48.29	0.00	48.29
	Swiss Franc	0.24	58.75	21.01	79.75
	UK Sterling	0.24	55.65	26.47	82.12
	Total listed shares	**6.44**	**49.35**	**2.23**	**51.58**
Bond funds	Euro	0.12	0.22	0.00	0.22
	Liquidity	0.17	0.00	0.00	0.00
Bonds	US Dollar	0.61	4.03	32.04	36.07
	Euro	76.19	6.90	0.00	6.90
	Swiss Franc	0.69	1.17	21.28	22.45
Time deposits	Euro	1.85	0.00	0.00	0.00
	Total Securities	**79.62**	**6.65**	**0.43**	**7.08**
Derivatives on shares	Euro	0.00	0.00	0.00	0.00
	Total Derivatives	**0.00**	**0.00**	**0.00**	**0.00**
Shares	Euro	7.25	51.22	0.00	51.22
	Total non-listed shares	**7.25**	**51.22**	**0.00**	**51.22**
	Total	**93.31**	**13.06**	**0.52**	**13.58**
	Other assets	6.69	12.87	0.17	13.04
	US Dollar	0.04	12.87	31.57	44.44
	Euro	6.65	12.87	0.00	12.87
	Total	**100.00**	**13.04**	**0.50**	**13.54**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.
The Risk Capital is calculated at a probability level of 99.5%, with an unwinding period di 250 working days.
The RC t./p. expresses the Risk capital rate for the bond sector and the Risk capital price for the equity sector.

Interest rate risk

The table below shows the sensitivity analysis of the bond segment to changes in interest rates.

Table 10

Valuation Date	December 31, 2008
	MIL - Milano Assicurazioni
Type of portfolio	D - Non Life portfolio
Currency	EURO

Securities - sensitivity analysis of the bond component (bonds, bond funds) by market type

Type	Quoted value	Composition %	Duration	Increases 50 BP in %	Decreases 50 BP in %	Increases 100 BP in %	Decreases 100 BP in %
Euro	**2,801,794**	**100.00**	**2.31**	**-1.11**	**1.15**	**-2.19**	**2.35**
Euro Bond funds	98,243	3.51	0.22	-0.11	0.11	-0.21	0.22
Corporate Euro	252,503	9.01	2.11	-1.09	1.12	-2.16	2.26
Government Euro	2,451,047	87.48	2.41	-1.15	1.20	-2.27	2.44
Total bonds	**2,703,550**	**96.49**	**2.38**	**-1.15**	**1.19**	**-2.26**	**2.42**
Total	**2,801,794**	**100.00**	**2.31**	**-1.11**	**1.15**	**-2.19**	**2.35**

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.

The value quoted is at the date indicated.

The duration index is the duration of Macaulay expressed in years.

Table 11

Valuation Date	December 31, 2008
	MIL - Milano Assicurazioni
Type of portfolio	V - Life portfolio
Currency	EURO

Securities - sensitivity analysis of the bond component (bonds, bond funds) by market type

Type	Quoted value	Composition %	Duration	Increases 50 BP in %	Decreases 50 BP in %	Increases 100 BP in %	Decreases 100 BP in %
Euro	**3,026,159**	**98.34**	**6.14**	**-3.17**	**3.38**	**-6.15**	**7.00**
Euro Bond funds	4,508	0.15	0.02	-0.01	0.01	-0.01	0.02
Corporate Euro	744,178	24.18	4.92	-2.95	3.07	-5.79	6.26
Government Euro	2,277,473	74.01	6.63	-3.25	3.49	-6.28	7.26
Non Euro	**51,210**	**1.66**	**2.92**	**-1.43**	**1.50**	**-2.80**	**3.06**
Corporate Swiss Franc	13,668	0.44	1.06	**-0.55**	**0.55**	**-1.08**	**1.12**
Government Swiss Franc	13,478	0.44	4.15	-1.98	2.06	-3.87	4.21
Corporate US Dollar	9,347	0.3	2.31	-1.18	1.21	-2.33	2.44
Government US Dollar	14,717	0.48	3.97	-1.91	2.04	-3.71	4.21
Total bonds	**3,072,861**	**99.85**	**6.1**	**-3.15**	**3.36**	**-6.11**	**6.95**
Total	**3,077,369**	**100**	**6.09**	-3.14	3.35	-6.10	6.93

The monetary amounts are shown in thousands of Euro at the exchange rate at the valuation date.
The value quoted is at the date indicated.
The duration index is the duration of Macaulay expressed in years.

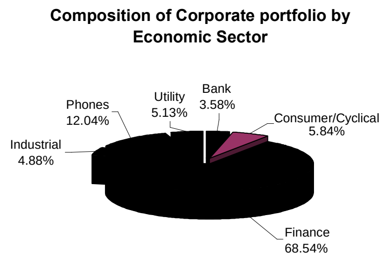
Credit risk

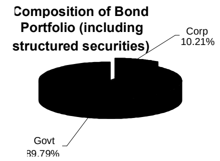
The credit risk represents the risk that, within the credit operations, the debtor absolves, only in part, the repayment of the capital and interest.
The credit risk, consequent of holding bond securities, is estimated based on the valuation models of the risk of loss in value of the portfolio following movements in the prices of the securities and possible defaults of the issuers on the securities.
As illustrated in the table “Sensitivity analysis of the bond component” the bond portfolio is composed by over 80% of government securities, prevalently issued by the Italian state and marginally by other countries in the OCSE.
In addition, the breakdown by rating class of the “corporate” bond portfolio illustrates the investment in the highest credit rating classes.
The graphs below show the composition of the corporate portfolio.
The analysis is divided by industrial sector of the issuer and by corporate rating of the issuer. Government securities are excluded from the analysis.
An overview of the portfolios analysed is made through graphs and histograms, whose fundamental risks (in terms of exposure) are identified by the principal issuers in the most important sectors. It is recalled exposure refers to the estimated loss in the case of insolvency of the issuer, taking into account the “recovery rate” estimated for each rating.

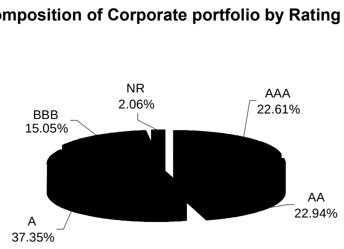
Milano Assicurazioni
Non life portfolio at 31/12/2008

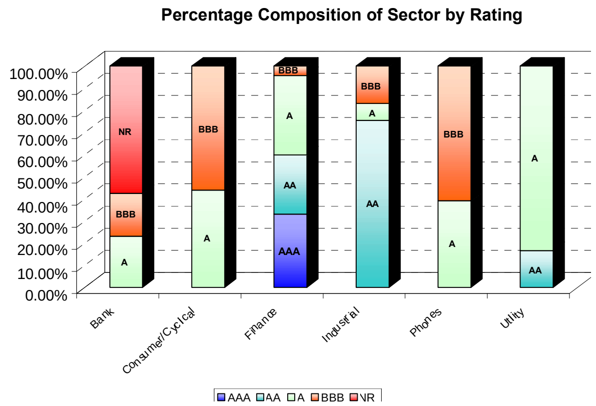
Table 12

Bond Portfolio: Credit risk







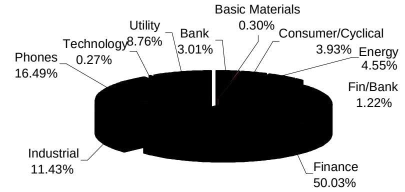


Milano Assicurazioni
Life portfolio at 31/12/2008

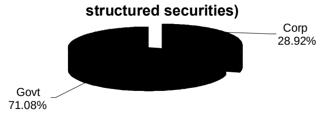
Table 13

Bond Portfolio: Credit risk

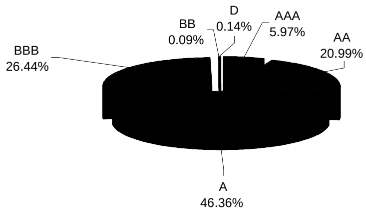
Composition of Corporate portfolio by Economic Sector



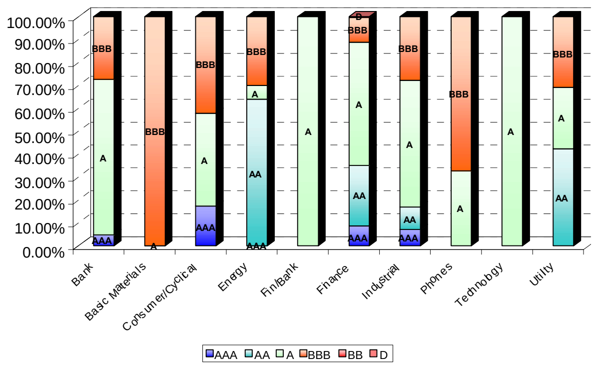
Composition of Bond Portfolio (including structured securities)



Composition of Corporate portfolio by Rating



Percentage Composition of Sector by Rating



Liquidity risk

The liquidity risk is the risk that the Company may have difficulty in sourcing funds for its financial commitments.
The objective is to have a balance between the maintaining of monetary credit lines capable of covering in a timely manner any unforeseen obligations of the policyholders and of suppliers and the opportunity to apply the excess liquidity to more remunerative investment operations.
The management of the liquidity risk is undertaken at a centralised level of the financial resources in accordance with the Treasury model and in the utilisation of cash pooling techniques and instruments.

Given the nature of the activities undertaken and given the Treasury management procedures, the liquidity risk is controlled through the programmed management of the cash flows substantially on a ten year period, attempting to coincide the most significant cash outgoings with the returns from agencies and making available the excess funds compared to the treasury needs daily to the Finance Department.
The excess liquidity compared to the obligations of the Finance Department are used by the Treasury in restricted 24 hour deposit accounts (so-called "time deposits") and are consequently available within a period of 48 hours. As a further safeguard, in the case of particular emergencies for funds and urgent necessity, the Treasury holds at the Group Bank funds available to meet these operations up to a maximum of Euro 45 million.

Operating risk

The Fondiaria-SAI Group, following the issuance of circular 577/D (based on the current regulation No. 20 of March 26, 2008), in view of the changes to the European Solvency II Directive and the drive based on the strategic need to increase efficiency and the greater protection of clients, set out and is in the phase of implementing the identification, measuring and monitoring of the operating risks model, which relates to "the risk of losses deriving from the inefficiencies of persons, processes and systems, including those utilised for distance selling, or from external events, such as fraud or the outsourced supply of services (outsourcing risk)" (Regulation No. 20 ISVAP Article 18 paragraph 2, letter f). Based on the internal Operating Risks Management model, the relationships and the reciprocal impacts between Operating risks and Risk Compliance, Reputational Risk and Strategic Risk are considered with the objective to evaluate the direct and indirect impacts of events relating to operating risks. In particular, the analysis adopted is aimed at understanding, according to the casual logic the risk factors, the events and effects (monetary and non monetary) as well as the impacts that these effects can have on the solvency and the achievement of the objectives set.

Uncertainties

The application of some accounting principles necessarily implies significant elements of opinion based on estimates and assumptions which are uncertain at the time of their formation.

For the accounts for the year 2008 it is considered that the assumptions made are appropriate and consequently the accounts are prepared with the intention of clarity and represent in a true and fair manner the financial situation and result for the year. The disclosures required as per article 94 of the Finance Act on Private Insurance are provided below. In the notes in the relative paragraphs, adequate and exhaustive information is provided into the underlying reasons for the decisions taken and the valuations made.

In order to provide reliable estimates and assumptions reference was made to historical experience, as well as other factors considered appropriate in the specific cases, based on all the information available.

It cannot be excluded, however, that variations in estimates and assumptions may determine significant effects on the balance sheet and income statement, as well as on the potential assets and liabilities reported for information purposes in the accounts, where different opinions are made compared to those utilised at the time reported.

In particular, the use of greater subjective valuations by management was necessary in the following cases:
- in the determination of the loss in value of investments;
- in the determination of the current value of financial assets and liabilities where they were not directly obtained from active markets. The elements of subjectivity relate to, in this case, in the choice of the valuation models or in the input parameters which may not be observable on the market;
- in the definition of the parameters utilised in the analytical valuations of non-current equity securities to evaluate the existence of any permanent loss in value. In particular reference is made to the choice of the valuation models and the principal assumptions and parameters utilised;
- in the estimate of the recovery of the deferred tax assets;
- in the quantification of provisions for risks and charges, for the uncertainty therein and of the time period;

The reporting of these cases is made with the objective to permit the reader of the accounts a better understanding of the principal areas of uncertainty, but it is not intended in any case to imply that alternative assumptions could be appropriate or more valid.

In addition, the valuations in the accounts are made based on the going concern of the business, in that no risks were identified which could compromise the normal carrying out of the business activities.

Other significant events in the year

Fondiaria-Sai Group corporate/industrial restructuring

The Board of Directors' meeting of January 30, 2008 of Milano Assicurazioni reviewed and approved the guidelines for an industrial/corporate reorganisation of the FONDIARIA-SAI Group relating to the activities of some insurance companies belonging to the Group and the real estate assets managed by Immobiliare Lombarda, in which Milano Assicurazioni holds 11.15% of the share capital.

In particular, a project was begun, among others and in the direct interest of Milano Assicurazioni, involving a restructuring of the non-listed companies of the Fondiaria-Sai Group that have a direct commercial presence on the market, concentrating the activities undertaken by SASA Assicurazioni e Riassicurazioni S.p.A., SASA Vita S.p.A. and Liguria Assicurazioni into Milano Assicurazioni through the merger/conferment of these companies.

Specifically, the project provided for:
1. The merger by incorporation into Milano Assicurazioni of SASA, held 99.9% by Fondiaria-SAI, and of Sasa Vita, held 50% by Sasa and the residual 50% by Fondiaria-Sai;
2. A share capital increase of Milano Assicurazioni with exclusion of the pre-emption right, in accordance with article 2441 of the civil code, fourth paragraph, reserved to the parent company Fondiaria-SAI, to be paid through conferment in kind of the entire holding held by this latter in Liguria, equal to 99.97% of the share capital;
3. A share capital increase of Milano Assicurazioni with exclusion of the pre-emption right, in accordance with article 2441 of the civil code, fourth paragraph, for the parent company Fondiaria-Sai, to be paid through conferment in kind of the investments held by Fondiaria-Sai in excess of the 51% of the direct share capital held in Immobiliare Lombarda.

The above operations were approved by the Board of Directors of the companies concerned, on April 23, on the basis of the financial statements as at December 31, 2007 and approved by the relative extraordinary shareholders' meetings on October 8, 2008.

Isvap authorised the merger by incorporation into Milano Assicurazioni of SASA and SASA Vita and the purchase by Milano Assicurazioni of control of Liguria and Liguria Vita, as well as all of the by-law amendments following the share capital increase.

The Shareholders' Meeting of Milano Assicurazioni, held on October 8, 2008 resolved:
1) a paid-in share capital increase, without pre-emptive rights:
   - for a nominal value of Euro 13,151,493.16 through the issue of 25,291,333 ordinary shares of a nominal value of Euro 0.52 each, with a total share premium of Euro

137,901,231.84, reserved to Fondiaria-Sai S.p.A., to be paid through conferment in kind of 22,992,121 Liguria shares held, equal to 99.97% of the share capital;
- for a nominal value of Euro 17,503,268.64 through the issue of 33,660,132 ordinary shares of a nominal value of Euro 0.52 each, with a total share premium of Euro 154,872,652.36, reserved to Fondiaria-Sai S.p.A., to be paid through conferment in kind of 1,144,444.487 Immobiliare Lombarda S.p.A. shares held, equal to 27.88% of the share capital;

2) approval of the merger by incorporation of Sasa and Sasa Vita into Milano Assicurazioni, through cancellation without share swap of all the shares of Sasa Vita held by Sasa and the share capital increase of Milano Assicurazioni for Euro 23,979,115.68, through the issue of 46,113,684 ordinary shares of a nominal value of Euro 0.52 each to be assigned to the shareholders of Sasa (99.99% subsidiary of Fondiaria-Sai) and to the only shareholder of Sasa Vita other than Sasa, that is Fondiaria-SAI.

The merger was also approved, on the same date, by the shareholders' meetings of Sasa and Sasa Vita.

The conferment deeds of the above-mentioned investments were signed on October 30, 2008. The merger deed was signed on December 16, 2008. All of the agreements have legal effect from December 31, 2008.

The operations of the companies incorporated were recorded in the accounts of Milano Assicurazioni as of January 1, 2008 in accordance with the provisions of article 2504, paragraph 3, of the civil code. The fiscal effects are effective as of the same date.

The industrial advantages which these operations will create are as follows:

- Rationalise the commercial presence of the entire Group in the market, in view of the numerous acquisitions made in recent years and the increased level of competition in the marketplace, also due to regulatory amendments introduced, with the final objective to more efficiently achieve the strategy of creation of value which will permit growth in the coming years;
- Identify a specific mission for the two listed companies:
  - Fondiaria-SAI, as insurance parent company, with strategic and operational functions of the networks which belong to the two historic brands Fondiaria and SAI;
  - Milano Assicurazioni, as holder of the assets from the strong acquisition expansion realised by the Group in recent years.

Within Milano Assicurazioni, there will be an even greater concentration of the coordination of the brands of the distribution networks of non-listed companies, with a direct commercial presence on the market in order to combine:

- The benefits deriving from the synergies/optimisation of the costs expected from the merger of Sasa and Sasa Vita and from the conferment of Liguria. With regard to Liguria, a conferment is preferable to a merger, due also to the conditions contained in the purchase contract of this latter by Fondiaria-Sai agreed around two years ago;
- The competitive/organisational benefits from the application of Sasa and Liguria of the know-how within Milano Assicurazioni in valuing the agency networks of the Group connected to matters in terms of brand and/or agency mandate and/or territorial presence;
- The maintaining of the commercial identity of the company subject to merger/conferment and of the appropriate autonomous operations in order to preserve the typical flexible approaches to the markets which characterises these companies and which has permitted a loyal agency network and achievement of excellent results in terms of premium growth.

From a financial viewpoint, the operation permits Milano Assicurazioni to undertake the following additional opportunities:

- Significant increase in the capitalisation of Milano Assicurazioni following the merger/conferment, with consequent improvement in the liquidity of the share and the re-rating of the share within the Midex;
- Increase of the consolidated premiums written by Milano Assicurazioni of approx. Euro 700 million without any financial investment by the Company and shareholders.

The operations relating to Sasa, Sasa Vita and Liguria therefore took place with the integration of the further conferment into Milano Assicurazioni of the direct investments held by Fondiaria-SAI in Immobiliare Lombarda in excess of 51% of the share capital. The realisation of this operation, as well as the objective of delisting Immobiliare Lombarda on the successful outcome of the Public Purchase and Exchange Offer proposed by Fondaria-Sai on the shares of Immobiliare Lombarda, permits the Fondiaria-Sai Group to achieve greater efficiency compared to the current situation in the internal allocation of capital and of the risks and returns of the three principal business areas of Immobiliare Lombarda: *facility management, property management and project development.*

We recall that, on the completion of the Purchase and Exchange Offer, concluded on April 17, 2008, the holding in Immobiliare Lombarda subject to conferment amounted to 27.88%.

The Board of Directors' meeting of Milano Assicurazioni on February 26, 2008 appointed Morgan Stanley and Credit Suisse as advisors to the Company for the operation, in order to undertake an evaluation of the share swap ratio of the merger by incorporation of Sasa and Sasa Vita into Milano Assicurazioni and the value of Liguria and of Immobiliare Lombarda for the conferment to Milano Assicurazioni, by Fondiaria-Sai, of investments in Liguria and Immobiliare Lombarda, in accordance with the project described previously.

In particular, the company Morgan Stanley was appointed on the proposal of the independent directors and during the assignment the advisor chosen by them met with the management and the advisor and discussed in detail the activities undertaken. This activity was undertaken in order to guarantee not only adequate and complete information, which could have been undertaken by only one advisor, but in particular so that the independent directors, in the interests of the Company and in accordance with best market practices, may have a detailed exchange of opinion with their chosen advisor, including during the preparation of the opinion.

In accordance with the operations contained in the merger project and from December 31, 2008, the by-laws of the incorporating company report the share capital up to the amount of the increase which was made as a consequence of the execution of the two above-mentioned share capital increases of Milano Assicurazioni, in accordance with article 2441, paragraph 4, of the civil code, reserved to Fondiaria-SAI, to be paid through conferment in kind of the investments in Liguria and Immobiliare Lombarda.

In relation to the ordinary shares of Milano Assicurazioni issued for the share swap, they have the same rights as the ordinary shares outstanding at the effective date of the merger.
The merger equity value for all of participating companies was that recorded in the financial statements as at December 31, 2007.

The merger resulted in the cancellation without share swap of the ordinary shares of Sasa Vita held by Sasa as well as the cancellation without share swap of the ordinary shares of Sasa and Sasa Vita held by Milano Assicurazioni, and also for any treasury shares held by the companies incorporated.

The Milano Assicurazioni Board of Directors' meeting of April 23, 2008 decided to share the results of the advisors Morgan Stanley and Credit Suisse and in particular the conclusions in relation to:

(i) the range of the share swap ratios between the shares of Milano Assicurazioni and Sasa and Sasa Vita shares, expressing therefore a favourable opinion on the following share swap ratio:
    - 0.82 ordinary shares of Milano Assicurazioni for every Sasa share;
    - 0.42 ordinary shares of Milano Assicurazioni for every Sasa Vita share,

    which are within the ranges presented by the advisors;
(ii) the identification of the number of newly issued ordinary shares of Milano Assicurazioni for the conferment operation, in particular:

- 25,291,333 Milano Assicurazioni ordinary shares for the conferment in kind of 22,992,121 Liguria shares (corresponding to 99.97% of the share capital);
- 33,660,132 Milano Assicurazioni ordinary shares for the conferment in kind of 1,144,444,487 Immobiliare Lombarda shares (corresponding to 27.88% of the share capital),

which are within the ranges presented by the advisors.

The share swap relating to the merger results in a share capital increase of Milano Assicurazioni for the merger of Euro 23,979,115.68.
The number, as reported above, of newly issued ordinary shares of Milano Assicurazioni for the conferment operation resulted in:
- A share capital increase of Milano Assicurazioni, without the pre-emption rights, to be paid through the conferment by Fondiaria-Sai of the above-mentioned investment in Liguria, for a nominal amount of Euro 13,151,493.16, in addition to a total share premium of Euro 137,901,231.84, and thus for a total amount of Euro 151,052,725;
- A share capital increase of Milano Assicurazioni, without the pre-emption rights, to be paid through the conferment by Fondiaria-Sai of the above-mentioned investment in Immobiliare Lombarda, for a nominal amount of Euro 17,503,268.64, in addition to a total share premium of Euro 154,872,652.36, and thus for a total amount of Euro 172,375,921.

The Board of Directors of Sasa and Sasa Vita on April 23, 2008 decided to share the results of the advisors KPMG Advisory S.p.A. and Mediobanca (chosen by Fondiaria-Sai for its subsidiaries Sasa and Sasa Vita) and, in particular, the conclusions made by these in relation to the estimate of the share swap ratios between the shares of Milano Assicurazioni and Sasa and Sasa Vita, expressing a favourable opinion of the following share swap ratios:
- 0.82 ordinary shares of Milano Assicurazioni for every Sasa share;
- 0.42 ordinary shares of Milano Assicurazioni for every Sasa Vita share,

which are included in the ranges presented by the advisors and corresponding to the central values from the application of the principal methods as set out by KPMG Advisory S.p.A.
All the valuations were communicated to the market on April 23, 2008.

Milano Assicurazioni, Sasa and Sasa Vita, in the persons of their respective legal representatives, through the Milan Court requested the appointment of a common expert pursuant to article 2501 of the civil code for the preparation of the fairness report of the share swap as well as, where necessary, the appointment of an expert for the preparation of the estimate of the assets of the company incorporated as per article 2343 of the civil code in relation to the share capital increase for the share swap.
The Court of Milan appointed Reconta Ernst & Young as expert in accordance with both regulations above.
The Milan Court also appointed Reconta Ernst & Young as expert to prepare the sworn estimate of the investments conferred pursuant to articles 2440 and 2343 of the civil code.

On March 5, 2009, the Board of Directors of Milano Assicurazioni, pursuant to article 2343 of the civil code, assessed the valuations contained in the report prepared by the appointed expert Reconta Ernst & Young S.p.A. in accordance with the aforementioned regulations with regard to the conferment in favour of the company of the entire holding held by FONDIARIA-SAI in Liguria Assicurazioni and of the 27.88% holding of FONDIARIA-SAI in Immobiliare Lombarda. It is recalled these conferments are effective as of December 31, 2008.
The Board considered that based on the documentation reviewed and clarifications received, there are no reasons to undertake a revision of the estimates of the conferment values in favour of Milano Assicurazioni of the above-mentioned investments.
On the completion of this verification, on March 11, 2009, Consob communicated the authorisation for the publication of the information prospectus relating to the admission to the listing on the Stock Market of the ordinary shares of Milano Assicurazioni in relation to the two share capital increases through the conferment in kind of the investments in Liguria Assicurazioni and Immobiliare Lombarda and issued to service the merger by incorporation of Sasa and Sasa Vita. These shares are listed from March 16, 2009.

Atahotels S.p.A.

As communicated to the market on December 29, 2008 and January 5, 2009, on December 29, 2008, Fondiaria-SAI and Milano Assicurazioni signed a preliminary purchase contract with Sinergia Holding di Partecipazioni S.p.A. (hereafter: Sinergia) and Raggruppamento Finanziario for 100% of the share capital of Atahotels S.p.A., which – as noted – is a leading Italian hotel chain.
The effectiveness of the preliminary sales-purchase contract (hereafter: Contract) is conditional, among other matters, on the prior authorisation of Isvap, as well as the authorisation – already received – by the Anti-trust Authority.

Atahotels has an authorised share capital of Euro 40 million, subscribed and paid in for Euro 28 million, held 97.91% by Sinergia and 2.09% by Raggruppamento Finanziario.
Atahotels, created in 1967, is the 6th largest Italian hotel chain by room numbers (approx. 4,000) operating in the business and leisure segments; including the residences and new facilities opened in 2008, the total number of rooms is over 6,000.
The activities of the company are undertaken through direct management (and indirect, through subsidiary companies) of 24 facilities in Italy:
- 10 hotels (2,254 rooms)
- 6 resorts (2,178 rooms)
- 6 residences (1,577 rooms)
- 2 executive centers.

The facilities – with the exception of the Hotel Terme di Saint Vincent – are not owned by Atahotels but are leased from institutional investors with contracts which generally expire between 2015 and 2017, and precisely:

- 14 facilities leased from the Fondiaria-SAI Group (approx. Euro 11 million annual rent);
- 10 facilities leased from other institutional investors (approx. Euro 14 million annual rent).

During 2008, Atahotels opened 3 new facilities in properties owned by the Fondiaria-SAI Group (Pero, Varese and Petriolo), while three further facilities are planned in the coming years (Rome, Parma and San Donato Milanese), also owned by the Group. There are 1,500 employees, half of which are seasonal employees.

From a competitive standpoint, Atahotels has a number of distinguishing features compared to its competitors, in that it is a mixed operator (hotels, resort, residences) which manages large scale facilities (218 rooms on average per facility managed) and, finally, is present nationwide and also operates through a captive tour operator.

The corporate holdings of Atahotels are as follows:
- a 100% investment in the share capital of Hotel Terme di Saint Vincent S.r.l.;
- a 100% investment in the share capital of Tour Executive S.p.A., which operates in the travel agency and tourism sector;
- a 100% investment in the share capital of Italresidence S.r.l., which operates in the management of hotels;
- a 100% investment in the share capital of Ata Benessere S.r.l., which operates in the specialised sector of medical care and rehabilitation, diatetics, homeopathy and aesthetic medicine;
- a 98% investment in the share capital of AtaHotels Suisse S.A., currently non operative.

The operation would result in the acquisition of indirect control, by Fondiaria-Sai, of all these investments, while the investments already held by Atahotels in Fin.G.IT. S.p.A. (45%) was part of a separate sale to Sinergia for an amount of approx. Euro 16 million.

The company's market in recent years has seen a substantial stagnation principally attributable to the drop in the number of Italian clients and to a decrease registered in the art cities and in the seaside and mountain resorts. In 2007, in particular, the leading 7 Italian cities recorded a market decline with a RevPar (revenues per available room) decreasing by approx. 4%, a figure which deteriorated further in the first half of 2008 (approx. -5%), principally due to the effects of the world financial crisis.
With regard to the financial performance of Atahotels, the last three years, excluding extraordinary items which positively affected the results, illustrate:
- revenues substantially stable at around Euro 120 million annually (which reflects a decrease in the visitors compensated by an increase in prices);
- a GOP (Gross Operating Profit) decreasing due to the increase and rigidity of fixed costs (in particular personnel);
- a strong decrease in normalised EBITDA (loss in 2008) due to the increase in rent and fixed costs, advertising and promotions, as well as losses on receivables;
- strong decrease in EBIT due to the increase in depreciation on modernisation investments made in recent years to the facilities;
- a strong deterioration in the net loss.

From a management standpoint, the result of Atahotels are particularly concentrated on 6 "driving" facilities (on a total of 24) which represents over 70% of revenues and 80% of EBITDA.
In particular, 46% of the total revenues derives from the resorts, for a total of 6 facilities of which 3 (Tanka, Naxos and Capotaormina) represents 40% of the total revenues, while approx. 44% of the total revenues derives from the hotel business, for a total of 10 facilities of which 3 (Executive, Villa Pamphili and Quark Hotel) represents 29% of the total revenues.
Revenues are highly seasonal and are related to the activities of the resorts between May and October, with evident impact on the operating working capital and on the net financial position.

The structure of operating costs is rigid due to the high level of personnel costs and rental costs, in addition to other "fixed costs" of approx. Euro 13 million, of which:
- Euro 9 million/year for the significant depreciation related to the significant modernisation investments;
- approx. Euro 2 million of financial charges;
- approx. Euro 2 million of Irap.

In relation to the prospects of the company, the 2009-2015 business plan prepared by the management of Atahotels provides return to profit in 2013, with a requirement of funds to strengthen the balance sheet of around Euro 18 million in the current year.
These funds principally derive from the necessity to recapitalise the company and they are not related to particular financial requirements in that the company at operating level has always produced positive cash flows.
The plan is therefore characterised by the following key elements:

- change in business, with 3 new facilities opening in 2009 (Rome, Parma and San Donato) and the closure of 2 facilities (Executive Centre Rome in 2011 and Concord in 2012);
- slow start-up of the recent facilities opened (Pero, Petriolo, Varese);
- market recovery in terms of occupancy rate and prices, in particular in the facilities owned by the Fondiaria-SAI Group from 2010;
- "expo" effect in 2015;
- completion of the depreciation due to the extraordinary maintenance and modernisation works;
- investments of Euro 20 million for modernisation and opening of new facilities.

The purchase of Atahotels represents for the Fondiaria-SAI Group an opportunity of vertical integration in the tourist sector through the aggregation in the insurance companies, already owner of a large part of the facilities and of the management activities currently outsourced. This operation is against the backdrop of the hotel sector undergoing a difficult phase due to the protracted effects of the world financial crisis. Atahotels, for its part, which is impacted by a crisis similar to its competitors, at the same time is confronting a challenging development programme of its activities, both in relation to the investments already made, and the programme for new openings which are largely on properties owned by the Fondiaria-SAI Group.

This latter, in fact, in recent years, also following the merger between La Fondiaria Assicurazioni and SAI, and with the acquisitions and the current projects to be completed, significantly increased the component of tourist property investments with a property portfolio which in the coming years will amount to over Euro 500 million, part of which is managed by Atahotels and part still managed by various other operators until the expiry of the relative rental contracts. The significant and prestigious level of assets owned has therefore led the Company to undertake a direct presence in the management of these assets, with a view to obtaining better returns under a single management, thereby optimising time and procedures in obtaining rentals and to internalise the prospect of the creation of value from this activity. It is recalled that Atahotels was part of the former SAI Group in the '80s.

It is clearly evident that the current economic environment, while on the one hand requiring from the Fondiaria-SAI Group a financial and economic commitment (considering the capital needs and the losses forecast in the business plan of Atahotels) to maintain, sustain, expand and enhance its investments in the hotel sector, on the other represents an opportunity to acquire at very good levels one of the best national hotel chains, providing it with the appropriate capital and managerial levels to compete with greater efficiency and acquiring new market share and thereby laying the foundations to increase the value in the investment in the long-term period which will be achieved also through sector mergers and the eventual listing of the company.

The acquisition of Atahotels is part of a long-term investment policy adopted by the Group in the tourist-hotel sector, one of the driving sectors of the national economy, within the strategy of a captive management on which to concentrate also the numerous properties owned by the Group currently managed by third parties (for example Hotel Portofino Vetta, Hotel Lorenzo il Magnifico and Residence Guala). This development – as mentioned – is also opportune in the current economic environment which renders the strengthening of the capital and managerial capacities opportune and makes it possible to negotiate a good price for the acquisition. An almost equal joint equity investment by Fondiaria-SAI and Milano Assicurazioni for reasons of common interest was undertaken to maintain their respective real estate investments in the tourist segment, including through their holdings in Immobiliare Lombarda.

The Contract signed on December 29, 2008 provides for the purchase by Fondiaria-SAI of an investment of 51% of the share capital of Atahotels at a price of Euro 15.3 million and a holding of 49% of the share capital of Atahotels at a price of Euro 14.7 million by Milano Assicurazioni, for a total preliminary value of Euro 30 million. In accordance with the Contract, Fondiaria-SAI and Milano Assicurazioni made a provisional payment of 10% of the agreed price between the parties, while the remaining 90% of the price (subject to adjustments as described below) will be paid at the execution date.

The above-mentioned provisional price will be subject to an adjustment price procedure, either increasing or decreasing on the basis of the comparison of the net asset values and the net financial position of Atahotels, as resulting from the pro-forma statutory financial statements of Atahotels at December 31, 2008, and respective values in the financial statements of the company at December 31, 2008 as well as a comparison between the estimate of the net equity values and the net financial position of the subsidiary Italresidence S.r.l. at December 31, 2008 and the respective values in the financial statements of the company at the same date.
The agreement also includes a system of variable earn-out for the selling party, up to a maximum amount of Euro 13 million payable in 2013, based on the profitability of the company.

The contract also provides a clause that the selling shareholders will ensure that, for all of the period between the subscription date of the Contract and the execution date, Atahotels and the subsidiary companies do not undertake operations other than those within the ordinary management without the prior approval of the buyers. Also in accordance with the Contract, some representatives of the buyers were nominated immediately as directors of Atahotels.

The Contract also includes declarations and standard guarantees given by the sellers with reference to Atahotels and the subsidiaries at the subscription date of the Contract and will also give such guarantees at the execution date.
The purchase operation will be financed by the two insurance companies entirely through own funds.

The above operation is an operation with related parties of Fondiaria-SAI and Milano Assicurazioni, in relation to the positions of some directors of the two companies in Sinergia and the fact that this latter, a subsidiary of Starlife S.A., participates in the shareholder agreement concerning the shares of Premafin Finanziaria Holding di Partecipazioni S.p.A., the parent company of Fondiaria-SAI as per article 93 of Legislative Decree 58/98 and Raggruppamento Finanziario is a subsidiary of Starlife S.A.

Considering the type of investment and the nature of operations with related parties, the Board of Directors of Fondiaria-SAI and Milano Assicurazioni, for the determination of the purchase price of 100% of the share capital of Atahotels, appointed the independent expert KPMG Advisory S.p.A., which issued an opinion on the range of values of Atahotels. This opinion was duly sworn as consisting of transactions with related parties.

The operation was unanimously approved by the Board of Directors meetings of Fondiaria-SAI and Milano Assicurazioni – with the only abstention being the Directors with interests pursuant to article 2391 of the civil code – both meetings were held on December 17, 2008, with prior examination by the respective Internal Control Committees.

Società Agricola Cesarina S.r.l.

As communicated to the market on December 29, 2008 and January 5, 2009, on December 29, 2008, Milano Assicurazioni signed a preliminary purchase contract with Sinergia Holding di Partecipazioni S.p.A. (hereafter: Sinergia) of 100% of the share capital of Società Agricola Azienda Cesarina S.r.l. (hereafter: Cesarina), an agricultural business which in turns controls 100% of Azienda Agricola Santa Lucia S.r.l. (hereafter: Santa Lucia).
The effectiveness of the preliminary sales-purchase contract (hereafter: Contract) is conditional, among other matters, on the prior authorisation of Isvap, as well as the authorisation – already received – by the Anti-trust Authority.
Cesarina and Santa Lucia own land for agricultural, horticulture, plant and forestry cultivation and animal farming. They are also owners of buildings located in the immediate vicinity of the land, partly utilised – including by third parties – for the exercise of agricultural activities.
The land on which Cesarina and Santa Lucia undertake their agricultural activity is located in the agricultural area north east of Rome and covers approx. 730 hectares.

In particular, the land of Cesarina has a total area of approx. 680 hectares and is located within the "Natural Reserve of Marcigliana", beyond the Rome Ring Road, 13 km from the centre of Rome.

Among the buildings located in the area:
- service spaces: comprising 9 buildings for residential use, 18 agricultural buildings for stables, outhouses and poultry pens, 1 dairy farm and stables plus prefabricated shelters;

- private villa; comprising two floors above ground with outhouses, garage and garden with swimming pool, in excellent condition and with high quality finishings;
- other buildings for mixed use.

Santa Lucia, for its part, holds approx. 44 hectares of agricultural land adjacent to that of Cesarina, cultivated prevalently with intensive growing.
The land of Santa Lucia is also located in Rome in the “Natural Reserve of Marcigliana”.
There are also some buildings in the land of Santa Lucia;

- 5 rural buildings utilised as outhouses, workshops and furnaces;
- 2 buildings in part for residential use and part rural use, outhouses and barns.

The balance sheet of Cesarina is principally composed of land. In fact the assets, which in 2007 amounted to Euro 19 million, represented approx. 88% of fixed assets, which is in turn principally composed of:

- land and buildings of Euro 12.7 million (Euro 10.7 million due to the exclusion of the transaction of land owned by Cesarina located at Casalboccone);
- plant and machinery of Euro 0.7 million;
- costs capitalised for Euro 1 million, which principally refer to the milk quota acquired in 2005 and maintenance on machinery capitalised under intangible assets;
- investment of Euro 1 million (Euro 0.8 million due to the exclusion of the transaction of the investment in Azienda Agricola Panda S.r.l., held 100% by Cesarina).

There is also a medium-term loan provided in favour of Cesarina by Banca Popolare di Novara, of Euro 10 million and expiring at the end of 2009.
In relation to the income statement, revenues principally refer to the sale of milk and agricultural products. The other revenues relate to the grants which the company annually receives from the European Community and which contribute to over 30% to the total value of production.
Costs for raw materials and services refer to the ordinary activity and include costs for feed stuff, seed, fuel for agricultural machinery and ordinary maintenance on buildings. The company also has 11 employees.

In relation to the reasons for the operation, the entity will be integrated into the activities of the subsidiary Saiagricola S.p.A., through the merger with this latter which will create a "unique" enterprise within the north Roman agricultural district (only 13 km from the centre of Rome) due to its size and natural countryside surroundings.
The area, principally agricultural land, although within the Natural Reserve of Marcigliana, which currently precludes all construction, could be subject to future revaluation based on the possibility, in the long-term period, of the promotion of urban development also on a limited portion of the land, in consideration of the residential pressures of the area and the vicinity of the area to medium and high density populations close to the Rome Ring Road which the area borders.

In the medium-short term, however, considering the significant size of the company and its reduced level of agricultural exploitation, it is possible to foresee a considerable increase in revenues, both through a series of initiatives focused on current activities, in particular milk and olive oil, as well as developing innovative projects for the utilisation of agricultural products for the production of "green" energy and in particular plants for the production of biogas which will allow the valuation of agricultural products such as yeast, medical herbs, trefoil, hay, rice, rejected cheese, reutilisation of livestock waste, rice straw etc. The availability of large land areas and livestock sewage are in fact the necessary conditions to produce biomass to obtain biogas utilised for fuelling "cogenerator" motors which produce electricity.
The maximum estimates of the depreciation period after which an average size plant of 1 - 1.5 Mw should generate a net profit of between Euro 500,000 and Euro 600,000 annually is 3 years.
It is expected that Cesarina will be integrated into the activities of Saiagricolo – 100% direct and indirect subsidiary of Fondiaria-SAI in which Milano Assicurazioni currently holds 6.81% and is the long-standing agricultural company of the SAI Group, owner of over 5 thousand hectares of land and prestigious producer of quality wine, rice and olive oil – through a merger of the two companies, within an overall operation which could result in the agricultural business being divided roughly equally between Fondiaria-SAI and Milano Assicurazioni, in line with the strategy adopted by the group in other investment sectors.

The integration of Cesarina and Saiagricola would create economies of scale and marketing synergies which would permit critical mass levels to facilitate a direct retail distribution approach, opening a small number of selected retail sales points in Rome to enhance the entire range of agricultural products of the group (wine, olive oil, rice, cheese, fruit, etc.) promoting the brand awareness of the Saiagricolo products within a marketing strategy aimed at bypassing the indirect commercial channel.

The operation, against a backdrop of high volatility in security markets, represents an interesting and solid long-term investment opportunity. The investment would in fact permit the Group, in the short-medium term period to expand and integrate the range of excellent agricultural products offered, guaranteeing an industrial return in line with that of the other areas held, as well as, in the long-term period, to hold an almost “unique” area in the northern agricultural area of Rome with extremely good revaluation possibility related to reasonable – although in the long-term period – prospects of construction, as well as having prestigious guest areas in the capital of the city for commercial and representative activities.

The Contract signed on December 29 provides for the purchase by Milano Assicurazioni of a direct investment of 100% in the share capital of Cesarina for a price of Euro 80 million. In accordance with the Contract, Milano Assicurazioni made a provisional payment of 20% of the agreed price between the parties, while the remaining 80% of the price (subject to adjustments as described below) will be paid at the execution date.
The above-mentioned provisional price will be subject to an adjustment price procedure, either increasing or decreasing, on the basis of the comparison of the net equity of Cesarina, according to the balance sheet at September 30, 2008 and the net equity reported in the financial statements of the company at December 31, 2008.
The contract also provides a clause that the selling shareholders will ensure that, for all of the period between the subscription date of the Contract and the execution date, Cesarina and Santa Lucia will not undertake operations other than those within the ordinary management without the prior approval of the buyers.
The Contract also includes declarations and standard guarantees given by the sellers with reference to Cesarina and Santa Lucia at the subscription date of the Contract and will also give such guarantees at the execution date.
The purchase operation will be financed by Milano Assicurazioni entirely with own funds.
The above operation is an operation with related parties of Milano Assicurazioni, as well as the parent company Fondiaria-SAI in relation to the positions of some directors of the two companies in Sinergia and the fact that this latter, a subsidiary of Starlife S.A., participates in the shareholder agreement concerning the shares of Premafin Finanziaria Holding di Partecipazioni S.p.A., the parent company of Fondiaria-SAI as per article 93 of Legislative Decree 58/98.
Considering the type of investment and the nature of operations with related parties, the Board of Directors of Milano Assicurazioni and Fondiaria-SAI, for the determination of the purchase price of 100% of the share capital of Cesarina, appointed the independent expert KPMG Advisory S.p.A. requesting a fairness opinion relating to the price of Euro 80 million indicated above. This opinion was duly sworn as consisting of transactions with related parties.
For the determination of the purchase price, Milano Assicurazioni, with the support of the Fondiaria-SAI Group organisation, and KPMG Advisory utilised the independent expert Scenari Immobiliari S.r.l., which prepared the expert opinion’s report on the two real estate portfolios referring to the two agricultural companies.
The asset value estimates by Scenari Immobiliari for Cesarina and for Santa Lucia were respectively Euro 118 million and Euro 7 million including land and buildings.

In particular, the value of the land (amounting respectively to Euro 93 million and Euro 6.6 million) was calculated by Scenari Immobiliari utilising as the principal methodology the summary comparative method, or comparison of sales. For this purpose, Scenari Immobiliari utilised transactions between the period 2004 and 2008, considered comparable for type, location and use of the asset, taking into account for the determination of the unitary price per square metre, the size and the characteristics of the land.

In particular, Scenari Immobiliari reports that for the agricultural areas located in the municipality of Rome, the market recognises an implicit premium compared to the average prices of agricultural land, to take into account the potential construction against a significant pressure in terms of local demand and the low offer especially in the northern area. The values determined by Scenari Immobiliari are therefore market values based on other similar lands which were recently subject to sales/purchases.

For the valuation of the buildings Scenari Immobiliari utilised as reference the market values indicated by the OMI (Real Estate Market Observatory) and its own Database, determining values of Euro 24.8 million and Euro 0.8 million respectively for Cesarina and Santa Lucia.
Based on the social-urban considerations highlighted, Scenari Immobiliari undertook a further valuation of the land of Cesarina and Santa Lucia in the medium-long term period (10-15 years) in which it is assumed a part of the land subject to valuation could change usage for the realisation of structures for recreational purposes and residential use with limited construction activity.
The total asset value attributed by Scenari Immobiliari to Cesarina and to Santa Lucia within a scenario of partial construction would amount to approx. Euro 156 million.

Given the importance of the real estate assets in the determination of the price attributed to the capital of Cesarina, Milano Assicurazioni also requested an expert's valuation from CSGI S.r.l., in order to have a further valuation supporting the analysis prepared by Scenari Immobiliari with reference to the land and buildings.
This valuation, based on the application of the comparative method, indicated a total value of approx. Euro 133 million (compared to Euro 125 million of Scenari Immobiliari).

The operation was unanimously approved by the Board of Directors meetings of FONDIARIA-SAI and Milano Assicurazioni – with the only abstention being the Directors with interests pursuant to article 2391 of the civil code – both meetings were held on December 17, 2008, with prior examination by the respective Internal Control Committees.

Purchase, by Milano Assicurazioni, of a real estate complex to be constructed on lands owned in Milan, Via Confalonieri – Via De Castillia

It is recalled that on December 22, 2005, the subsidiary Milano Assicurazioni sold to the company IM.CO. S.p.A. at a price of Euro 28,800,000 million including VAT, land in Milan, based in the three streets Confalonieri, De Castillia and Sassetti, of an area of 8,891 sq.m., included entirely in section A/2 of the Integrated Intervention Programme called “Isola de Castillia”. Subsequently on November 15, 2006 Milano Assicurazioni purchased from IM.CO. at the price of Euro 93,700,000 including VAT, full property rights for the complex to be completed on the site in question and specifically, a building for service sector use, consisting of a tower building with the development of twelve floors as well as a ground floor and a mezzanine level and three underground levels, with the ground floor containing a gallery with related commercial space, while the underground floors will include parking and storage. On the higher floors, the first three will be given over to office and covered parking usage, accessible through a ramp, the fourth is reserved in part for parking and partly for plant and offices, while the next six are exclusively for office use while the remaining two will contain a fitness centre and a restaurant.

In the execution of the works, the parties by common agreement and in order to ensure the highest quality of the building, agreed to some changes which regard the qualitative aspects of the complex to ensure the best utilisation of the structure.
In order to carry out the refurbishment, it was therefore necessary to agree with the selling party an extension to the deadline, which takes account also of the suspension of work order issued by the Municipality of Milan following the judgment of the Lombardy Regional Administrative Court No. 5438 of July 26, 2007, in a parallel judgment to that against Milano Assicurazioni for a breach of the convention signed by the same Milano Assicurazioni. Both of the judgments of the Regional Administrative Court were nullified by the Council of State, which did not enter into the merits of the case, but were limited to avoid private claims of a legitimate interest.

On January 29, 2009, in execution of the sequestration decree filed by the GIP, the deeds to the building of via De Castillia were turned over. The motivations of the GIP were based on a “consultancy” with the Prosecutor, according to which the building convention was not legal as adopted by the Administration by a simplified procedure under article 7, paragraph 10 of Law 23/1997, held not applicable to the facts, and according to the prosecuting party’s file, an increase in the s.l.p. of the complex and a reduction in the standard.

The Company and also IM.CO., and based on legal advice, believes that the conclusions reached were unfounded and therefore believe that the procedure adopted by the Municipality Administration was correct in relation to the granting of permission to build. In consideration of this, recourse to the Re-Examination Court was proposed for the desequestration, which however was rejected. The case is currently been presented to the appeals court in accordance with law.
The measure by GIP brought about the suspension of work, with a consequent effect on the expected completion date, which will have to be renegotiated with changes to the agreement with Milano Assicurazioni, as soon as the site becomes accessible again.

Property sales by the Company and successive purchases of other property, with companies of the Generali Group

In December 2008, agreements were signed with Generali Group companies, regarding a property operation.
The operation in question relates primarily to the sale to the companies of the Generali Group of a property complex, as described in more detail elsewhere and the successive acquisition by Fondiaria-SAI and Milano Assicurazioni through the 100% subsidiary Meridiano Eur S.r.l., of various property complexes, belonging to the Generali Group, as described in greater detail elsewhere.

The building located at Via Broletto 44/46 Milan was sold to the Generali Group by the Company: relates to an entire building, comprising six floors with frontal access from via Broletto 44/46, and a second adjacent building, on the corner of via del Lauro, this latter part of the building has separate origins from number 9 and has two floor levels, allocated for office, shops, banks and parking space use for a total surface area of 9,005 sq.m.. The sales price of Euro 64 million resulted in a gain of Euro 38.9 million.

The overall operation resulted in the purchase by the Company through Meridiano Eur, of various building complexes, and in particular:
- Property located in Milan, Via Caldera 21: a building located near the Meazza stadium, on Via Novara, in a residential and business complex. It consists of 7 floors and three underground floors. Allocated for hotel use, hosting the Hotel Brun (a 4 star hotel) with a total of 313 rooms, 2 restaurants as well as a banqueting room, a wellness centre and 14 meeting rooms and underground parking for a total of 114 vehicles, with a total surface area of 34,093 sq.m. 34.093. The price agreed was Euro 64,000,000.
- Property located in Bologna, Via Ugo Bassi 4: located in the historic centre of Bologna, in the architectural prestige of Piazza Maggiore. It consists of 7 floors and one underground floor, destined for residential, accommodation, commercial and office use, for a total surface area of 7,979 sq.m. The price agreed was Euro 46,700,000.
- Property located in Rome, Via in Arcione 98: the building is located in the centre of the city, close to Piazza Barberini. It consists of 4 floors and one underground floor for office

use and car parking spaces, covering a surface area of 3,219 sq.m.. The price agreed was Euro 17,500,000.

- Property located in Milan, Via Crespi 57: a property located in the north zone of Milan, near Piazzale Maciachini. It consists of an underground floor and six floors, prevalently for office use for a total surface area of 27,139 sq.m. The price agreed was Euro 55,800,000.

The purchase of the building in Milan, Via Crespi, took place in January 2009.

In relation to the operations stated above the pre-emptive right was not exercised by those possessing such right.

For all of the buildings subject to purchase/sale, expert opinions on the prices agreed were obtained.

Acquisition of the property portfolio of the company A7 S.r.l.

The FONDIARIA-SAI Group, through Milano Assicurazioni, and the Generali Group in December 2008 incorporated, with equal shareholdings of 49%, a new corporate vehicle called Value Immobiliare S.r.l. which purchased property from the company A7 S.r.l., incorporated in turn in equal shareholdings between Immobiliare Lombarda, Generali Properties, Alleanza Assicurazioni, Barclays and IM.CO. – as an acquisition vehicle, in December 2005, by the property portfolio of Alleanza Assicurazioni.

The company A7 in fact, in order to fulfil its economic objectives and in the time period for the sale of its property portfolio, stated the intention to sell in block all unsold properties.

The above-mentioned vehicle company purchased three buildings – located in Milan, Piazza Firenze No. 6 – Via Caracciolo No. 16 and Via Cagliero No. 3 and in Rozzano (MI), Via Montepenice No. 6-8-10 – at a total price of Euro 25,200,000, which was confirmed by expert opinions.

Subsequent events to the year end

In order to reduce the exposure of the investment portfolio to the equity market, the Company in January and February concluded a hedging programme through the purchase of Put options on the Eurostoxx50 index, for a period of six months and a total value of nearly Euro 175 million, approx. 50% of the equity exposure. This strategy will neutralise potential losses on the equity portfolio caused by the continued market crisis, while permitting gains from rises in equity markets.

The Board has mandated the Chairperson to convene the Shareholders' Meeting in accordance with law and the by-laws of the company for April 21, 2009 in first convocation and April 22, 2009 in second convocation.

Outlook

The current serious economic crisis, arising from a financial market crisis which rapidly transferred to the real economy, is one of the worst since World War II and necessitates a prudent approach with regard to the forecast for the current year.
It is widely believed that the recovery from the crisis is still a long way off and the first indications for 2009 from the insurance market are still negative and affected by the difficulties encountered by households and businesses in this current difficult climate.

In this context, non-life insurance operations will focus on the maximum satisfaction of the needs of the clientele, focusing on the quality of the services offered. The application of correct technical parameters and a careful selection of risks will also permit the achievement of adequate margins and the recovery of the best combined ratio levels reached in the recent past.

In the life division, the objective is to create long-term value, favouring the products based on insurance risk and progressively reducing the distribution of products of an exclusively financial nature, which are not suited, among other matters, to the needs of the clientele in a period of strong uncertainty in relation to economic forecasts.

The continued strong turbulence on the financial markets does not permit, at the current moment, a forecast on the contribution to the result from the asset and financial management. In any event, the solidity of the company, the quality of investments undertaken and the prudent management policy allows the company to look to the future with confidence and to create the foundation to avail of development opportunities and growth upon the easing of the crisis.

Annual corporate Governance Report

First section – the governance structure of the company: general guidelines

Information is provided below on the governance structure of the Company and on the implementations of the principles and recommendations contained in the self-governance code of listed companies, prepared by the Committee for corporate governance issued by Borsa Italiana S.p.A. and revised in March 2006 by the Committee (hereafter: the "Code").
The Company commenced, from the year 2006, a progressive updating to the recommendations contained in the new code for the parts not already in line with company practices and concerned, in each case, the operations of the business.
The present report provides information in relation to the compliance of the corporate governance of the Company with the recommendations of the new Code, describing the actions already implemented at the date of the present report and those programmed to apply these recommendations. In the case of non-compliance with the recommendations of the Code, these are clarified and justified.

Board of Directors and Executive Committee

The Board of Directors is responsible for operational activities and the organisational and strategic direction of the Company and the Group, in conjunction with the parent company Fondiaria-SAI, as well as the verification of the existence of the necessary controls to monitor the performance of the Company.

The directors may not be appointed for a period above three years and may be re-elected.

In compliance with the regulation introduced by law No. 262 of December 28, 2005 (hereafter: "Savings Law"), the extraordinary shareholders' meeting of April 24, 2007 approved the introduction to the company by-laws of a voting mechanism of slates for the nomination of the Board of Directors, in order that one Director may be elected by the minority shareholders.

In accordance with article 147 of Legislative Decree No. 58/98 (hereafter "Consolidated Finance Act"), as introduced by the Savings Law and in relation to the provisions of the honourability of the directors, these latter must have the requisites required for the holding of office by the special regulations applicable to insurance companies (D.M. 186/1997).
The Board of Directors delegated to an Executive Committee their powers with the exclusion of those expressly reserved to the Board and those which according to law may not be delegated.

In accordance with article 13 of the Company By-Laws, the Company, with the exception of those reserved by law or the company by-laws to the shareholder or board meetings, may delegate their powers to the Chairman, Vice Chairman and/or to one or more of its members, determining the content, the limits and any manner for the exercise of the delegated powers.

In accordance with these statutory provisions, the Board attributed special powers to the Chairman, who also fulfils the office of Chief Executive Officer.

The functions, powers and responsibilities of the Board of Directors, of the Executive Committee and of the Chairman-Chief Executive Officer are described in the second section of the present report.

Board of Statutory Auditors

The Board of Statutory Auditors undertakes its duties in accordance with Legislative Decree 58/98.

The Statutory Auditors remain in office for three years. The procedure for their appointment, in accordance with law and the by-laws, stipulates that a statutory auditor and an alternate auditor are elected by the minority shareholders and that the Chairman of the Board of Statutory Auditors is deemed as the standing member elected by the minority shareholders.

While awaiting approval of the regulation contained in article 148, paragraph 4 of the Consolidated Finance Act, the requisites of honourability and professionalism of the statutory auditors is established by Ministerial Decree No. 162/2000, in application of Legislative Decree No. 58/98 and the company by-laws.

Consob has established regulatory limits on the accumulation of offices of director or statutory auditor for board members of listed companies.

Shareholder Meetings and shareholders

The Shareholders' Meeting is held at least once a year for the approval of the annual accounts and to pass resolutions on all matters put before them by the Board of Directors and in accordance with law.

The share capital, composed of ordinary and saving shares with rights as per the company by-laws, is controlled by Fondiaria-SAI S.p.A. pursuant to article 2359, paragraphs 1 and 1 of the civil code.

Milano Assicurazioni is not aware of shareholder agreements relating to holdings in the share capital of the Company.

Management and control

The Company is subject to management and coordination by Fondiaria-SAI pursuant to article 2497 of the Civil Code.

The Company is subject to rules of conduct created by Fondiaria-SAI for the subsidiary companies, in order to ensure compliance with the management and coordination of the Group companies, as well as to guarantee the transparency obligations and those for reporting to the market required by listed issuers are complied with. These conduct rules provide, among others, specific resolutions of the Board of Directors and of the Executive Committee of Fondiaria-SAI on some operations relating to the Company, considered significant based on the nature of the operation or the amount.

Second section - Information on the implementation of the Self-Governance Code

The organisational structures adopted and, where different than those recommended by the Code, the reasons for the choices made, are outlined below.

Composition and role of the Board of Directors

The Board of Directors, in addition to exercising powers and complying with the requirements of the civil code, undertakes exclusively, in accordance with law or regulations and/or business practice, the following functions:

a) Examines and approves the strategic, industrial and financial plans of the Company and of its subsidiaries, within the Fondiaria-SAI Group and, in particular, subject to the management and coordination by Fondiaria-SAI and, therefore, within the strategic guidelines provided by the parent company. Examines and approves, in addition, the corporate governance system of the Company and the Group structure. In this remit and in relation to the other boards of the individual subsidiaries, the Board of Directors determines, on the proposal of the Chief Executive Officer, the industrial strategies of the Group;

b) Periodically verify the adequacy of the internal control system, assisted by the Internal Control Committee;

c) Evaluates, based on the information and reports received from the executive functions, the adequacy of the organisational, administration and accounting system of the Company and of the Group which it heads, with particular reference to the internal control system and to the management of the conflict of interests, as well as the general operational performance. Approves the company organisational structure;

d) Attributes and revokes powers to the directors and to the Executive Committee, defining their limits and procedures for the exercise of these powers;

e) Determines, after having consulted the Board of Statutory Auditors, the fees of the executive directors and those who hold specific positions, as well as dividing the total fees to which the directors are entitled among the individual members of the board;

f) Examines and approves the operations of the Company and its subsidiaries, when these operations have a significant strategic, economic, or financial importance for the Company, with particular attention to the situations in which one or more directors have an interest on their own behalf or on behalf of third parties and, in general, in the transactions with related parties.

In consideration of the fact that the Company is subject to the management and coordination of Fondiaria-SAI, the directors take into account the directives and policies defined for the

Group by the parent company Fondiaria-SAI as well as the benefits deriving from belonging to the Group.

The Board also defines the guidelines of the internal control system, in order that the principal risks are correctly identified, as well as adequately measured, managed and monitored.

ISVAP, first with circular No. 577/D of December 30, 2005 and subsequently with Regulation No. 20 of March 26, 2008, which repealed the above-mentioned circular, issued provisions which reserve the central strategic role of the Board of Directors in relation to the definition of the organisational structure, of the decisional processes, of the allocation of powers and employment policies and the management of the risks, in accordance with the provisions deriving from the Savings Law and from the Self-Governance Code of listed companies.
As recommended in the Code, the Board of Directors evaluated the size, composition and the functioning of the Board and of its committees and also that all the necessary and appropriate professional figures are present on the board.

In accordance with article 18 of the company by-laws, the Board of Directors delegated to an Executive Committee, currently composed of 8 members, its powers, with the exclusion of those conferred to the Chairman-Chief Executive Officer or which by law or regulation may not be delegated, and also those concerning all decisions in relation to significant operations with related parties, which are the exclusive remit of the Board. The Board of Statutory Auditors are called to attend Executive Committee meetings.

The Board of Statutory Auditors is invited to participate at the meetings of the Executive Committee. The Executive Committee meets whenever it is necessary to undertake an executive resolution on one or more matters in cases of necessity or urgency with respect to the time necessary to call the entire Board of Directors. The Executive Committee meets whenever it considers a resolution on one or more matters necessary or in the case of necessity or urgency with respect to the time necessary for the convocation of the Board of Directors.
By its nature, the Executive Committee does not meet frequently enough to result in a systematic involvement of its members in the current management of the Company.
The resolutions made by the Executive Committee are reported to the Board in the next meeting, together with an update on the development of any operations authorised.

The composition of the Board of Directors, unchanged at the current date compared to December 31, 2008 and which comprises of 19 members, is reported in the current report. The current mandate expires with the shareholders' meeting for the approval of the annual accounts for the year 2010.

The appointment of the directors was deliberated at the Shareholders' Meeting on the proposal of the only slate by the majority shareholders.

We recall that the Shareholders' Meeting appointed Salvatore Ligresti Honorary Chairman of the Company, inviting him to attend all the meetings of the Board and of the Executive Committee.

As indicated elsewhere in the current accounts, the Executive Committee is currently composed of 8 members, amongst which are the Chairman-Chief Executive Officer and 5 non-executive directors. This composition guarantees the coordination between the internal structures of the Company and the non-executive directors of the Committee. The current composition has remained unchanged compared to December 31, 2008.

The Chairman, Vice Chairmen and the Chief Executive Officer represent the Company against third parties and in legal matters.

The delegated management powers of the Chairman, the Vice Chairmen and the Chief Executive Officer, pursuant to article 13 of the By-Laws, are attributed by the Board.

Currently, the Chairman covers the office of Chief Executive Officer. The Board of Directors has delegated to the Chairman-Chief Executive Officer all of the ordinary and extraordinary powers, to be exercised with single signature and with the possibility to confer mandates and legal attorneys, 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 parties delegated are directly responsible for the deeds undertaken in the exercise of the powers; the entire Board of Directors has a greater supervision power of the direction and control of the overall activities of the enterprise in its various components, ensuring that each director is updated and operates in an informed manner.

The parties delegated report to the Executive Committee or to the Board of Directors in each meeting in relation to the exercise of the powers attributed to them.

In each case, the Board receives from the Executive Committee and from the executive directors, on the occasion of the individual meetings, exhaustive information on the most important operations, for their size and nature, made by the Company and its subsidiaries. These delegated bodies report, also in accordance with article 2381 of the civil code, on the general operating performance and on the outlook. The same information is provided, in the Board meetings, also to the Board of Statutory Auditors, pursuant to article 150 of the Consolidated Finance Act – following the reform of corporate rights - also with regard to operations in which the directors have an interest or which are influenced by a party who exercises direction and control.

The delegated boards (executive directors and Executive Committee) provide adequate information to the Board of Directors and to the Statutory Auditors, in the Board meetings, in relation to atypical, unusual or related party transactions whose examination and approval are not reserved to the Board of Directors.

During the year 2008:
the Board of Directors met 13 times;
the Executive Committee did not meet.

It is expected that a similar number of meetings of the Board of Directors will take place in 2009. At the date of the present report, 4 Board of Directors' meetings had been held in 2009.
Currently, in accordance with the definitions contained in the Code, the Board attributes management and/or functional directional powers in addition to the Chairman/Chief Executive Officer, to the Director Emanuele Erbetta. Mr. Erbetta has been transferred the powers of single signature and powers in particular for the undertaking of the core insurance business activities of the company.

Antonio Talarico is also considered an executive director as he has been delegated management and functional direction powers in the group company Immobiliare Lombarda S.p.A. for the management of the real estate assets of the Company. The same applies to the Director Gioacchino Paolo Ligresti, who covers the role of Chairman, with managerial powers, of Immobiliare Lombarda.

All the directors other than those indicated above are to be considered non-executive, in that they do not hold operational and/or functional directional powers in the operations. In addition to their number, the non-executive directors are for their expertise and authority such as to guarantee that their judgement can have a significant weight on the Board decisions, contributing their specific competences to the making of decisions that conform to corporate interests. The contribution of the non-executive directors is particularly useful on matters in which the interests of the executive directors and those more generally of the shareholders do not coincide. In fact, the non-executive component of the Board may evaluate with greater detachment the proposals and operations of the directors with executive powers.

Also in accordance with the definitions contained in the new Code, the independent non-executive directors pursuant to the Code are: Mr. Umberto Bocchino, Mr. Flavio Dezzani, Mr. Maurizio Di Maio, Mr. Mariano Frey, Mr. Emilio Perrone da Zara, Mr. Francesco Randazzo and Mr. Simone Tabacci. These directors, in fact, are not in the situations indicated by the new Code where their position is not compatible with that of an independent director.
The number of the independent directors is such as to balance the number of other directors on the Board.

The Board of Directors, most recently in February 2008, verified the independence of the non-executive directors with reference to the indications provided in writing, on specific request of the Company, of each director on the basis of the parameters indicated in the application criteria contained in the new Code. The Board also examined the individual positions of those directors that, due to uncertainty on their qualification or otherwise as independent, had requested the valuation to be made by the Board.

The Board made similar verifications with reference to independence pursuant to article 147-ter of the Consolidated Finance Act, introduced by the Savings Law.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members.

To date, there have been no formal meetings of the independent directors in the absence of the other directors. Exchange of opinions and observations agreed between the independent directors were brought to the attention of the Board of Directors on discussions relating to significant operations of an extraordinary nature illustrated in another part of the report. It is considered that the periodic process of self-evaluation of the Board of Directors does not normally require meetings of only independent directors, as each director has the possibility to freely express their opinion on the functioning of the Board, discussing the outcomes in a meeting of the Board.

On the periodic verification of independence, the directors were also required to provide information on any activity exercised in competition with the Company. The Shareholders' Meeting did not authorise any general or specific competitor agreements as per article 2390 of the civil code.

In general, the directors accept the office when they believe they can dedicate the necessary time to a diligent undertaking of their duties, also taking into consideration other offices held in other companies. The directors must be aware of the tasks and responsibilities relating to their appointment. They act and deliberate in a knowledgeable and independent manner pursuing the creation of value for the shareholders.
The Chairman-Chief Executive Officer ensures that the Board is also informed on the principal new legislation and regulations relating to the Company and corporate bodies.

Pursuant to the Self Governance Code, a list of the positions of Director or Statutory Auditor held at March 20, 2009 by the Company's directors in other listed companies in Italy and abroad, in financial, banking and insurance companies, and in other large companies is provided below.

Fausto MARCHIONNI:

Chief Executive Officer of:	Fondiaria-SAI S.p.A.
Chairman and Chief Executive Officer of:	Siat S.p.A.
Chairman of:	Auto Presto & Bene S.r.l. Banca SAI S.p.A. BIM Vita S.p.A. Pronto Assistance Servizi S.p.A. SAI Investimenti SGR S.p.A Sistemi Sanitari S.c.r.l.
Vice Chairman of:	Immobiliare Lombarda S.p.A.
Director of:	ALITALIA - Compagnia Aerea Italiana S.p.A. ANIA (indennizzo diretto R.C.Auto) ASSONIME Associazione fra le società italiane per azioni DDOR-Novi Sad Gruppo Banca Leonardo S.p.A. IRSA
Chairman of the Supervisory Board of:	Atahotels S.p.A.

Gioacchino Paolo LIGRESTI:

Chairman of:	Atahotelsswiss S.A. Immobiliare Lombarda S.p.A. SRP Asset Management S.A. STAR Management S.r.l. Tour Executive S.p.A.
Vice Chairman of:	Banca Gesfid S.A. Banca SAI S.p.A. Marina di Loano S.p.A. Premafin Finanziaria S.p.A. SAI Investimenti SGR S.p.A. Saiagricola S.p.A.

Director of:	Finsai International S.A. Fondiaria-SAI S.p.A. Gilli S.r.l. Milan A.C. SAI Holding Italia S.p.A. Sailux S.A. Sainternational S.A. Sainternational Lugano Branch S.A.
Member of the Supervisory Board:	Atahotels S.p.A.

Cosimo RUCELLAI:

Chairman of:	Mercantile Leasing S.p.A.
Director of:	Fondiaria-SAI S.p.A. Esselunga S.p.A. Supermarkets Italiani S.p.A.

Umberto BOCCHINO:

Director of:	Banca SAI S.p.A. SAI Investimenti SGR S.p.A.
Chairman of the Board of Statutory Auditors :	Acquedotto Monferrato S.p.A. Genova Reti Gas S.r.l. Iride Acqua Gas S.p.A.
Statutory Auditor:	Acquedotto di Savona S.p.A.

Barbara DE MARCHI:

Director of:	SIAT S.p.A. Sopabroker S.p.A.

Flavio DEZZANI:

Vice Chairman of:	Banca del Piemonte S.p.A.

Director of:	Finconfienza S.p.A.
Chairman of the Board of Statutory Auditors :	ACI Assicura S.r.l. ACI Automobile Club Torino ACI Immagine S.r.l. Air Liquide Italia S.p.A. Air Liquide Italia Produzione S.r.l. Banca Popolare di Lodi EDIT DATA S.r.l. Factorit S.p.A. ITW Italy Holding S.r.l.
Statutory Auditor:	ARCA S.G.R. S.p.A. CAP S.p.A. San Pellegrino S.p.A. Tamigi S.p.A. Università di Torino

Maurizio DI MAIO:

Chief Executive Officer of:	Banca Popolare di Lodi S.p.A.
Chairman of:	Agos S.p.A.
Member of the Management Board of:	Banco Popolare S.c.r.l.

Emanuele ERBETTA:

Chairman of:	Eurosai S.r.l. Gruppo Fondiaria-SAI Servizi S.c.r.l.
Director of:	Auto Presto & Bene S.r.l. Banca SAI S.p.A. Popolare Vita S.p.A. Capitalia Assicurazioni S.p.A. Fondiaria-SAI Servizi Tecnologici S.r.l. Liguria Assicurazioni S.p.A. SCAI S.p.A. Sistemi Sanitari S.c.r.l.

Mariano FREY:

Chairman of:	Roland Berger Strategy Consultants s.r.l., Italy
Director of:	Airconimy Aviation GmbH, Francoforte Roland Berger Strategy Consultants Portugal CIDI S.p.A., Milan
Sole Director of:	Berger Frey & Associati, Milan
General Partner of:	S.A.C.S. s.a.s., Studi Ricerche, Milan

Giulia Maria LIGRESTI:

Chairman and Chief Executive Officer of:	Premafin Finanziaria S.p.A.
Chairman of:	Fondazione Fondiaria-SAI Gilli S.r.l. Saifin Saifinanziaria S.p.A.
Vice Chairman of:	Fondiaria-SAI S.p.A.
Chief Executive Officer of:	SAI Holding Italia S.p.A.
Director of:	Finadin Finanziaria di Investimenti S.p.A. Helm Finance S.G.R. Istituto Europeo di Oncologia S.r.l. Orchestra Filarmonica della Scala Pirelli & C. S.p.A. Sailux S.A Sainternational S.A.
Member of the Supervisory Board:	Atahotels S.p.A.

Jonella LIGRESTI:

Chairman of:	Fondiaria-SAI S.p.A. SAI Holding Italia S.p.A.
Vice Chairman of:	Gilli S.r.l. Premafin Finanziaria S.p.A
Director of:	Assonime Associazione fra le società italiane per azioni

	Finadin Finanziaria di Investimenti S.p.A. Italmobiliare S.p.A. Mediobanca S.p.A. RCS MediaGroup S.p.A.

Lia LO VECCHIO:

Director of:	Fondiaria-SAI S.p.A. Siat S.p.A.

Emilio PERRONE DA ZARA:

Chairman of:	Euromobiliare Fiduciaria S.p.A.

Massimo PINI:

Vice Chairman of:	Fondiaria-SAI S.p.A. Immobiliare Lombarda S.p.A. ADR S.p.A.
Director of:	Finadin S.p.A. Finanziaria di Investimenti Istituto Europeo di Oncologia S.r.l.

Franceso RANDAZZO:

Member of the Management Board of :	A2A S.p.A.

Salvatore RUBINO:

Chairman of:	Immobiliare Costruzioni IM.CO. S.p.A. Sai Mercati Mobiliari SIM S.p.A.
Vice Chairman of:	Saifin Saifinanziaria S.p.A.
Chief Executive Officer of:	Sinergia Holding di Partecipazioni S.p.A.
Sole Director of:	Raggruppamento Finanziario S.p.A.
Director of:	SAI Investimenti SGR S.p.A. I.C.E.IN. S.p.A.

Simone TABACCI:

Director of:	Alerion Energie Rinnovabili s.r.l.

Alessandra TALARICO:

Chairman of:	Sopabroker S.p.A
Director of:	Eurinvest Finanza Stabile S.r.l.
	Italresidence S.r.l.
	Liguria Assicurazioni S.p.A.
	SIAT Assicurazioni Riassicurazioni S.p.A.

Antonio TALARICO:

Chairman of:	Finadin Finanziaria di Investimenti S.p.A.
	International Strategy S.r.l.
	Marina di Loano S.p.A.
	Nuove Iniziative Toscane S.r.l.
	Saiagricola S.p.A.
Vice Chairman of:	Fondiaria-SAI S.p.A.
	Impregilo S.p.A.
Chief Executive Officer of:	Immobiliare Lombarda S.p.A.
Director of:	SAI Investimenti SGR S.p.A.
	IGLI S.p.A.
Member of the Supervisory Board:	Atahotels S.p.A.

The Board did not express its opinion on the maximum number of offices of director or statutory auditor held in other listed companies, including abroad, in financial, banking and insurance companies or of a significant size which can be considered compatible with a current undertaking of the office of director of the Company. The Board also considered it preferable to make a specific valuation case by case, on the approval of the present report.
On the outcome of this valuation, the Board considers that the number of offices held by directors and/or statutory auditors held by the Directors in other companies is compatible with an efficient undertaking of the position in the Board of Directors of Milano Assicurazioni, taking into account the nature and the size of the companies in which the offices are held and, in any case, of the companies belonging to the Group.

The offices of director or statutory auditor held by the standing members of the Board of Statutory Auditors in other listed companies on regulated markets, also abroad, in financial, banking and insurance companies or companies of significant size are reported below.

Giovanni OSSOLA:

Chairman of:	A.T.I.V.A. S.p.A.
Director of:	I.P.I. S.p.A.
Chairman of the Board of Statutory Auditors :	Comital S.p.A. Liguria Assicurazioni S.p.A. Liguria Vita S.p.A.

Maria Luisa MOSCONI

Statutory Auditor:	Immobiliare Lombarda S.p.A. Premafin Finanziaria S.p.A. SEA – Soc. Esercizi Aeroportuali S.p.A.

Alessandro RAYNERI:

Chairman of:	Aksia Group SGR S.p.A.
Chairman of the Board of Statutory Auditors :	Banca Reale S.p.A. Banca Sella S.p.A. Banca Sella Holding S.p.A. Eurizon Vita S.p.A. Reale Immobili S.p.A. Società Reale Mutua di Ass.ni S.p.A.
Statutory Auditor:	E.C.A.S. Esercizio Cliniche Attività Sanitarie S.p.A. Mustad S.p.A.

Chairman of the Board of Directors

The Chairman of the Board of Directors convenes and co-ordinates the meetings of the Board and the Executive Committee. The Chairman ensures that the directors and the members of the Committee are provided with, before each meeting, the documentation and the information necessary, except in the cases of necessity and urgency with reference to the nature of the deliberations to be taken, in line with the degree of confidentiality and the timing with which the Board or Executive Committee must assume these decisions. The Chairman, with the agreement of the participants, may invite participation at the meetings of the Board and the Executive Committee - as attendees and/or with consultant duties – of external parties to these meetings. The Chairman of the Board of Directors, in addition, presides over and organises the Shareholders' Meeting. He is also attributed - as described - powers by the Board, as previously indicated, currently that of the office of Chairman and Chief Executive Officer.

However, it was not considered necessary to appoint a lead independent director, as the Company is subject to the management and coordination of Fondiaria-SAI and, in this context, the Chief Executive Officer of Fondiaria-SAI also covers the role of Chairman and Chief Executive Officer in the subsidiary Milano. The separation of roles is guaranteed however within Fondiaria-SAI.

Treatment of corporate information

The Company has adopted a consolidated practice, which provides for rules for the management and treatment of corporate information and for the external communication of documents and disclosures, with particular regard to price sensitive information.

The management of the corporate information concerning the Company and its subsidiaries is generally undertaken by the Chairman-Chief Executive Officer. The executives and the employees of the Company and the Group are bound by secrecy obligations in relation to reserved information to which they have knowledge.

All relationships with the press and other mass communication media (or with financial analysts and professional investors) for the divulgence of corporate documents and information must be expressly authorised by the Chairman-Chief Executive Officer. The Company subscribes to the Network Information System circuit, organised and managed by Borsa Italiana S.p.A. for the computerised diffusion of information to the market.

In any case, the procedure is undertaken to avoid that these communications could be made on a selective basis (with preference to certain parties), in an untimely manner or in an incomplete and inadequate form.

The Company has adopted a code of conduct in relation to internal dealing, to govern disclosure obligations - in accordance with law and regulatory provisions issued by Consob - relating to operations on financial instruments undertaken by "relevant persons", considered as parties that, in relation to the office held, have access to confidential information. The Company has also informed the relevant persons of their obligations and responsibilities with reference to operations subject to the code of conduct.
The code is available on the Company's website.

In accordance with applicable law and the above regulations, the Company maintains a Register of the persons, which based on their duties and professional responsibilities or of the positions held, have access to "confidential" information.

In relation to the regulations which govern insider trading offences and market manipulation, at Fondiaria-SAI Group level, a procedure, regarding also Milano Assicurazioni, is implemented relating to all the business areas and in order to reduce the risks which - in the undertaking of the management activities of their portfolio and of the companies of the Group - are undertaken by the Companies against conduct not in line with current regulations.

This procedure in particular relates to:
- Operations on treasury shares and holding companies;
- The operations on determined financial instruments;
- The counterparties with which the Company operates.

Appointment of Directors

In 2008, the company continued with the approach not to create within the Board a specific nomination committee for the appointment of directors, in consideration of the fact that the ownership of the Company is concentrated and therefore there have never been any difficulties by the shareholders to prepare such nomination proposals for the selection of the candidates.

In compliance with the regulations introduced by the Savings Law, the extraordinary shareholders' meeting of April 24, 2007 approved the introduction to the company by-laws of a voting mechanism of slates for the appointment of the Board of Directors, in order to permit one Director to be elected by the minority shareholders.

The new statutory provisions also provide a period of 15 days before the date fixed for the shareholders' meeting in first convocation for the filing of the slate at the registered office, in line with the recommendations of the Code.

The by-laws also provide that, together with the slate, the shareholders must file at the registered office, among other matters, the declarations in which the individual candidates accepted their candidature and certified the existence of the requisites required for holding the office, in addition to a curriculum vitae of each candidate with indication of whether they may qualify as an independent director. The candidates which are considered independent pursuant to article 147-ter of the Consolidated Finance Act should also be indicated.
The shareholders presenting a "minority slate" are governed also by Consob communication No. DEM/9017893 of February 26, 2009.

At the shareholders' meeting of April 21, 2008 a single slate was proposed by the shareholders before the shareholders' meeting, together with the declarations and the information above. The participants were informed of this before voting at the shareholders' meeting.

Remuneration of directors and senior management

The Board of Directors have not constituted a specific internal committee for the remuneration of directors who are attributed specific offices. The remuneration of directors is decided pursuant to article 2389 of the civil code, with the favourable opinion of the Board of Statutory Auditors and with the abstention of the parties concerned.
The Board has always determined, upon appointment, the compensation of the directors that are attributed specific offices. The remuneration was determined in fixed measure, without an incentive component, in relation to the undertaking of the ordinary activities related to the office. Where the Board has resolved to confer to this director, or to other directors, offices to undertake and/or manage particular operations, the Board evaluates, normally "ex-post", the results achieved and, where appropriate, determines, with the favourable opinion of the Board of Statutory Auditors, a special fixed remuneration based on the importance of the operation and the results achieved.

The remuneration paid to the directors in 2008 is reported in a schedule in the Notes to the financial statements.

The Company has not set up a committee for the determination of the remuneration of senior management. Currently in fact the procedures for the remuneration of senior management of the Companies have not been defined.

On July 14, 2006, the Board of Directors of the parent company Fondiaria-SAI approved the assignment of options of the Fondiaria-SAI 2006-2011 stock option plan for executive directors and management of Fondiaria-SAI, of its subsidiaries, among which Milano Assicurazioni, as well as the holding company Premafin Finanziaria, for the purchase of Fondiaria-SAI saving shares.

The assignment by the Board of Fondiaria-SAI was made in executive of the extraordinary shareholders' meeting resolution of Fondiaria-SAI of April 28, 2006. In relation to the management, the options were therefore assigned also to executives of Milano Assicurazioni, in addition to executives of Fondiaria-SAI which undertake their functions within the centralised structure of the Group, therefore exercising their activities also on behalf of the Company. The number of the options assigned to the individual beneficiaries takes into account the level of responsibility attributed and of the impact of the office held in the activities of the business and toward its results.

The Board of Fondiaria-SAI also required that the exercise of the options would be related to the achievement of the principal objectives of the Group's 2006-2008 Industrial Plan.

The option rights assigned became partially exercisable by the beneficiaries from July 14, 2007, after the first phase of the vesting period of 12 months established for both plans by the respective regulations, as modified by the Board of Directors' meeting of June 20, 2007, that - as announced to the market – expired a year earlier than the three vesting period phases originally established by the Board, also taking into account the advanced achievement of some of the 2006-2008 Industrial Plan objectives of the Fondiaria-SAI Group.

With regard to the executive directors, it is intended to create, also in relation to Milano Assicurazioni, an adequate remuneration structure, which facilitates their interests along with the creation of value for the shareholders over the medium-long term period, through the achievement of the 2006-2008 Industrial Plan of the Fondiaria-SAI Group. In this manner, it was also considered necessary to comply with the recommendations contained in the Code in relation to linking a part of the remuneration of the executive directors to the financial results of the Company and of the Group.

In addition, the utilisation of the instrument in question also in favour of senior management contributes to providing incentive and loyalty and creating the appropriate conditions for the achievement of the objectives of the Plan.

Also taking into account the adoption of the above-mentioned stock option plans, the Board of Directors of Fondiaria-SAI, appointed a Remuneration Committee, which has the following functions, with reference also to the subsidiary companies and therefore Milano Assicurazioni:

- Presents to the Board proposals for the remuneration of the executive directors and directors holding specific offices, including based on the results of the Company and/or specific objectives, monitoring the application of the decisions made by the Board;
- Periodically evaluates the criteria adopted for the remuneration of the executives with strategic responsibilities, supervises their application on the basis of the information provided by the Chief Executive Officer of Fondiaria-SAI and formulates general recommendations on the matter to the Board;
- Supervises the realisation of the stock option plans, also proposing to the Board, where necessary, modifications to the plan regulations.

Executive responsible for the preparation of the corporate accounting documents

The Board of Directors' meeting of April 21, 2008, appointed the executive responsible for the preparation of corporate accounting documents pursuant to article 154-bis of the Consolidated Finance Act (hereafter: the "Executive Responsible") as Mr. Pier Giorgio Bedogni and responsible for the Administration Department of the Fondiaria-SAI Group.

In accordance with the provisions of the company by-laws, the Board undertook the appointment with the favourable opinion of the Board of Statutory Auditors and verified the professional qualifications of the person appointed pursuant to the company by-laws which requires that the Executive Responsible is a person of "adequate professional ability who has undertaken management activity in the administrative/accounting sector or finance or management control or internal audit of a company whose financial instruments are listed on a regulated market or that undertake banking, insurance or financial activities or, in any case, is of significant size".
The duration of the appointment was established until the expiry of the mandate of the current Board of Directors.
The Company also adopted a specific management model with reference to application of law No. 262/2005, which introduced the above-mentioned article 154-bis of the Consolidated Finance Act. This management model is integrated into the organisational structure of Fondiaria-SAI and its constitution is based on the fact that the administrative and accounting procedures are part of a wider internal control system, whose responsibility is - and remains - that of the Board of Directors. This latter, however, maintains the general responsibility of direction in relation to the provisions introduced by the above-mentioned law No. 262/2005.

Internal Control

The current provisions require that insurance companies adopt adequate internal control procedures. ISVAP in turn - since 1999 and, recently, with regulation No. 20 of March 26, 2008 which repealed circular No. 577/D of December 30, 2005 - define the internal control system of the companies and the relative functioning procedures, providing indications in order to facilitate, while respecting entrepreneurial independence, the realisation of adequate control systems and risk management, which each enterprise must develop, taking into account the size of their operations and their risk profile.

The internal control system comprises the overall rules, procedures and organisational structures needed in order to ensure the correct functioning and good performance of the enterprise and to guarantee, with a reasonable margin of security:
- The efficiency and effectiveness of the business processes;
- An adequate control of the risks;
- The reliability of the accounting and management information;
- The safeguarding of the company's assets;
- The conformity of the activities of the business with current regulations, directives and business procedures.

Pursuant to the previously cited ISVAP regulation No. 20, the enterprise – in order to maintain an acceptable level of risk in line with available capital, must have an adequate system of risk management, with respect to the size, nature and complexity of the activities exercised, which permits the identification, the evaluation and the control of the most significant risks, which are those risks, which could endanger the solvency of the enterprise or constitute a serious obstacle to the realisation of the enterprise's objectives. The final objective of the risk management system is to maintain an acceptable level, in line with the available assets of the enterprise, of the risks identified and evaluated.
The Company therefore undertook, where necessary, a gradual adjustment of the organisation in accordance with the provisions of ISVAP.

Within the Fondiaria-SAI Group, the undertaking of the activities and the relative procedures today provide for control by the individual operating units (so-called "line control"), as well as by the managers of each unit.

The verification of the adequacy, efficiency and effectiveness of the procedures adopted and, in general, of the internal control system is undertaken by the Audit function of the Group, centralised in the parent company Fondiaria-SAI and reporting to the Chief Executive Officer of this latter. The Audit activities also extend to all the business processes of Fondiaria-SAI and of Group companies, among which Milano Assicurazioni (also indicating the corrective actions considered necessary) the execution of follow-up activity for the verification of the realisation of corrective interventions and the efficiency of the changes made.

The Board of Directors is responsible for the internal control system of the Company, defines the directives and periodically verifies the adequacy and effective functioning and is assisted by the Internal Control Committee.
The Chairman-Chief Executive Officer has the responsibility to overview the functioning of the internal control system, identifying the business risks and undertaking the design,

management and monitoring of the internal control system, through which he appoints the manager of the Audit function of the Group.

The Board of Directors annually approves the work plan of the Group Audit function relating to Milano Assicurazioni. This plan was prepared independently on the basis of the typical risks of the Company and of its subsidiaries.

The Group Audit Department is provided with appropriate means and undertakes their activity in an autonomous and independent manner and do not report to any operating area managers. This manager - who interacts with the Executive Responsible in relation to the management model pursuant to law No. 262/2005 - also coordinates with the Internal Control Committee, to which it reports its work, with the Board of Statutory Auditors and with the audit firm of the Company.

The managers of the operating area of the business must ensure that the Group Audit function has free access to all operating structures and all documentation relating to the operating area subject to control. The Group Audit function has contacts with all the officers of the Company and of the Group companies and its manager has the necessary authority to guarantee the independence of the function.
In addition, following the attribution of a specific Internal Control Committee of the functions in accordance with the Code and as already reported and having regard to the fact that, among these functions, are the valuation of the work plans prepared by the Group Audit function and the receiving of their reports, this latter prepares these reports, presenting them to the Internal Control Committee. This latter, in turn, reports to the Board of Directors its opinions of the work plan of the Group Audit function and on the adequacy of the internal control system.

The Group Audit Manager reports directly to the Board of Directors of the Company.

The Board, in accordance with ISVAP Regulation No. 20, annually examines and approves the following documents, which are then transmitted to Isvap:
- A report on the internal control system and risk management system;
- The business organisational structure, specifying the duties attributed to the individual business units and identifying the managers;
- The system of powers delegated within the entity;
- The structure of the Group Audit, Risk Management and Compliance departments and the number of employees dedicated to the activities as well as the characteristics and technical-professional experience;
- The internal audit activities undertaken, any deficiencies reported and the corrective actions adopted;
- The strategic information of the Fondiaria-SAI Group and communication technology (ICT) plan, for the part relating to the Company, in order to ensure the existence and maintenance of a highly integrated overall architecture from an application and technological viewpoint and adequate to the entity's needs.

The monitoring of risks is carried out by the Group Risk Management function, which undertakes its activities with regard to all of the Companies of the Group, with the responsibility of:

- Managing the activities to develop and complete the capital risk models functional to the implementation of an efficient and effective Enterprise Risk Management system;
- Undertake recurring monitoring of the risks through the monitoring system of indicators;
- Contribute to the definition of the operating limits and the relative tolerance thresholds relating to the measurement of the risks assigned to the operating structures and draw up the procedures for the prompt verification of these limits;
- Prepare reports for the Board of Directors, the Internal Control Committee, Senior Management and operational managers in relation to risks and the violation of fixed operating limits;
- Defines, together with the other departments involved, the actions to mitigate the risk where the fixed operating limits have been exceeded;
- Communicating, together with the Group Audit function, the periodic reports to Isvap.

The Group Risk Management function also undertakes specific periodic stress testing in relation to the principal sources of risk and reports these results to the Board of Directors.

The Risk Management manager reports directly to the Board of Directors of the Company.

The Board of Directors of Milano Assicurazioni and of its insurance subsidiaries were requested to implement the guidelines for the management of the risks and the decisional procedures relating to new investments (so-called Group Risk Policy) approved by the Board of Directors of the parent company Fondiaria-SAI and to define its structure of operating limits, taking into account the peculiarities of the individual businesses and any specific restrictions in terms of risk tolerance.

The document has the following principal objectives:

- formalise the Risk Governance of the Group;
- to set out the principles and structures of the Enterprise Risk Management model of the Group, in order to guarantee a homogeneous approach to risk;
- set out the guidelines and structure of the operating limits of the Group in line with the risk tolerance and strategies of capital allocation of the parent company Fondiaria-SAI;
- formalise the decision making process for new investments in light of the introduction of criteria based on an economic capital approach and the measurement of risk adjusted profitability;
- support, in a general manner, the process to define the strategic choices in relation to risk.

This document should be viewed in the current regulatory context of transition from the Solvency I regime to the future Solvency II regime. In this regard, the Risk Policy was developed taking account of the provisions of Regulation Isvap No. 20 of March 26, 2008 and the future changes to be implemented contained in the Framework Directive Solvency II document and the Issue Papers set out by CEIOPS.

On January 1, 2009, the Fondiaria-SAI Group set up the Compliance department which undertakes its activities also in relation to Group companies and which undertakes its duties in accordance with the provisions of ISVAP Regulation No. 20 of March 26, 2008, and specifically:

- to identify on an ongoing basis the regulations applicable to the company and evaluate their impact on the company's processes and procedures;
- to evaluate the adequacy and efficiency of the organisational measures adopted for the prevention of the risk of non conformity to the regulations and propose organisational and procedural amendments in order to ensure an adequate profile of the risks;
- to evaluate the effectiveness of the organisational adjustments consequent of the suggested modifications;
- to prepare adequate information flows to the corporate boards of the company and other departments involved.

The manager of the Group Compliance department reports directly to the Board of Directors of the Company.

The Group compliance department annually prepares a work plan which is presented to the Board of Directors of Fondiaria-SAI and, subsequently, to the Board of Directors of Milano Assicurazioni as far as it concerns the company.

The manager of the Group Compliance department, in addition, coordinates a specific Compliance and Corporate Governance Coordination Committee, newly setup, whose permanent members include the Audit department manager and the Risk Management department manager, as well as other Group centralised departments.

This Committee is a formalised and regulated body through which, while maintaining autonomy and independence from the departments involved, undertakes, in relation to the internal control system and management of the risks of the Fondiaria-SAI Group, the following objectives:

- permits the Compliance department to identify the principal initiatives to be undertaken;
- guarantees a functional coordination of the departments involved in the governance process;
- guarantees the coordination, while respecting the autonomy, of the plans of the individual departments;
- favours the interchange of knowledge and problems managed by the individual departments;
- defines and agrees intervention guidelines with relative definition of the priority levels.

The Committee therefore also represents the organisational interface between Audit, Risk Management and Compliance, expressly contained in the above-mentioned ISVAP regulation No. 20.

Internal Control Committee

The Board of Directors has also set up an Internal Control Committee, to assist the Board of Directors, which has the duties of analysing the problems relating to the control of the business activities, attributing to it specific functions which have merely a consultative and proposing function, while the deliberations are exclusively the competence of the Board of Directors.

The Internal Control Committee is currently composed of three directors, non-executive and the majority of which are independent, in the persons of Mr. Mariano Frey, Mr. Emilio Perrone da Zara and Mr. Cosimo Rucellai. Mr. Frey is also the lead co-ordinator of the Committee. The composition of the Committee guarantees professionalism and has adequate experience in the undertaking of the role. The Board of Directors resolved to attribute to these directors a special remuneration for the role undertaken.

All the statutory auditors are invited to participate at the meetings of the Internal Control Committee. Minutes are kept of the Committee meetings.

The Internal Control Committee has the role to:

a) Assist the Board in the periodic verification of the adequacy and of the effective functioning of the internal control system and, within this system, also the adequacy of the administration and accounting procedures;
b) Assist the Board in the identification and management of the principal business risks which have a significant possibility of occurring;
c) Assist the Board in the definition of the budget and of the intervention plans (with relative priorities) of the activities of the Executive Responsible;
d) Assist the Board, in relation to the application of law No. 262/05, in the supervision:
    - On the implementation of the Action Plan;
    - On the effective compliance with the administration and accounting procedures;
    - On the specific interventions undertaken by the Executive Responsible to verify determined situations;
    - On compliance and procedures for the use of the budget of the activities of the Executive Responsible;
e) Assist the Board of Directors in the definition of the procedures for approval and execution of transactions with related parties;
f) Evaluates the work plan prepared by the Group Audit function and receive periodic reports;
g) Assesses, together with the Executive Responsible, the executives and the external auditors, the appropriateness of the accounting standards applied and their homogeneousness for the purpose of preparing the consolidated financial statements;

h) Evaluate the proposals formulated by the independent audit firms in order to be appointed as auditors as well as the audit work plan and the results expressed in the report and letter of recommendations;
i) Exercise, in the management of the relations with the external auditors, a general supervision of the efficiency of the audit processes undertaken by the audit firm;
j) Supervise on the compliance and periodic updating of the corporate governance rules adopted by the Company and by its subsidiaries.

In the undertaking of its consultative functions, the Committee was also appointed to undertake a preliminary examination of the transactions with related parties, in accordance with the Conduct Principles adopted by the Board of Directors, which were subject to examination and approval by the Board of Directors and by the Executive Committee.

The Committee reports at least every six months, at the time of the approval of the annual and half-yearly accounts, and informs the Board on the work carried out and the adequacy of the internal control system.

The Committee has an active role in evaluating the work plan of the Group Audit function and of the periodic reports issued.

The Board of Directors also approve the Internal Control Committee regulations, which formalise the principal procedures for its functioning. The Board also assigned an amount to permit the Internal Control Committee, where necessary, to make recourse to external professional advisors for the analysis of specific issues of particular complexity and of risks for the Company.

In 2008, the Committee met 9 times.
In particular, in the meetings prior to those that the Board of Directors called to approve the draft financial statements for the year ended December 31, 2007, the Committee expressed its favourable opinion on the Group Audit function and considered, at the present moment, the internal control system of the Company to be adequate. The Committee also expressed its opinion:

- that the accounting principles utilised, having consulted with the Executive Responsible and taking into account the considerations of the audit firm Deloitte & Touche S.p.A., on the basis of the verifications made, are adequate and in accordance with those for the preparation of the consolidated financial statements;
- that, at the current moment, based on the information available, there are no critical elements in the audit of the financial statements of the Company;
- that the governance rules adopted by the Company, to the current knowledge of the Committee and also in relation to the verifications carried out by the Audit function on some aspects, have been complied with and that the report prepared in accordance with the current regulatory provisions was prepared in line with the recommendations issued by Assonime and Emittenti Titoli S.p.A., taking into account the new legislation

introduced and justifying the reasons for the choices made where these are different than those recommended by the Code.

On the occasion of a subsequent meeting before the Board of Directors' meeting called to approve the half year report at June 30, 2008, the Internal Control Committee confirmed its evaluation on the adequacy of the internal control system.

Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01

The Board of Directors of the Company approved an organisational, management and control Model appropriate to prevent the committing of offences contained in Legislative Decree No. 231 of June 8, 2001, relating to the "Regulation of administrative responsibility of legal persons, of companies and of associations including those without legal form, in accordance with article 11 of law No. 300 of September 29, 2000", which introduced for the first time into Italian law criminal responsibility, which is added to that of personal responsibility.

The Board considered that the adoption of the Model pursuant to Legislative Decree 231/2001 mentioned above, although not obligatory, may constitute a valid instrument in informing all employees of Milano Assicurazioni and all other parties with co-interests, in the undertaking of their activities, and correct conduct so as to prevent the risk of offences as contained in the decree.
In compliance with the provisions of the Decree, the Model approved by the Board of Directors complies with the following principles:
- The verifiability and documentation of all significant operations pursuant to Legislative Decree No. 231/2001;
- The respect of the principal of the separation of the functions;
- The definition of the authorisation powers in line with the responsibilities assigned;
- The attribution to a Supervision Board of the duties to promote the effective and correct implementation of the Model also through the monitoring of business conduct and the constant diffusion of information on the significant activities pursuant to Legislative Decree No. 231/2001;
- The communication to the Supervision Board of the relevant information;
- The creation of specific preventive "controls", specific for the macro categories of activities and related risks, to prevent the committing of the different type of offences contemplated by the Decree (control "ex ante");
- The availability to the Supervision Board of adequate resources to support the duties assigned and the achievement of results reasonably obtainable;
- The activity of verifying the functioning of the Model with consequent periodic updating ("ex post" control);
- The implementation of instruments and diffusion at all company levels of the regulations defined.

The Board approved the setting up of the Supervision Board, which is assigned, through a general plan, the duty to supervise compliance of the Model, to verify the real efficiency and effectiveness of the Model, in relation to the operating structure, to prevent offences pursuant to Legislative Decree No. 231/2001 as well as updating the Model, where there is a need to update this in relation to changed operating conditions.
In relation to the composition of the Supervision Board, it was considered appropriate to opt for a mixed composition, with two external professionals with knowledge of the Company and of the Group together with one internal party.
Finally, the Board of Directors approved the Ethical Code of the Company, which recalls the fact that, in the undertaking of its activities, Milano Assicurazioni believes fully in the criteria of transparency and correctness, in compliance with law and in the interests of all stakeholders.

Significant and inter-group operations and transactions with related parties

The Board of Directors approved specific conduct principles for the undertaking of significant operations, inter-group operations and operations with related parties. In defining these principles, the Board availed, as recommended by the Code, of the support of the Internal Control Committee. This latter, in the undertaking of its consultative functions, was also appointed to undertake a preliminary examination of the operations with related parties - which in accordance with these principles were subject to examination and approval by the Board of Directors or by the Executive Committee. The conduct principles were updated to take account of ISVAP regulation No. 25 of May 26, 2008, which introduced significant new provisions on the supervision of inter-group operations, including those – in particular – with related parties.

Significant operations

In the attribution to the Chairman-Chief Executive Officer of specific powers described previously with the identification of the value limits, the Board of Directors of Milano Assicurazioni indicated the criteria in order to identify the significant operations, which must be subjected to examination and authorisation by the Board of Directors or by the Executive Committee.

Transactions with related parties

With reference to the transactions with related parties, it is noted that:

a) The related party transactions, including those through subsidiary companies, which due to the nature, value, method or timing could have an effect on the value of the company assets or on the completeness and correctness of the disclosures, including of an accounting nature, relating to the issuer, and for which the issuer must also make available to the public an information document pursuant to article 7 of Consob Regulation No. 11971/1999, are reserved to the exclusive and prior approval of the Board of Directors;

b) Also presented for examination and approval of the Board of Directors or of the Executive Committee, normally prior to the transaction, even if within the limits attributed to the Chairman-Chief Executive Officer, are a series of transactions with related parties specifically identified by type and value (other than inter-group transactions as per letter "c" below), considered individually or cumulatively with other transactions in the previous twelve months;

c) In relation to inter-group transactions, these generally are within the powers delegated by the Board to the Chairman-Chief Executive Officer and are therefore generally not reserved to the remit of the Board of Directors and/or of the Executive Committee except where their value is generally above the limits established for the exercise of these delegated powers. The following is also noted:
   - in accordance with that established for insurance companies by ISVAP regulation No. 25, the inter-group operations, including those with related parties, in which at least one of the parties is an insurance company - or transactions considered significant according to the quantitative parameters determined by the same regulations - are subject to prior communication to ISVAP. In particular, the transactions with subsidiary companies or holdings over 20%, or with the direct and indirect parent company and with the parties controlled by this latter not through Milano Assicurazioni, may not be undertaken before the completion of the silence-approval period by ISVAP;
   - the inter-group transactions concluded between two non insurance subsidiaries are, where applicable, among those subject to communication to the parent company which require specific resolutions of the Board of Directors or of the Executive Committee pursuant to the conduct rules described in the last paragraph of the first section.

For the purposes of the implementation of the above-mentioned conduct principles, each director and statutory auditor, as well as executives with strategic responsibilities, are requested to provide a list of related parties. The request was also made to statutory auditors in line with the recommendations of the new Code in order to report the position of the statutory auditors and of the directors with regard to the operations of the issuer in which the statutory auditor has an interest.
A directive was then issued by the Chairman-Chief Executive Officer to regulate the operating procedures for the offices of the Company and the subsidiaries where there are significant operations relating to the parties on these lists.

In general all transactions with related persons must comply both in substance and in form.
Where the nature, value or others characteristics of the transaction requires, the Board of Directors will ensure that the transactions with related parties are concluded with the assistance of independent experts for the evaluation of assets and for the provision of

financial, legal or technical consultants for fairness and/or legal opinions.
The directors that have an interest in the operation must inform in an exhaustive and timely manner to the Board of Directors on the existence of the interest and on the circumstances, evaluating, case by case, whether the director should leave the meeting at the moment of the resolution or abstain from voting. Where this relates to an Executive Director, he must abstain from undertaking the operation.

In the cases relating to the previous paragraph, the Board of Directors' resolutions provide adequate reasons and the benefits for the Company from the operation.
The Board of Directors will resolve on the most appropriate action to be taken in the case where the exclusion of the directors at the moment of the resolution could prejudice the constitutive of the necessary quorum.

Relations with institutional investors and other shareholders

The Company has always given adequate importance to creating continual dialogue, founded on the reciprocal understanding of roles, with all shareholders and, in particular, with institutional investors and also in compliance with the internal procedures for external communication of documents and information relating to the Company, already previously examined. This is undertaken by the Chairman -Chief Executive Officer.

The Company has nominated the Investor Relations Department of the Group as the function to communicate with the institutional investors, in co-ordination with the other Group management and company interests. The Group Investor Relations Department also communicates with the shareholders, together with the Shareholders' Office.

The Investor Relations Department is responsible for online information through the website of the Company, and is responsible for the publication of forecast information, relations with the Rating Agencies and in general relations with the institutional investors. In addition, together with the Press Office, it is responsible for the publication of press releases and comments relating to market rumours.
The Investor Relations Department can be contacted at the telephone number 011/-6657642 and/or at the e-mail address investorrelations@fondiaria-sai.it.
In order to further promote dialogue with the shareholders, the shareholders may consult the website of the Group, which is regularly updated.

Shareholders' Meetings

The Board of Directors considers the Shareholders' Meeting, although there are many manners of communication with the shareholders, as an important occasion for dialogue between directors and shareholders, especially in respect of the governance rules on price sensitive information. Normally all of the directors attend the Shareholders' Meetings.

The Board reports on the activities of the Company in the Shareholders' Meetings and endeavours to ensure shareholders have adequate information on Shareholder Meeting resolutions.

It was not considered necessary to adopt specific shareholder meeting regulations (taking into account the current provisions contained in the company by-laws, which attributes to the Chairman the powers to direct the Shareholders' Meeting and also contains specific provisions in relation to the functioning of the meeting) considered appropriate to permit a correct and functional undertaking of the meetings.
In the exercise of the powers of management and coordination of the shareholders' meetings conferred by the company by-laws, the Chairman therefore, in the opening of the meeting, communicates to the shareholders' meeting the principles he intends to apply in the undertaking of his statutory functions, fixing the rules before the commencement of the shareholders' meeting proceedings.
The by-laws do not establish any terms for the deposit of shares for attendance at shareholders' meetings.

General representative of the saving shareholders

The special shareholders' meeting of savings shareholders of April 26, 2006 appointed Mr. Lucio Crispo Common Representative of the Savings Shareholders for the years 2006/2007/2008 and, therefore, until the approval of the next financial statements as at December 31, 2008.

Statutory Auditors

Following the statutory modifications introduced pursuant to the Consolidated Finance Act, as subsequently modified by the Savings Law, the transparency of the procedure for the nomination of the statutory auditors is assured, which permits one standing member of the Board of Statutory Auditors to be elected by the minority shareholders and that the chairman of the Board is the standing member elected by the minority shareholders.
The statutory provisions for the appointment of the Board of Statutory Auditors will be changed in accordance with law and regulations which Consob - pursuant to article 148, paragraph 2, of Legislative Decree No. 58/98 - will establish through regulations in relation to the election of the Board of Statutory Auditors by the voting of slates.

The current Board of Statutory Auditors, in office until the approval of the financial statements as at December 31, 2010, is composed of three standing members and two alternative members, which is reported in another part of the present report. They were appointed by the shareholders' meeting of April 21, 2008, in which two slates were presented by shareholders.

With reference to the current composition of the Board of Statutory Auditors, the Chairman of the Board of Statutory Auditors Giovanni Ossola and the alternate auditor Roberto Frascinelli were elected from the slate with the second largest number of votes at the above-mentioned shareholders' meeting.

After the appointment, in accordance with current provisions, the Board of Directors made a formal verification that the statutory auditors appointed by the shareholders' meeting held the requirements to hold such an office pursuant to article 148, paragraph 3, of the Consolidated Finance Act. The Board of Statutory Auditors periodically verifies the requirements of each member, as well as whether the members are independent based on the criteria of the Code with reference to the directors, in accordance with the recommendations of the Code.
The Board of Statutory Auditors reviews the appointment of the independent audit firm. They also periodically hold meetings with the Group Audit Function and participate at the meetings of the Internal Control Committee for the reciprocal exchange of information of common interest.
The Board of Statutory Auditors were requested, as reported, to provide a list of related parties, in line with the recommendations of the Code in order to align the position of the statutory auditors with that of the directors with regard to the operations of the Company in which the statutory auditor has an interest.

The by-laws set out a procedure to appoint the Statutory Auditors which assures transparency. The appointment is made in accordance with a voting mechanism of slates.
Pursuant to current regulations and the by-laws, the slates must be filed at the registered office of the Company at least 15 days before the date fixed for the shareholders' meeting in first convocation, except in the cases as per article 144, paragraph 5 of Consob Regulation No. 11971/1999. Together with the slates, the shareholders must file at the registered office, among other matters, the declarations in which the individual candidates accepted their candidature and certified the existence of the requisites required for holding the office, in addition to a curriculum vitae of each candidate.
The shareholders presenting a "minority slate" are governed also by Consob communication No. DEM/9017893 of February 26, 2009.

Independent Auditors

The ordinary Shareholders' Meeting of April 26, 2006 appointed the audit firm Deloitte & Touche S.p.A. auditors for the parent company and consolidated financial statements for the years 2006 to 2011 and the limited audit on the half-year report at June 30 from 2006 to 2011. These appointments conclude on the Shareholders' approval of the accounts as at December 31, 2011.

** *** **

Tables are attached which summarise the Company's procedures for adopting the principal recommendations of the Code:

- The first table summarises the structure of the Board of Directors and the Committees;
- The second table summarises the characteristics of the Board of Statutory Auditors;
- The third, and last, table summarises the level of adequacy of the other contents of the Code in relation to the delegation system, transactions with related parties, nomination procedures, shareholders' meetings, internal control and investor relations.

TABLE 1: STRUCTURE OF BOD AND COMMITTEES

Board of Directors							Internal Control Committee		Remuneration Committee ♦		Nomination Committee ◊		Executive Committee	
Office	Members	Executive	Non Executive	Independent	***	Number of other offices *	**	***	**	***	**	***	**	***
Chairman – Chief Executive Officer	Marchionni Fausto	X		--	100%	16							X	
Vice Chairman	Ligresti Gioacchino Paolo	X		--	100%	20							X	
Vice Chairman	Rucellai Cosimo		X	--	92%	4	X	100%					X	
Director	Bocchino Umberto		X	X	100%	6							X	
Director	De Marchi Barbara (from 21.4.2008)		X		80%	2								
Director	Dezzani Flavio		X	X	==	16								
Director	Di Maio Maurizio		X	X	38%	3								
Director	Erbetta Emanuele	X		--	100%	10								
Director	Frey Mariano		X	X	77%	6	X	89%						
Director	Ligresti Giulia Maria		X		85%	14							X	
Director	Ligresti Jonella		X		100%	9								
Director	Lo Vecchio Lia		X		77%	2								
Director	Perrone Da Zara Emilio		X	X	54%	1	X	11%						
Director	Pini Massimo		X		85%	5							X	
Director	Randazzo Francesco		X	X	77%	1								
Director	Rubino Salvatore		X		85%	7							X	
Director	Tabacci Simone		X	X	100%	1								
Director	Talarico Alessandra		X		100%	5								
Director	Talarico Antonio	X		--	100%	11							X	
Director	Viglianisi Sergio (until 20.4.2008)		X		100%	-								

♦ Reasons for non-establishment of a Committee: *In 2008, the Board of Directors did not constitute a specific internal committee for the remuneration of directors who are attributed specific offices. This was undertaken directly by the Board where mandates were conferred to directors with the favourable opinion of the Board of Statutory Auditors.* *The parent company Fondiaria-SAI also set up a Remuneration Committee, whose functions also relate to subsidiary companies and, therefore, Milano Assicurazioni.*					
◊ Reasons for non-establishment of a Committee: *The ownership of the Company is concentrated and there have never been difficulties by the controlling shareholder to prepare proposals.*					
Number of meetings held in the year	*BoD: 13*	*Internal Control Committee: 9*	*Executive Committee: 0*		

NOTES

* This column indicates the number of offices a director or statutory auditor holds in other companies listed on regulated markets, including foreign markets, and in holding, banking, insurance or large enterprises. The report on corporate governance indicates all offices held.
** This column indicates with an "X" whether the member of the BoD is a member of the Committee.
*** This column indicates the percentage of participation of the director in relation to the number of BoD and Committee meetings.

TABLE 2: BOARD OF STATUTORY AUDITORS

Office	Members	Percentage of participation at Board meetings	Number of other offices held **
Chairman until 20.4.2008	Visentin Graziano	100 %	-
Statutory Auditor until 20.4.2008 and Chairman since 21.4.2008	Ossola Giovanni	100%	5
Statutory Auditor since 21.4.2008	Mosconi Maria Luisa	100 %	3
Statutory Auditor	Rayneri Alessandro	86%	9
Alternate Auditor	Aldè Giuseppe		
Alternate Auditor	De Re Claudio		
Alternate Auditor	Frascinelli Roberto		
Number of meetings held in the year: 7			
Quorum required for the presentation of slates by minority shareholders for the election of one or more standing members (as per art. 148 CFA): 2%			

NOTES

* This column indicates the number of offices a director or statutory auditor holds in other companies listed on regulated markets, including foreign markets, and in holding, banking, insurance or large enterprises.
. The report on corporate governance indicates all offices held.

TABLE 3: OTHER REQUIREMENTS OF THE GOVERNANCE CODE

	YES	NO	Summary of the reasons for any differences from the recommendations of the Code
Powers delegated and transactions with related parties			
The BoD has attributed powers defining:			
a) limits	X		
b) functioning	X		
c) and periodical information?	X		
The BoD reviews and approves the transactions of an important economic and financial nature (including transactions with related parties)?	X		
The BoD has defined guidelines and criteria for the identification of "significant" operations?	X		
The above guidelines and the criteria are described in the report?	X		
The BoD has defined specific procedures for the review and approval of operations with related persons?	X		
Are the procedures for approval of transactions with related parties described in the report?	X		
Procedures for the most recent appointment of directors and statutory auditors			
The proposal of the candidates for the office of director is made at least ten days in advance?	X		
The candidature for director is accompanied by full and complete information?	X		
The candidature for director is accompanied by indications of independence?	X		
The proposal of the candidates for the office of statutory auditor is made at least ten days in advance?	X		
The candidature for statutory auditor is accompanied by full and complete information?	X		

Shareholders' Meetings			
Has the Company approved Shareholder Meeting Regulations?		X	*The provisions of the by-laws – which attribute to the Chairman the power to manage the discussions and define the functioning methods of the Shareholders' Meeting – were held to be suitable and allow an orderly functioning of these meetings.*
Internal Control			
Has the company appointed persons responsible for internal control?	X		
Are they hierarchically independent from Business Area managers?	X		
Dept. responsible for Internal Control (as per article 9.3 of the Code)	*Group Audit Function*		
Investor Relations			
Has the Company appointed an investor relations manager?	X		
Dept. (address /telephone/fax/e-mail) and person responsible for investor relations	Investor Relations Department - Corso G. Galilei, 12 TURIN Tel. 011-6657.642 e-mail: investorrelations@fondiaria-sai.it		

Other information

Pursuant to the corporate governance system of the Company, we declare that the conduct of the corporate boards and of the committees therein was appropriate to ensure compliance with current regulations (Law No. 58 of February 24, 1998) and of the recommendations of Consob in relation to the appointment of the corporate boards of companies listed on the Stock Exchange (communication No. 97001574 of February 20, 1997 and No. 98015375 of February 27, 1998).

In accordance with the recommendations of Consob, before the issue of the respective reports on the financial statements, the Board of Statutory Auditors and the independent Audit Firm exchanged reciprocal information on the controls undertaken.

Audit fees and other services provided by audit firm

The following table shows the information required pursuant to article 149 of the Consob Issuer's Regulation:

Type of service	Party providing the service	Company	Remuneration (in Euro thousands)
a) audit	Deloitte & Touche S.p.A.	Milano Assicurazioni	740
	Deloitte & Touche S.p.A.	Dialogo Vita	24
b) certification work (*)	Deloitte & Touche S.p.A.	Milano Assicurazioni	1,376
	Deloitte & Touche S.p.A.	Dialogo Vita	7
c) fiscal consulting			
d) other services			
Total fees in the year			**2,147**

(*) of which:	
Compliance opinion as per Article 2441 of the Civil Code, paragraph 6	900
Fees for the examination of pro-forma data, based on Consob regulations	300
audit fee of the separated management	148
audit fee of the internal insurance funds	17
audit fees of the open pension funds	11

Disclosures on share ownership pursuant to article 123 of the consolidated finance act as at March 20, 2009

a) Share capital structure

The subscribed and paid-in share capital is Euro 305,851,341.12.

The categories of shares that make up the share capital are as follows:

	Number of shares	% of share capital	Quoted on	Rights and obligations
Ordinary shares	557,435,774	94.773	MTA-BORSA ITALIANA S.p.A.	(*)
Non convertible savings shares	30,739,882	5.227	MTA-BORSA ITALIANA S.p.A.	(**)

(*) Each Milano Assicurazioni S.p.A. ordinary share has the right to vote in the ordinary and extraordinary shareholders' meetings of Milano Assicurazioni S.p.A.
On the distribution of the profits or on the liquidation of the company the ordinary shares of Milano Assicurazioni S.p.A. do not have any privileges.

(**) The savings shares are to bearer. They do not have voting rights and have equity privileges pursuant to articles 6 and 27 of the company by-laws and other rights pursuant to law. In the case of exclusion from trading of the ordinary or saving shares issued by the company, the saving shares have the rights pursuant to law and the company by-laws.
The saving shares have the right of a dividend up to 5% of the nominal value of the shares. Where the profits for the year do not permit a dividend of 5% to the saving shares, the difference will be included as an increase in the dividend in the two following years.
The profits distributed as dividend by the Shareholders' Meeting are divided among all the shares in order that the saving shares receive a dividend higher than the ordinary shares of 3% of the nominal value of the share.
When the share capital has to be written down to cover losses, this does not imply a reduction of the nominal value of the savings shares, except when the losses to be covered exceed the total nominal value of the ordinary shares. Should the Company decide to distribute its reserves, the savings shares shall enjoy the same rights as the other shares.
Should the Company be wound up, the ordinary shares shall not receive any part of the share capital until the entire nominal value of the savings shares has been reimbursed.

b) Restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

c) Significant shareholdings

The significant shareholdings of the Company, in accordance with article 120 of the Consolidated Finance Act, are as follows:

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital
FONDIARIA-SAI S.P.A.		64.072	63.630
	FONDIARIA-SAI S.P.A.	60.579	61.323
	FONDIARIA NEDERLAND BV	1.499	1.517
	MILANO ASSICURAZIONI S.P.A. (*)	1.214	-
	SAI HOLDING ITALIA S.P.A.	0.510	0.516
	SAINTERNATIONAL S.A.	0.199	0.201
	PRONTO ASSISTANCE S.P.A.	0.055	0.055
	NOVARA VITA S.P.A.	0.016	0.016

(*) excluded voting right pursuant to law.

d) Securities which confer special rights

The company has not issued shares which confer special rights.

e) Employee shareholdings: method of exercise of voting rights

There is no share participation programme for employees.

f) Restrictions on voting rights

There are no restrictions on voting rights, except that the treasury shares of Milano Assicurazioni and those held by subsidiaries may not exercise voting rights pursuant to law.

g) Shareholder agreements

To the knowledge of the Company, there are no shareholder agreements pursuant to article 122 of the Finance Act relating to the shares of the Company.

h) Nomination and replacement of the directors and changes to the company by-laws

In compliance with the regulations introduced by the Savings Law, the extraordinary shareholders' meeting of April 24, 2007 approved the introduction to the company by-laws of a voting mechanism of slates for the appointment of the Board of Directors, in order to permit one Director to be elected by the minority shareholders. The statutory provisions also provide a period of 15 days before the date fixed for the shareholders' meeting in first convocation for the filing of the slate at the registered office, in line with the recommendations of the Code.

The by-laws also provide that, together with the slate, the shareholders must file at the registered office, among other matters, the declarations in which the individual candidates accepted their candidature and certified the existence of the requisites required for holding the office, in addition to a curriculum vitae of each candidate with indication of whether they may qualify as an independent director. The candidates which are considered independent pursuant to article 147-*ter* of the Consolidated Finance Act should also be indicated.

Shareholders may present slates, alone or together with other shareholders, where they hold at least 2.5% of the share capital of the voting rights at an ordinary shareholders' meeting, except where other measures are established or requested, from time to time, by Law or by Consob.

The slates presented by the shareholders must contain a number of candidates not lower than nine and not exceeding nineteen, each coupled to a progressive number.
The number of members on the Board of Directors will be the same number of candidates contained on the slate which obtains the largest number of votes.

The directors are elected among the candidates of the slates which are first and second by number of votes, as indicated below:

- From the slate that obtains the largest number of votes, all of the candidates are elected except the last candidate nominated by progressive number;
- From the slate that obtains the second largest number of votes the first candidate by progressive number is elected, provided that this slate has obtained a percentage of votes at least equal to half of those requested by the by-laws for the presentation of the slate.

In the case of presentation of a single slate or where no slate is presented, the shareholders' meeting votes by statutory majority, without complying with the above-mentioned procedure.

Should one or more directors resign during the year, they shall be replaced in accordance with article 2386 of the Civil Code as follows:

a) The Board of Directors appoints the replacements from the same slate to which the directors resigning belonged and the Shareholders' Meeting makes resolutions, in accordance with statutory majority, respecting this criteria;
b) When the above-mentioned slate does not contain candidates not previously elected or when for whatever reason that stated by letter a) cannot be complied with, the Board of Directors makes the replacement in accordance with the statutory majority, without the voting of slates.

The provisions of letter b) below are applied where the Board of Directors are elected without complying with the voting of slates due to the presentation of only one slate or of no slate.
In the event that the majority of the Directors' offices become vacant, the entire Board shall be deemed to have resigned and must promptly call a meeting of the shareholders to elect a new Board.

i) Powers to increase share capital and authorisation to purchase treasury shares

The Board of Directors does not have powers to increase the share capital pursuant to article 2443 of the civil code.

In relation to the authorisation to purchase treasury shares pursuant to article 2357 and thereafter of the civil code, the ordinary shareholders' meeting of April 21, 2008 approved a further purchase of ordinary and or savings treasury shares, in one or more tranches for a period of twelve months from the present deliberation date, for a maximum increase, taking into account any sales in the period, of 5,000,000 ordinary and/or savings treasury shares of a nominal value of Euro 0.52 each, within a maximum amount of Euro 25,000,000, pursuant to article 2357, paragraph 3, of the civil code, establishing that each purchase must be exclusively made on the regulated markets, in compliance with the provisions and regulations applicable by Consob, according to the operating procedures established by Borsa Italiana S.p.A., which does not permit the joint proposal of negotiating a purchase with a predetermined sale, and also excluding blocking operations, for a unitary payment not above 5% of the average prices recorded on the computerised system of Borsa Italiana in the three previous trading days for each single operation.

l) Change of control clauses

Milano Assicurazioni signed a bancassurance agreement with Banco Popolare di Milano which may be void on the change of control of Milano Assicurazioni.

m) Indemnity of the directors in case of dismissal and termination of employment following a public purchase offer

No agreements have been signed between the Parent Company and the directors which provide indemnity in the case of resignation or dismissal/revocation of office without just cause or termination of employment following a public purchase offer.

* * *

On March 11, 2009, Consob communicated the authorisation of the publication of the information document relating to the admission on the Mercato Telematico Azionario of the ordinary shares of Milano Assicurazioni through two share capital increases through conferment of the shareholdings in Liguria Assicurazioni and Immobiliare Lombarda in order to facilitate the merger by incorporation of Sasa and Sasa Vita. These shares are listed from March 16, 2009.

Compliance with privacy laws (Legislative Decree No. 196/2003)

In accordance with the rule 26 of the "Technical Governance on security matters", Attachment B) of Legislative Decree No. 196 of June 30, 2008, Milano Assicurazioni declares to have prepared the Programmed Security Document relating to the year 2007, in compliance with the provisions of article 34 of Legislative Decree No. 196 of 30/06/2003 and the Technical Governance cited above.

Litigation

At December 31, 2008, there were 28,354 claims open (2,521 relating to Sasa Assicurazioni incorporated at year end). Of these, 19,979 relates to the Motor TPL Class (1,837 for the Sasa portfolio). During the year, a total of 13,806 cases were defined, of which 11,754 relating to the Motor TPL class (respectively 1,222 and 1,006 for Sasa).

The disputes from civil cases brought by policyholders which requested a partial repayment of the Motor TPL premium for alleged anti-competitive activities which were allegedly undertaken, together with the other principal insurance Companies in the insurance sector, in the Motor TPL class, continues to rise, although at notably reduced levels.
There was a decrease with the entry into force of Legislative Decree No. 18 of February 8, 2003, converted into Law No. 63 of April 7, 2003, which subjected this type of litigation to the rules of legal process, and to the sentence No. 2207/05 of the Cassation Court, according to which these cases should be brought before the Appeals Court and not the Justice of the Peace, pursuant to article 33 of Law 287/1990.

There are 997 cases pending at December 31, 2008. The payments incurred up to the present by the Company amounted to approx. Euro 6.4 million (average of Euro 964 per case).
We recall finally that the Unit Sections of the Cassation pronounced on the case rejecting the appeals filed by the Companies sanctioned and therefore rendering the sanction of the Competition Authority definitive as well as the decisions of the Lazio Regional Administrative Court and of the Counsel of State which had in turn rejected the appeals by the Companies.

Tax Audits

On July 31, the Central Assessment Office – Fiscal Control Sector – Large Companies Office, on the completion of a general verification relating to the year 2004, for a duration of 9 months, within the ordinary terms permitted by Statutes, notified Milano Assicurazioni of a contestation concerning taxes for the year 2004 and with reference to the years 2003, 2005 and 2006.

The tax audit concerned, in addition to the formal controls on all tax compliance, Direct Income Taxes, VAT, Withholding taxes, Insurance taxes and other indirect taxes and the activities undertaken by the Company.

The contents of the contestation are being analysed in detail by the company in order to assess and quantify the risks and substance, although it should be noted that after a preliminary analysis it is considered, where these matters are confirmed by an assessment notice, we are in agreement only with a minimal part of the findings.

On September 26, 2008 the company communicated, in accordance with article 12, paragraph 7, of Law No. 212/00, a note containing observations and requests on some matters contained in the Tax Notice.

No notice of assessment has thus far been issued.

Stock Exchange Listing

During the year 2008, the share price of the ordinary shares decreased from Euro 5.313 at the beginning of the year to Euro 2.2166 at the end of the year; the saving share price decreased from Euro 5.269 to Euro 2.2495.
The market capitalisation, based on the share price at March 16, 2009 of Euro 1.4203 for the ordinary shares and of Euro 1.5054 for the saving shares, was Euro 838 million.

* * *

Pursuant to article 126 of Resolution No. 11971 of May 14, 1999, the list of the non-listed companies and of the Companies in which the Company held at December 31, 2008, directly and/or indirectly, a holding above 10% of the share capital or in relation to which the shares or quota attributed to the company the voting right above the percentage held, is shown as an attachment.

Subsidiary and associated companies

The list, pursuant to article 2427, point 5, of the Civil Code, is shown in attachment No. 6 to the notes. For each of these, the balance sheet and the income statement of the last financial statements approved are attached.

The key financial information for 2008 of the principal subsidiaries and associated Companies are shown below.

Subsidiary companies

BIPIEMME VITA S.p.A. – Milan (direct holding 51%)

In 2008, Bipiemme Vita continued to focus its activity on the rationalisation of the product portfolio, renewed and simplified to better meet the needs of the customers, while maintaining particular attention on the guaranteed capital and annuity policies. In relation to this, the average return in the last five years of the principal separated management funds of the Company BPM Sicurgest was 5.05%.

The premiums written in 2008 amounted to Euro 620.9 million (Euro 618.3 million in 2007).

The sums paid and related charges amounted to Euro 634.4 million in the Life Division (Euro 569.1 million in 2007) and Euro 2.7 million in the Non-Life Division. The increase is principally due to redemptions on securitisation contracts, mainly following the current financial market crisis and the uncertainties for the future outlook of the principal economic variables.

Gross technical reserves at December 31 amounted to Euro 1,742.2 million (Euro 1,466.8 million at 31/12/2007).

The total investments amounted to Euro 3,428 million, compared to Euro 3,605 million at 31/12/2007. The decrease follows the sales carried out on maturity and the requests for redemptions on contracts, adjustments made on the portfolio due to falls in equity prices, as well as the adjustments in relation to financial instruments issued by the Icelandic banks (Euro

99.8 million) to cover two index-linked products issued by the company.
These adjustments were made following the noted financial difficulties which the Icelandic banks are currently experiencing and following a heavy downgrading in the ratings assigned to these banks by the principal International Rating Agencies.
However, the index-linked policies issued do not guarantee minimum returns or capital guaranteed by the Company and therefore, as the investment risk connected to the solvency of the issuers is contractually borne by the policyholder; similar adjustments were made to the related liabilities.

The income statement for 2008 which was affected by the most turbulent financial market situation since 1929, recorded a net loss of Euro 15.7 million (net profit of Euro 10.5 million in 2007). The loss is attributed to net adjustments on the investment portfolio (Euro 46.3 million) as well as the calculation method on the redemption value of Index Linked insurance products, which are particularly sensitive to credits default swap rates, rendering it necessary to constitute additional technical reserves.

LIGURIA Società di Assicurazioni S.p.A. – Segrate (direct holding 99.97%)

The premiums written in 2008 amounted to Euro 269.5 million, compared to Euro 225.4 million in 2007, an increase of 19.5%. In the Motor TPL division alone, where the largest proportion of the portfolio is concentrated (68.3%), premiums written grew by 24.8%.
The gross technical result was a loss of Euro 22.2 million, compared to a profit of Euro 3.7 million in 2007.
The deterioration essentially affected the motor classes and in particular is due to the claims in the Motor Vehicle TPL class covered by the CARD regime, which recorded a rise in claims, and the deterioration in the technical result of the Land Vehicle Class following increased competition in the market, the ageing of vehicles in circulation and greater claims from adverse atmospheric events.
Net financial income amounts to Euro 4.8 million compared to Euro 6 million in the previous year, a decrease of 20.1%, due to the higher value adjustments caused by the current financial market crisis.
The sales network consists of 315 agencies (281 at the end of 2007) with a balanced distribution throughout the country (131 in the North, 104 in the Centre and 80 in the South). In 2008, there were 54 new agencies and 20 agency contracts were resolved.
At December 31, 2008, there were 132 employees compared to 109 at the end of the previous year.

The year 2008 reports a loss of Euro 18.2 million, principally due, as previously reported, to the deterioration of the technical balance and to the value adjustments on the investment portfolio, recorded following the current intense financial crisis, one of the worst crises in recent decades.

LIGURIA VITA – Segrate (indirect holding 100%)

The total premiums written amounted to Euro 25.1 million, an increase of 10.2% on the previous year. A total of 10,614 policies were written for a total of Euro 17.9 million premiums (Euro 15.6 million in 2007), of which 542 policies in class III, for an amount of Euro 3.5 million. The average premium of new contracts increased on 2007 from Euro 1,021 to Euro 1,689.

The sums paid amounted to Euro 10.2 million, an increase of 26.3% on 2007, also due to the redemption of some significant positions represented by collateral guarantees on contracts in the bond class.

The result is affected by the current financial market crisis, among one of the worst crisis in recent decades, and reports a profit of Euro 34 thousand compared to Euro 243 thousand in 2007 principally due to the higher adjustments in value on investments.

DIALOGO ASSICURAZIONI S.p.A. – Milan (direct holding 99.85%)

The Company operates in the placement, through the call centre and Internet channels, of motor insurance products and Personal and Wealth protection.
In 2008, in order to stimulate the growth set out in the industrial plan, a number of initiatives were taken aimed at developing and supporting the placement activities.
In particular, in May a new advertising campaign was launched with creative aspects different from that of the previous year. In 2008 the advertising campaign again utilised the press, radio and television, although in a selective manner. The total cost of the new campaign for the full year amounted to Euro 7 million, entirely expensed in the income statement.
At the same time, significant investments in the IT sector were carried out in order to bolster the existing structure to facilitate the development of the company.
As a result of the above-mentioned actions, total premiums written amounted to Euro 21.1 million, growth of 48.5% on Euro 14.2 million in 2007.
The technical result recorded a loss of Euro 10.1 million (loss of Euro 6.4 million in 2007), affected by the costs of the above-mentioned advertising campaign.

The financial activities' result, affected by the financial market crisis, was the worst in the last ten years, not benefiting from the greater capital invested – a profit of Euro 0.7 million (Euro 0.8 million in 2007), with large adjustments to the value of securities in portfolio.
Overall, the result for the year was a loss of Euro 10.4 million, compared to a profit of Euro 6.1 million in the previous year.

SYSTEMA Compagnia di Assicurazioni S.p.A. – Milan (direct holding 100%)

The Company operates in the non-life classes through the commercialisation of standardised products distributed by bank partners in accordance with specific contracts.
The premiums written in 2008 amounted to Euro 11.4 million, an increase of 5.5% on the previous year. Relating to the individual sectors, there was a decrease in the motor premiums written (-9.9% compared to 2007) while the non motor sector recorded strong growth (+53.9%) principally due to the business from the new banking partners from the Banco Popolare di Milano Group, with whom an agreement was signed last year in the bancassurance sector.
The technical account reports a profit of Euro 1.6 million, a decrease compared to a profit of Euro 3.1 million realised in the previous year, principally due to the less favourable claims of previous years. The financial activities' result, affected by the financial market crisis – one of the worst in recent decades, was a profit of Euro 0.6 million, a drop on 2007 due to the greater adjustments in value of securities in portfolio.
The result for the year was a net profit of Euro 1.1 million, compared to a net profit of Euro 2.2 million in the previous year.

DIALOGO VITA S.p.A. - Florence (our direct holding 60%)

In accordance with the strategic policies adopted by the Fondiaria-Sai Group, Dialogo Vita (previously Fondiprev S.p.A.) was chosen as the company to replicate, in the life division, the activities already undertaken by Dialogo Assicurazioni in the non-life division for the distribution of policies through the telephone and internet channels.
In order to highlight the complementary nature with the activities already undertaken by Dialogo Assicurazioni, in June 2008 the Company changed its name from Fondiprev S.p.A. to Dialogo Vita S.p.A.
In 2008, the Company however continued its operations through the banking channel. The new contracts were issued through the branches of the Banking institutions with which bancassurance contracts have been signed, while the direct management continues of the contracts acquired through the agency channel, no longer in force.

We recall that during 2007 a significant bancassurance agreement was signed with UBS Italia S.p.A. This agreement produced significant effects on the portfolio of the company also in

2008. The premiums written in the year amounted to Euro 22.1 million, compared to Euro 3.7 million in 2007.
The financial activities' result, affected by the financial market difficulties, did not benefit from the greater capital invested – a profit of Euro 0.6 million (Euro 0.4 million in 2007), as a consequence of the large adjustments to the value of securities in portfolio compared to the previous year.
The result for the year was a loss of Euro 0.4 million (profit of Euro 0.2 million in 2007).

MERIDIANO EUR – Milan (direct holding 100%)

In December 2008 the company acquired 3 buildings for a total price of Euro 128.2 million, utilising the liquidity deriving from a share capital increase for these acquisitions from the parent company Milano Assicurazioni. The buildings are located at Milan, Via Caldera No. 21 (Euro 64 million); Bologna, Via Bassi, No. 4 (Euro 46.7 million) and Rome, Via In Arcione, No. 98 (Euro 17.5 million) and guarantees the company adequate returns. Following these purchases, the real estate property of the company at December 31, 2008 increased to a carrying value of Euro 164.6 million.
The company also holds a share in the Common Real Estate Fund “Tikal R.E. Fund”, with a carrying value of Euro 76.5 million, deriving from the conferment to this Fund, in 2004, of the building located at Rome - Piazzale dell’Industria.
The profit in 2008 was Euro 2.7 million, an increase compared to 2007 (Euro 2.1 million) due to the greater income relating to the share in the Tikal Fund which ended the year with a current value of Euro 92.7 million.
In January 2009 the company also acquired the building located in Milan, Via Crespi, No. 57 at a price of Euro 55.8 million, further expanding and diversifying its asset portfolio. Also in this case, the purchase was made utilising the liquidity from a share capital increase provided by Milano Assicurazioni.

MERIDIANO ORIZZONTI – Milan (direct holding 100%)

The Company owns a building in Milan, Piazza S.M. Beltrade, No. 1 for a carrying value of Euro 55.2 million. The value of production, represented by the income from properties owned, amounted to Euro 1.9 million (Euro 2 million in 2007). The net profit for 2008 was Euro 0.9 million compared to Euro 1.2 million in the previous year.

CAMPO CARLO MAGNO S.p.A. - Madonna di Campiglio (direct holding 100%)

The Company, acquired by Milano Assicurazioni in December 2005, is owner of a hotel real estate complex at Madonna di Campiglio and of a Golf Hotel. The company signed a rental contract with Atahotels S.p.A. which provides for a fee of 20% of the net annual revenues, with a minimum guaranteed fee. The operation guarantees the company an adequate return on the division rented, in line with market values for similar operations.
The company is currently undertaking a large restructuring and modernisation project of the hotel real estate complex. A share capital increase of Euro 8 million was approved in the previous year for this project, fully subscribed and paid-in by Milano Assicurazioni.

The net profit in 2008 was Euro 181 thousand (Euro 56 thousand in 2007).

SOGEINT – Milan (direct holding 100%)

The Company undertakes commercial assistance to the agencies. The result in 2008 was substantially breakeven (loss of Euro 0.4 million in 2007).

Associated companies

IMMOBILIARE LOMBARDA S.p.A. – Milan (direct holding 39.03%)

The year 2008 saw the conclusion of significant sales operations together with the undertaking of important restructuring operations, in order to increase the value of the real estate assets owned.
Among the real estate operations undertaken were:
- the sale to the Tikal R.E. closed real estate investment fund of the building for accommodation use called Residence Arcobaleno in Milan for Euro 30.5 million;
- the signing, also with the Tikal R.E. Fund, of a preliminary sales contract of the property situated in Milan via dei Missaglia 97 building B2 with the related payment on account of Euro 10 million. The signing of the definitive agreement will take place by October 31, 2009;

- the sale to Fondiaria-SAI of building land situated at Giardini Naxos for the price of Euro 6.3 million and to the company of the FON-SAI Group, Meridiano Quinto S.r.l., the portion of the building for office use of the following buildings:
  - Turin – corso Svizzera,185 – at a price of Euro 2.8 million;
  - Milan – viale Restelli,3 – at a price of Euro 2.1 million;
- the purchase of parts of the property complex named "Grand Hotel Terme di Petriolo" allocated for hotel-spa use and a wellness centre forming part of the structure already owned for a total amount of approx. Euro 2.1 million was completed;

The management support and financing activities for urban restoration works were continued in partnership with other operators in the sector.

In particular, within the realisation of the "Nuovo Polo Urbano Citylife" ("NPUC"), Immobiliare Lombarda S.p.A. and Lamaro Appalti S.p.A. ("Lamoro"), owner of a little less than half the share capital of Citylife S.r.l. (of which Immobiliare Lombarda holds 26.66%), tendered themselves jointly as General Contractor for the realisation of the NPUC. Immobiliare Lombarda and Lamaro, in order to present to Citylife their candidature as General Contractor, created on July 23, 2008, a Temporary Association of Enterprises ("ATI") held equally by the parties. Immobiliare Lombarda, within this ATI, assumed the role of mandatee with representative powers. Simultaneously to the incorporation of the ATI, Immobiliare Lombarda and Lamaro set up the company "Tre Torri Contractor Società Consortile a Responsabilità Limitata", equally held 50% without either party having control, which will have the operational role in the management of the tender.

On July 30, Citylife and ATI signed the tender contract indicating the commencement date as September 1, 2008.

The Company has continued its activities of seeking opportunities in the property sector through acquiring significant shareholdings in other operators in the sector and during the year undertook the following operation:

The result for the year was a loss of Euro 18.4 million (profit of Euro 5.4 million in 2007), principally due to the adjustments made on real estate values following the contraction in prices recorded on the Italian real estate market. Also affecting the result was higher financial charges and provisions for risks and charges. The net equity at December 31, 2008, including the result for the year, amounts to Euro 666.8 million.

GARIBALDI S.c.s. – Luxembourg (direct holding 47.95%)

The company is involved in the construction of the "Garibaldi Repubblica" real estate project located in the centre of Milan.
The project will undertake the development of approx. 90 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. 10 thousand sq. m. for residential use and approx. 20 thousand sq. m. for exhibition use.

Also in 2008:
- the planning process of the real estate project continued;
- the executive design was further developed;
- the various sites, which have commenced, are operating on schedule.

The consolidated net result in 2008 was a loss of Euro 0.8 million, with a net equity deficit of Euro 4 million. These results, attributable to the financial component, are related to the start-up phase of the initiative, also due to the fact that the project is largely financed by loans provided by the shareholders.

Within this project, the total financial commitment of Milano Assicurazioni is expected at approx. Euro 117 million. The loans provided to the company Garibaldi by Milano Assicurazioni amounted to Euro 31.1 million at December 31, 2008.

VALORE IMMOBILIARE S.r.l. – Milan (our direct holding 49%)

The company was incorporated in December 2008 by the FONDIARIA-SAI Group, through Milano Assicurazioni and the Generali Group which holds equal shareholdings of 49%. In December property was purchased from the company A7 S.r.l., incorporated in turn in equal shareholdings between Immobiliare Lombarda, Generali Properties, Alleanza Assicurazioni, Barclays and IM.CO. – as an acquisition vehicle, in December 2005, by the property portfolio of Alleanza Assicurazioni.

The company A7 in fact, in order to fulfil its economic objectives and in the time period for the sale of its property portfolio, stated the intention to sell in block all unsold properties.
In this context, Valore Immobiliare s.r.l. purchased three buildings – located in Milan, Piazza Firenze No. 6 – Via Caracciolo No. 16 and Via Cagliero No. 3 and in Rozzano (MI), Via Montepenice No. 6-8-10 – at a total price of Euro 25.2 million, which was confirmed by expert opinions.

Transactions with related parties

The principal transactions with related parties, as defined by International Accounting Standards No. 24 (Disclosures on operations with related parties) and article 2, letter h) of Consob Resolution 11971 of May 14, 1999 are shown below.

The account *land and buildings* comprises:

- Euro 47.5 million relates to the cost of the building constructed by IM.CO. S.p.A. at Via Lancetti in Milan, already owned by Milano Assicurazioni.
  We recall that the operation, undertaken in 2003, resulted in the sale of the land to IM.CO S.p.A. and the purchase from IM.CO of the completed real estate complex which would be built by the same company at a price of Euro 36.4 million plus VAT.

  In relation to this operation, we report that during the work there was an opportunity to make some modifications to the construction, in order to increase the value of the complex, without changing the non-residential use of the building. These changes, which involve the construction of two additional buildings which will combine the new construction with a building already owned by Milano Assicurazioni in Via Lancetti 43 was made possible following the transfer of the building capacity of the property at Via Lancetti 43 through the use of the entire 6^{th} floor which is used as a fitness/health centre.

  During 2008, the building was completed and, following the signing of the relative notary deed, the total cost (including the relative price of connections between the buildings, already in the previous year, agreed at Euro 6.4 million) was transferred from the account *Assets in progress and payments on account* to the account *Buildings for third party use.*
- Euro 85.2 million payment on account in the year and in previous years to *Avvenimenti e Sviluppo Alberghiero s.r.l.* in relation to Via Lancetti, Milan.

  We recall that this operation, completed in 2003 and described in detail in the directors' report in that year, resulted in the sale of the land to *Avvenimenti e Sviluppo Alberghiero s.r.l.* and the purchase from *Avvenimenti e Sviluppo Alberghiero s.r.l.* of the real estate complex in course of construction on the land in question at a price of Euro 96.2 million. During the work, the parties agreed to some modifications to the original building project, in order to increase the value of the complex.

  These modifications resulted in a lengthening of the completion time of the building, which, on the basis of the preliminary sales contract, should have been completed by December 31, 2006.
  The parties however agreed to extend the completion time and to review the price, with the possibility to bring forward the sales/purchase operation of one of the three buildings within the project.

- Euro 39.3 million payments on account in the year and in previous years 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).
  It is recalled that on December 22, 2005, the subsidiary Milano Assicurazioni sold to the company IM.CO. S.p.A. at a price of Euro 28.8 million including VAT, land in Milan, based in the three streets Confalonieri, De Castillia and Sassetti, of an area of 8,891 sq.m., included entirely in section A/2 of the Integrated Intervention Programme called "Isola de Castillia".

  Subsequently on November 15, 2006 Milano Assicurazioni purchased from IM.CO. at the price of Euro 93.7 million including VAT, full property rights for the complex to be completed on the site in question and specifically, a building for service sector use, consisting of a tower building with the development of twelve floors as well as a ground floor and a mezzanine level and three underground levels, with the ground floor containing a gallery with related commercial space, while the underground floors will include parking and storage. On the higher floors, the first three will be given over to office and covered parking usage, accessible through a ramp, the fourth is reserved in part for parking and partly for plant and offices, while the next six are exclusively for office use while the remaining two will contain a fitness centre and a restaurant.

  In the execution of the works, the parties by common agreement and in order to ensure the highest quality of the building, agreed to some changes which regard the qualitative aspects of the complex to ensure the best utilisation of the structure.

  In order to carry out the refurbishment, it was therefore necessary to agree with the selling party an extension to the deadline, which takes account also of the suspension of work order issued by the Municipality of Milan following the judgment of the Lombardy Regional Administrative Court No. 5438 of July 26, 2007, in a parallel judgment to that against Milano Assicurazioni for a breach of the convention signed by the same Milano Assicurazioni. Both of the judgments of the Regional Administrative Court were nullified by the Council of State, which did not enter into the merits of the case, but were limited to avoid private claims of a legitimate interest.

  On January 29, 2009, in execution of the sequestration decree filed by the GIP, the deeds to the building of via De Castillia were turned over. The motivations of the GIP were based on a "consultancy" with the Prosecutor, according to which the building convention was not legal as adopted by the Administration by a simplified procedure under article 7, paragraph 10 of Law 23/1997, held not applicable to the facts, and according to the prosecuting party's file, an increase in the s.l.p. of the complex and a reduction in the standard.

The Company and the IM.CO. believes that the conclusions reached were unfounded and therefore believe that the procedure adopted by the Municipality Administration was correct in relation to the granting of permission to build. In consideration of this, recourse to the Re-Examination Court was proposed for the desequestration, which however was rejected. The case is currently been presented to the appeals court in accordance with law.

The measure by GIP brought about the suspension of work, with a consequent effect on the expected completion date, which will have to be renegotiated with changes to the agreement with Milano Assicurazioni, as soon as the site becomes accessible again.

Taking into account that the corporate structure of the counterparty companies in the above-mentioned operations include related parties of the Company, in addition to the parent company Fondiaria-SAI, fairness and legal opinions from expert advisors were obtained for these operations. The fairness opinions confirmed the appropriateness of the sales price of the areas and the purchase price of the buildings under construction.

It is also reported that in December 2008:

- a preliminary purchase contract was signed, by Fondiaria-Sai and Milano Assicurazioni, of the entire share capital in the hotel group Atahotels S.p.A., currently held by Sinergia Holding di Partecipazioni S.p.A. and by Raggruppamento Finanziario, at the provisional price of Euro 30 million. Under this operation, Milano Assicurazioni is committed to acquire 49% of Atahotels at a provisional price of Euro 14.7 million, with a down payment of 10% of the final price. The residual amount will be paid on the completion date;

- a preliminary contract was signed for the purchase, by Sinergia Holding di Partecipazioni S.p.A., of 100% of the share capital of Società Agricola Azienda Cesarina S.r.l. at the provisional price of Euro 80 million, with a down payment of 20% on the final price. The residual amount will be paid on the completion date;

Both the above operations are with related parties of Milano Assicurazioni, as well as the parent company Fondiaria-SAI in relation to the positions of some directors of the two companies in Sinergia and the fact that this latter, a subsidiary of Starlife S.A., participates in the shareholder agreement concerning the shares of Premafin Finanziaria Holding di Partecipazioni S.p.A., the parent company of Fondiaria-SAI as per article 93 of Legislative Decree 58/98.

Considering the type of investment and the nature of operations with related parties, the Board of Directors of Milano Assicurazioni and Fondiaria-SAI, for the determination of the relative purchase prices appointed the independent expert KPMG Advisory S.p.A. requesting a fairness opinion on each of the two operations stated above. These opinions were duly sworn as consisting of transactions with related parties and confirmed the correctness of the prices paid.

For further information on the above-mentioned operations, reference should be made to the section on "Other significant events in the year".

The principal transactions with the parent company, subsidiaries, associated companies, group companies, other investments and other related parties are summarised below. They principally relate to:

- transactions related to reinsurance activities, all at market prices;
- charges, income and consequent debtor/creditor balances related to the division between the companies of the Fondiaria-SAI Group of the cost of the general services at group level;
- credit and debit balances deriving from the involvement by Milano Assicurazioni in the Fondiaria-SAI Group tax consolidation.

(in Euro thousands)

	Assets	Liabilities	Revenues	Costs
Parent Company				
Fondiaria-Sai	169,771	90,778	33,321	32,610
Premafin	-	-	137	
Subsidiary companies				
Dialogo	223	82	198	-
Systema	870	102	263	102
Bipiemme Vita	-	-	765	-
Liguria	2,817	-	-	-
Other subsidiaries	-	450	36	450
Group companies	59,962	26,315	12,530	78,196
Associated companies	35,159	-	1,807	-
Other holdings	704	-	214	-
Other related parties	150,975	1,499	318	8,095

Fondiaria-Sai

The assets refer principally to:

- The inter-group balances following the adherence, by Milano Assicurazioni, to the tax consolidation of the Fondiaria-SAI Group (Euro 134,864 thousand credit for payments on account paid and Euro 16,692 thousand paid for group VAT receivables);
- Receivables related to reinsurance transactions, for Euro 11,770 thousand;
- Receivables relating to the division of the costs of the general group services of the Fondiaria-SAI group (Euro 5,076 thousand).

The liabilities relate principally to:

- Payables for IRES due within the group tax consolidation of Euro 33,359 thousand;
- Payables deriving from reinsurance transactions of Euro 37,585 thousand;
- Payables relating to the provision of the general group services for Euro 5,868 thousand;
- A subordinated loan of Euro 10 million provided by Fondiaria-SAI to Sasa Assicurazioni, incorporated into Milano at year-end.

The revenues principally include dividends received on Fondiaria-SAI shares held in portfolio (Euro 8,099 thousand) and recharges made for general services (Euro 24,008 thousand).

The costs essentially refer to the recharge received for the general organisational services of the group (Euro 30,343 thousand).

Subsidiary companies

- relating to Dialogo Assicurazioni, Systema and Liguria Assicurazioni, assets, liabilities, costs and revenues refer to receivables and payables deriving from the provision of the Group general services as well as the amounts deriving from reinsurance operations;
- The revenues relating to Bipiemme Vita relate to the dividends received in the year.

Group companies

The transactions with group companies principally include:

- reinsurance transactions (which generated Euro 16,031 thousand assets for receivables on risks ceded; Euro 23,739 thousand for payables on risks undertaken);
- amounts related to the division of the general organisation costs at Group level (Euro 11,184 of revenues for recharges made and Euro 75,778 thousand of costs for recharges received against the IT services provided by the Group company Uniservizi);
- Bank deposits of BancaSai (Euro 38,363 thousand).

Associated companies

the assets principally include the loans provided to the associated company Garibaldi s.c.s., involved in the real estate development project Garibaldi - Repubblica in the centre of Milan.

Other related parties

the activities essentially included:

- the payments on account paid to the companies *IM.CO. and Avvenimenti e sviluppo alberghiero* in relation to the real estate operations in Milan, Lunetta dell'Isola; Milan, Via Lancetti and Rome, Via Fiorentini;
- the payment on account of Euro 16 million, equal to 20% of the provisional definitive price of Euro 80 million, paid to Sinergia Holding, in relation to the purchase of Agricola Cesarina;
- the payment on account of Euro 1,470 thousand, equal to 10% of the provisional price of Euro 14.7 million, paid to Sinergia Holding (Euro 1,439 thousand) and Raggruppamento Finanziario S.p.A. (Euro 31 thousand), in relation to the purchase of 49% of Atahotels.

The above-mentioned operations have already been commented upon in the present report.

The costs principally include remuneration of Directors, Statutory Auditors, the General Manager and Executives with strategic responsibilities.

* * *

Finally, in accordance with Consob communication No. DEM/6064293 of July 28, 2006, there were no significant positions or transactions deriving from atypical and/or unusual transactions.

Milan, March 20, 2009

MILANO ASSICURAZIONI S.p.A.
The Board of Directors

Proposals to the Shareholders' AGM

DIRECTORS' REPORT

- in accordance with art. 3 of the Justice Ministry Decree No. 437 of November 5, 1998 -

on the proposals relating to the Matters on the Agenda of the Shareholders' Meeting called in ordinary and extraordinary session for April 21, 2009 at the time of 11 AM, in first convocation, at the Atahotel Executive in Milan, Viale Don Luigi Sturzo No. 45, and where necessary on April 22, 2009, at the same time and place, in second convocation.

PROPOSAL TO THE ORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

1. **Financial statements at December 31, 2008.**
   Board of Directors' Report on Operations.
   Report of the Board of Statutory Auditors pursuant to article 153 of Legislative Decree No. 58/1998 and Independent Auditors' Report.
   Deliberations thereon.

Having reviewed the Directors' Report and the Report of the Board of Statutory Auditors, pursuant to Legislative Decree No. 58/98 and having reviewed the auditors' report (all documents available to the shareholders, together with the financial statements, at the registered office in accordance with the provisions of law), we invite you to approve the financial statements as at December 31, 2008, which record a net profit of Euro 15,389,475.89 – comprising a net profit of Euro 85,965,612.64 in the Non-Life Division and a loss of Euro 70,576,136.75 in the Life Division.

With the prior full utilisation of the extraordinary reserve of the Life Division for Euro 70,576,136.75 to cover the losses of the Life Division and with the prior provision to the Non-Life extraordinary reserve of the profits of the same Non-Life Division up to the amount exceeding the profit for the year, we propose for your approval the distribution of a gross dividend of Euro 0.15 for each ordinary share with dividend right and Euro 0.1656 for each saving share with dividend right, as described below.

In relation to the allocation of a preferential dividend to the saving shareholders as per article 24 of the company by-laws, it is proposed in particular that this total dividend is attributed in part through the distribution of a part of the profit for the year and, for the remainder, through the partial distribution both of the extraordinary reserve of the Non-Life division, with prior allocation to this reserve of the non-distributable quota of the profits, and of the extraordinary reserve of the Life division.

In this regard, in recalling the valuation aspects involved in the determination of the net profit for 2008, in a general context particularly affected by the extensively covered financial crisis, we state that the proposal to issue a dividend even through a portion – although minimum in percentage terms – of reserves, as detailed in the introduction to the directors' report, responds both to the need for an improved comparability of the profit determination criteria with previous years and the requirement of prudent and transparent criteria, with reference, in particular, to the process adopted for the valuation of securities. We note in this regard, in fact, that the company did not avail of the option contained in Legislative Decree No. 185/08 to value the securities not held to maturity by the Company at the value recorded in the last half-year accounts if listed on liquid markets, but at the market price at December 31, 2008. We believe that this approach is balanced, in such an important phase of the financial markets, between the market request for transparency with particular regard to the valuation of securities and in ensuring that shareholders are not excessively penalised, with the Company in any case holding excess capital, confirmed by the levels of the non-life and life solvency margins.

In particular:

Net profit	**€**	**15,389,475.89**
to the legal reserve - Life division	€	0
to the legal reserve – Non-Life division	€	769,473.79
to 30,739,882 savings shares: gross dividend of Euro 0.026, equal to 5% of the nominal value	€	799,236.93
	€	13,820,765.17
to 550,670,914 ordinary shares: gross dividend of Euro 0.015	€	8,260,063.71
to 30,739,882 savings shares: further gross dividend of Euro 0.0046, and therefore a total of Euro 0.0306 (in order to guarantee the savings shareholders a dividend higher than the ordinary shares of 3% of the nominal value of the shares)	€	141,403.46
	€	5,419,298.00
To the extraordinary reserve – Non-Life division	€	5,419,298.00
	€	0

Transfer from the Extraordinary reserve: **Non-Life Division** *(net of the profits allocated the amounted transferred is Euro 64,995,316.36)*	**€**	**70,414,614.36**
Life Division	**€**	**8,075,843.10**
to 30,739,882 savings shares: further gross dividend of Euro 0.135, equal to a total of Euro 0.1656	€	4,149,884.07
to 550,670,914 ordinary shares: further gross dividend of Euro 0.135, equal to a total of Euro 0.15	€	74,340,573.39
	€	0

If this proposal is accepted, in accordance with the provisions established by Borsa Italiana S.p.A., we invite you to establish the payment of the dividend from April 30, 2009.

2. Authorisation of the signing by the Company of an insurance policy against civil responsibility of the corporate boards.

We propose the authorisation to sign an insurance policy to cover the civil responsibility risks of the members of the corporate boards of MILANO ASSICURAZIONI (Board of Directors, Board of Statutory Auditors) against third parties, consequent to breaches of obligations in the undertaking of their duties deriving from the office held. The insurance cover would include all legal expenses of the insured, while coverage arising from fraud is excluded as well as administrative sanctions imposed by the Supervisory Board.

This proposal is made in consideration of the extent and complexity of the duties attributable to the corporate boards by current legislation, which attributes more extensive and more serious personal responsibility on company representatives.

The total annual cost of the policy, for a maximum coverage up to Euro 20 million, is estimated as not above Euro 275 thousand, including taxes.

3. Resolutions in relation to treasury shares in accordance with article 2357 and 2357-ter of the civil code.

In compliance with Your previous resolutions, Your Company, at the date of the present report, holds 6,764,860 ordinary shares, equal to 1.21% of the ordinary share capital and 1.15% of the entire share capital. The Company does not hold any savings shares.

The average unit carrying value of the ordinary shares held by the Company is Euro 2.90. The official market price of the share at March 19, 2009 was Euro 1.5597.

On April 21 2009, the twelve-month period fixed by the Shareholders' Meeting of the Company of April 21, 2008 for the purchase and sale of treasury shares will expire.

We proposes you to authorise, in accordance with articles 2357 of the civil code, further purchases of ordinary and/or savings treasury shares, in one or more tranches for a period of twelve months from the date of the resolution, in accordance with the programme illustrated below.

We also propose to authorise the sale, where required, of the treasury shares currently held in portfolio, as well as those which will be purchased following the Shareholders' Meeting resolution.

The request of renewal of the authorisation to purchase and sell treasury shares has the objective, with relation to the purchase, to avail of further opportunities of investments relating to the liquidity from time to time of the share and of the trend in the share price and the market and with regard to the sale, the achievement of positive results.

In accordance with article 144-*bis* of Consob Resolution No. 11971/1999, the purchases and sales will be made exclusively in accordance with the procedures pursuant to paragraph 1 sub letter b) of the same article and, therefore, on the regulated markets in accordance with the operating procedures established by Borsa Italiana S.p.A., which does not permit the direct joint proposal to purchase with predetermined proposals to sell. Blocking sales are also excluded.

We therefore propose the authorisation to make, only in accordance with the previous paragraph, further purchases of ordinary shares and/or saving shares, for a maximum number, taking into account any sales in the meantime, of 5,000,000 ordinary and/or saving shares of a nominal amount of Euro 0.52 each, within the maximum amount of Euro 10 million, and in accordance with the limits as per article 2357 of the civil code.

The maximum number of treasury shares which may be acquired above is the difference between the treasury shares acquired and those sold as authorised by the Shareholders' Meeting and therefore must refer to the additional number of treasury shares which the company can hold at any particular time.

We propose that each purchase is made for a unit payment not above 5% compared to the average reference price recorded on the Borsa Italiana system in the three previous trading days before each single operation and the sales are made at a price which must not be lower than 5% compared to the average reference price recorded on the Borsa Italiana system in the three trading prior days to each operation.

With regard to the volumes, a total number of shares may not be acquired or sold above 25% of the average daily share volume traded on the regulated market in which the operation is made, calculated on the basis of the average daily volumes traded in the month prior to the month in which the programme is communicated to the market and fixed, on this basis, for the duration of the programme.

In any case, in accordance with article 2357, paragraph 3 of the civil code, the total nominal value of the treasury shares, also taking into account those already acquired in accordance with previous shareholders' meetings resolutions held by subsidiary companies, may not exceed 10% of the share capital. All the purchase and/or sales operations, in addition, will be made in accordance with all other regulations applicable.

To undertake these purchases We propose - with prior elimination, for the amount that at April 21 will mature from the previous authorisation, of the "Reserves for treasury shares to be purchased" with a corresponding increase in the "Extraordinary reserve" - to make a provision of Euro 10 million to the "Reserve for treasury shares to be purchased", from the "Extraordinary reserve", from which We also propose to transfer the necessary amounts for the reconstitution of the reserve pursuant to article 2357 ter of the civil code in the case of revaluation of the treasury shares after any write-down.

Where the Shareholders' Meeting approves the above-mentioned programme, before the commencement of the buyback programme, all the details of the programme will be communicated to the market, with an indication of the objective of the programme, with total maximum value, of the maximum quantity of shares to be purchased and the duration for which the programme is authorised.

At the end of the authorisation period by the Shareholders' Meeting, and therefore in compliance with law, the Company will also communicate to the market information on the outcome of the programme.

4. Resolutions on the shares of the direct parent company Fondiaria-SAI S.p.A. pursuant to article 2359-bis of the Civil Code.

In compliance with Your previous resolutions, Your Company, at the date of the present report, holds 9,982,557 ordinary shares of the direct holding company Fondiaria-SAI S.p.A., equal to 8.02% of the ordinary share capital of this latter.

The unit carrying value of the ordinary shares of the direct parent company Fondiaria-SAI held by the Company was Euro 22.97. The official market price of the share at March 19, 2009 was Euro 8.7108.

On April 21, the twelve-month period fixed by the Shareholders' Meeting of the Company of April 21, 2008 for the purchase and sale of shares of the direct holding company Fondiaria-Sai terminates.

We propose to authorise, in accordance with article 2359 bis of the civil code, further purchases of ordinary and/or savings shares of the direct holding company Fondiaria-SAI, in one or more tranches for a period of twelve months from the date of the resolution by the Shareholders' Meeting, in accordance with the programme illustrated below.

We also propose to authorise the sale, where required, of the ordinary and/or savings shares of the direct holding company Fondiaria-SAI currently held in portfolio, as well as those which will be purchased following the Shareholders' Meeting resolution.

The request of renewal of the authorisation to purchase and sell shares of the direct holding company Fondiaria-SAI has the objective, with relation to the purchase, to avail of further opportunities of investments relating to the liquidity from time to time of the share and of the trend in the share price and the market and with regard to the sale, the achievement of positive results.

In accordance with article 144-*bis* of Consob Resolution No. 11971/1999, the purchases and sales will be made exclusively in accordance with the procedures pursuant to paragraph 1 sub letter b) of the same article and, therefore, on the regulated markets in accordance with the operating procedures established by Borsa Italiana S.p.A., which does not permit the direct joint proposal to purchase with predetermined proposals to sell. Blocking sales are also excluded.

We therefore propose the authorisation to make, only in accordance with the previous paragraph, further purchases of shares of the direct holding company Fondiaria-SAI, for a maximum increase, taking into account any sales in the meantime, of 250,000 ordinary and/ or savings shares of a nominal amount of Euro 1 each, within the maximum amount of Euro 3,750,000, and in accordance with the limits as per article 2359 of the civil code.

The maximum number of shares of Fondiaria-SAI acquired as above is determined as the difference between the Fondiaria-SAI shares acquired and those sold authorised by the Shareholders' Meeting and therefore must refer to the additional number of Fondiaria-SAI shares which the company can hold at any particular time.

We propose that each purchase is made for a unit payment not above 5% compared to the average reference price recorded on the Borsa Italiana system in the three previous trading days before each single operation and the sales are made at a price which must not be lower than 5% compared to the average reference price recorded on the Borsa Italiana system in the three trading prior days to each operation.

With regard to the volumes, a total number of shares may not be acquired or sold above 25% of the average daily share volume traded on the regulated market in which the operation is made, calculated on the basis of the average daily volumes traded in the month prior to the month in which the programme is announced to the market and fixed, on this basis, for the duration of the programme.

In any case, in accordance with article 2359 bis, paragraph 3 of the civil code, the total nominal value of the shares of the holding company Fondiaria-SAI, also taking into account those held by the same company and its subsidiary companies, may not exceed 10% of the share capital of the same Fondiaria-SAI. All the purchase and/or sales operations, in addition, will be made in accordance with all other regulations applicable.

To undertake these purchases We propose - with prior elimination, for the amount that at April 21 will mature from the previous authorisation, of the "Reserves for holding company shares to be purchased" with a corresponding increase in the "Extraordinary reserve" - to make a provision of Euro 3,750,000 to the "Reserve for holding company shares to be purchased", from the "Extraordinary reserve", from which We also propose to transfer the necessary amounts for the reconstitution of the reserve pursuant to article 2359 bis of the civil code in the case of revaluation of the shares of the direct holding company Fondiaria-SAI after any write-down.

Where the Shareholders' Meeting approves the above-mentioned programme, before the commencement of the buyback programme, all the details of the programme will be communicated to the market, with an indication of the objective of the programme, with total maximum value, of the maximum quantity of shares to be purchased and the duration for which the programme is authorised.

At the end of the authorisation period by the Shareholders' Meeting, and therefore in compliance with law, the Company will also communicate to the market information on the outcome of the programme.

5. Resolutions on the shares of the indirect parent company Premafin Finanziaria S.p.A pursuant to article 2359 of the Civil Code.

In compliance with Your previous resolutions, Your Company, at the date of the present report, holds 9,157,710 ordinary shares of the indirect holding company Premafin Finanziaria S.p.A. (hereafter: Premafin) equal to 2.23% of the share capital.

The average unitary carrying value of the ordinary shares of the indirect parent company Premafin held by the Company is Euro 1.24. The official market price of the share at March 19, 2009 was Euro 0.9995.

On April 21, the twelve-month period fixed by the Shareholders' Meeting of the Company of April 21, 2008 for the purchase and sale of shares of the indirect holding company Premafin terminates.

We propose to authorise, in accordance with article 2359 bis of the civil code, further purchases of shares of the indirect holding company Premafin and/or savings treasury shares, in one or more tranches for a period of twelve months from the date of the Shareholders' Meeting resolution, in accordance with the programme illustrated below.

We also propose to authorise the sale, where required, of the shares of the indirect holding company Premafin currently held in portfolio, as well as those which will be purchased following the resolution of the Shareholders' Meeting.

The request of the renewal of the authorisation to purchase and sell shares of the indirect holding company Premafin has the objective, with relation to the purchase, to avail of further opportunities of investments relating to the liquidity from time to time of the share and of the trend in the share price and the market and with regard to the sale, the achievement of positive results.

In accordance with article 144-*bis* of Consob Resolution No. 11971/1999, the purchases and sales will be made exclusively in accordance with the procedures pursuant to paragraph 1 sub letter b) of the same article and, therefore, on the regulated markets in accordance with the operating procedures established by Borsa Italiana S.p.A., which does not permit the direct joint proposal to purchase with predetermined proposals to sell. Blocking sales are also excluded.

We therefore propose the authorisation to make, only in accordance with the previous paragraph, further purchases of shares of the indirect holding company Premafin, for a maximum increase, taking into account any sales in the mean time, of 500,000 shares of a nominal amount of Euro 1 each, within the maximum amount of Euro 750,000, and in accordance with the limits as per article 2359 of the civil code.

The maximum number of shares of the indirect holding company Premafin acquired as above is determined as the difference between the Premafin shares acquired and those sold authorised by the Shareholders' Meeting and therefore must refer to the additional number of Premafin shares which the company can hold at any particular time.

We propose that each purchase is made for a unit payment not above 5% compared to the average reference price recorded on the Borsa Italiana system in the three previous trading days before each single operation and the sales are made at a price which must not be lower than 5% compared to the average reference price recorded on the Borsa Italiana system in the three trading prior days to each operation.

With regard to the volumes, a total number of shares may not be acquired or sold above 25% of the average daily share volume traded on the regulated market in which the operation is made, calculated on the basis of the average daily volumes traded in the month prior to the month in which the programme is announced to the market and fixed, on this basis, for the duration of the programme.

In any case, in accordance with article 2359 bis, paragraph 3 of the civil code, the total nominal value of the shares of the indirect holding company Premafin, also taking into account those held by the same company and its subsidiary companies, may not exceed 10% of the share capital of the same Premafin. All the purchase and/or sales operations, in addition, will be made in accordance with all other regulations applicable.

To undertake these purchases we propose - with prior elimination, for the amount that at April 21, 2009 will mature from the previous authorisation, of the "Reserves for holding company shares to be purchased" with a corresponding increase in the "Extraordinary reserve" - to make a provision of Euro 750,000 to the "Reserve for holding company shares to be purchased", from the "Extraordinary reserve", from which we also propose to transfer the necessary amounts for the reconstitution of the reserve pursuant to article 2359 bis of the civil code in the case of revaluation of the indirect holding company Premafin shares after any write-down.

Where the Shareholders' Meeting approves the above-mentioned programme, before the commencement of the buyback programme, all the details of the programme will be communicated to the market, with an indication of the objective of the programme, with total maximum value, of the maximum quantity of shares to be purchased and the duration for which the programme is authorised.

At the end of the authorisation period by the Shareholders' Meeting, and therefore in compliance with law, the Company will also communicate to the market information on the outcome of the programme.

PROPOSAL TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

1. **Proposal of changes to articles 4 and 21 of the Company By-Laws with reference, respectively, in accordance with regulations in force, of belonging to the Fondiaria-SAI insurance group and to the statutory limit on the accumulation of offices by the members of the Board of Statutory Auditors. Deliberations thereon.**

The Directors' Report for the Extraordinary Shareholders' Meeting relating to the above agenda is contained in a separate file.

Milan, March 20, 2009

MILANO ASSICURAZIONI S.p.A.
The Board of Directors

FINANCIAL STATEMENTS

- *Balance Sheet*
- *Income Statement*

Attachment I

Company **MILANO ASSICURAZIONI S.P.A.**

Share capital subscribed E. 305.851.341,12 Paid in E. 305.851.341,12

Registered office MILAN - VIA SENIGALLIA 18/2

Legal office MILAN

FINANCIAL STATEMENTS

Balance sheet

Year **2008**

(Amounts in Euro)

BALANCE SHEET

ASSETS

						Current year		
A. RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL							1	0
of which called in			2	0				
B. INTANGIBLE ASSETS								
1. Acquisition commissions to be amortised								
a) life division	3	2,926,407						
b) non-life division	4	0	5	2,926,407				
2. Other acquisition expenses			6	0				
3. Formation and start-up costs			7	0				
4. Goodwill			8	77,353,373				
5. Other deferred costs			9	1,466,887			10	81,746,667
C. INVESTMENTS								
I - Land and buildings								
1. Property used for business activities			11	33,259,852				
2. Property used by third parties			12	366,130,199				
3. Others buildings			13	438,689				
4. Other property rights			14	0				
5. Assets in progress and payments on account			15	124,576,307	16	524,405,047		
II - Investments in group companies and in other holdings								
1. Shares and holdings in companies								
a) holding companies	17	221,256,013						
b) subsidiaries	18	614,624,317						
c) group companies	19	275,081,264						
d) associated companies	20	12,838,480						
e) other	21	240,048	22	1,124,040,122				
2. Bonds issued by:								
a) holding companies	23	0						
b) subsidiaries	24	0						
c) group companies	25	0						
d) associated companies	26	0						
e) other	27	0	28	0				
3. Loans to:								
a) holding companies	29	0						
b) subsidiaries	30	0						
c) group companies	31	0						
d) associated companies	32	31,060,048						
e) other	33	0	34	31,060,048	35	1,155,100,170		
				to carry forward				81,746,667

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Previous year

			181 0
	182 0		
183 1,033,000			
184 0	185 1,033,000		
	186 0		
	187 0		
	188 101,345,432		
	189 200,040		190 102,578,472
	191 28,575,362		
	192 328,150,033		
	193 438,689		
	194 0		
	195 148,085,748	196 505,249,832	
197 222,096,542			
198 323,403,581			
199 96,732,772			
200 512,221			
201 240,048	202 642,985,164		
203 0			
204 0			
205 0			
206 0			
207 3,994,000	208 3,994,000		
209 0			
210 0			
211 0			
212 27,172,783			
213 0	214 27,172,783	215 674,151,947	
	to carry forward		102,578,472

BALANCE SHEET

ASSETS

				Current year	
carried forward					81,746,667
C. INVESTMENTS (cont.)					
III. - other financial Investments					
1. Shares and quotas					
a) Shares listed	36 639,376,300				
b) Shares not listed	37 1,769,770				
c) Quotas	38 1,770,972	39 642,917,042			
2. Investment fund units		40 448,369,756			
3. Bonds and other fixed-income securities					
a) listed	41 5,930,211,047				
b) not listed	42 39,273,023				
c) convertible bonds	43 0	44 5,969,484,070			
4. Loans					
a) secured loans	45 68,177				
b) loans on policies	46 27,562,869				
c) other loans	47 2,519,728	48 30,150,774			
5. Quotas in mutual investments		49 0			
6. Deposits at credit institutions		50 0			
7. Other financial investments		51 99,486,215	52 7,190,407,857		
IV - Deposits with reinsuring companies			53 2,650,588	54 8,872,563,662	
D. INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING, TO THE ADMINISTRATION OF PENSION FUNDS					
I - Investments relating to the performance of Investments funds and market indices			55 273,070,075		
II - Investments derived from pension fund management			56 4,654,977	57 277,725,052	
D bis. TECHNICAL RESERVES - REINSURANCE AMOUNT					
I - NON LIFE DIVISION					
1. Unearned premium reserve		58 36,135,274			
2. Claims reserve		59 262,561,067			
3. Reserve for profit sharing and reversals		60 0			
4. Other technical reserves		61 0	62 298,696,341		
II - LIFE DIVISION					
1. Actuarial reserves		63 112,667,244			
2. Reserves for complementary insurances		64 0			
3. Provision for claims to be paid		65 1,657,838			
4. Reserve for profit sharing and reversals		66 0			
5. Other technical reserves		67 0			
6. Technical reserves where the investment risk is borne by the policyholders and provisions relating to the administration of pension funds		68 0	69 114,325,082	70 413,021,423	
to carry forward				9,645,056,804	

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Previous year

	carried forward		102,578,472
216 987,387,886			
217 2,312,410			
218 7,463	219 989,707,759		
	220 396,789,127		
221 6,211,749,102			
222 54,299,875			
223 0	224 6,266,048,977		
225 105,702			
226 25,006,550			
227 2,474,487	228 27,586,739		
	229 0		
	230 0		
	231 28,027,789	232 7,708,160,391	
		233 3,010,395	234 8,890,572,565
		235 252,762,753	
		236 899,240	237 253,661,993
	238 22,169,949		
	239 195,485,114		
	240 0		
	241 0	242 217,655,063	
	243 124,601,336		
	244 0		
	245 1,034,212		
	246 0		
	247 0		
	248 0	249 125,635,548	250 343,290,611
	to carry forward		9,590,103,641

BALANCE SHEET

ASSETS

			Current year	
carried forward				9,645,056,804
E RECEIVABLES				
I - Receivables, derived from direct insurance operations, composed of:				
1. Policyholders				
a) premiums for current year	71 324,760,428			
b) premiums for previous years	72 15,129,696	73 339,890,124		
2. Insurance brokers		74 318,637,683		
3. Insurance company current accounts		75 30,889,408		
4. Policyholders and others for sums to be recovered		76 37,988,908	77 727,406,123	
II - Receivables, derived from direct insurance operations, composed of:				
1. Insurance and reinsurance companies		78 71,685,109		
2. Reinsurance brokers		79 8,358,369	80 80,043,478	
III. - Other receivables			81 347,206,555	82 1,154,656,156
F OTHER ASSETS				
I - Fixed assets and inventories				
1. Furniture, EDP and internal transport		83 1,424,426		
2. Tangible assets recorded in public registers		84 125,624		
3. Plant and equipment		85 9,733		
4. Stocks and other assets		86 0	87 1,559,783	
II - Cash and Cash equivalents				
1. Bank and postal deposits		88 158,379,191		
2. Cheques and cash on hand		89 2,016	90 158,381,207	
III. - Treasury shares			91 19,637,869	
IV - Other assets				
1. Receivable transitory reinsurance accounts		92 144,164		
2. Other assets		93 283,272,607	94 283,416,771	95 462,995,630
G. PREPAID AND ACCRUED INCOME				
1. Interest			96 97,470,776	
2. Rental			97 334,723	
3. Other prepaid and accrued income			98 1,759	99 97,807,258
TOTAL ASSETS				100 11,360,515,848

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Previous year

		carried forward					9,590,103,641
251	283,959,501						
252	14,430,692	253	298,390,193				
		254	257,408,133				
		255	18,101,148				
		256	37,805,752	257	611,705,226		
		258	27,808,531				
		259	0	260	27,808,531		
				261	303,860,026	262	943,373,783
		263	1,553,805				
		264	77,858				
		265	20,674				
		266	0	267	1,652,337		
		268	119,056,920				
		269	2,495	270	119,059,415		
				271	17,802,212		
		272	27,889				
		273	263,600,937	274	263,628,826	275	402,142,790
				276	89,843,071		
				277	369,998		
				278	1,127,638	279	91,340,707
						280	11,026,960,921

BALANCE SHEET

LIABILITIES AND NET EQUITY

			Current year	
A. SHAREHOLDERS' EQUITY				
I - Share capital subscribed or equivalent fund			101 305,851,341	
II - Share premium reserve			102 718,146,635	
III. - Revaluation reserve			103 1,276,548	
IV - Legal reserve			104 50,243,493	
V - Statutory reserves			105 0	
VI - Reserves for treasury shares and of holding companies			106 240,893,882	
VII - Other reserves			107 712,755,654	
VIII - Retained earnings/(accumulated losses)			108 0	
IX - Profit for the year			109 15,389,476	110 2,044,557,029
B. SUB-ORDINATED LIABILITIES				111 160,000,000
C. TECHNICAL RESERVES				
I - NON-LIFE DIVISION				
1. Unearned premium reserve	112	1,090,903,064		
2. Claims reserve	113	3,551,218,393		
3. Reserve for profit sharing and reversals	114	0		
4. Other technical reserves	115	3,846,068		
5. Equalisation reserves	116	9,411,221	117 4,655,378,746	
II - LIFE DIVISION				
1. Actuarial reserves	118	3,482,270,510		
2. Reserves for complementary insurances	119	268,838		
3. Provision for claims to be paid	120	37,224,234		
4. Reserve for profit sharing and reversals	121	0		
5. Other technical reserves	122	24,721,907	123 3,544,485,489	124 8,199,864,235
D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS				
I - reserve relating to the performance of investments funds and market indices			125 273,071,286	
II - Provisions derived from pension fund management			126 4,654,914	127 277,726,200
		to carry forward		10,682,147,464

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Previous year

		281	251,217,464		
		282	425,372,751		
		283	1,276,548		
		284	48,596,010		
		285	0		
		286	239,898,754		
		287	570,727,740		
		288	0		
		289	224,715,767	290	1,761,805,034
				291	150,000,000
292	944,672,659				
293	3,333,995,976				
294	0				
295	3,700,373				
296	7,517,163	297	4,289,886,171		
298	3,660,214,578				
299	243,628				
300	47,247,532				
301	0				
302	21,361,296	303	3,729,067,034	304	8,018,953,205
		305	252,758,715		
		306	899,239	307	253,657,954
	to carry forward				10,184,416,193

BALANCE SHEET

LIABILITIES AND NET EQUITY

			Current year	
	carried forward			10,682,147,464
E	PROVISIONS FOR RISKS AND CHARGES			
	1 Provisions for pension and similar		128 0	
	2 Tax provisions		129 45,863,267	
	3 Other provisions		130 81,113,850	131 126,977,117
F.	DEPOSITS RECEIVED FROM REINSURERS			132 149,133,105
G.	PAYABLES AND OTHER LIABILITIES			
I	- Payables, derived from direct insurance operations, composed of:			
	1. Insurance brokers	133 16,903,563		
	2. Insurance company current accounts	134 7,043,662		
	3. Policyholders for deposits and premiums	135 465,647		
	4. Policyholder guarantee provisions	136 398,591	137 24,811,463	
II	- Payables, derived from reinsurance operations, composed of:			
	1. Insurance and reinsurance companies	138 9,243,489		
	2. Reinsurance brokers	139 2,463,020	140 11,706,509	
III.	- Bonds		141 0	
IV	- Payables to banks and financial institutions		142 0	
V	- Secured debts		143 0	
VI	- Loans and other financial Payables		144 856,390	
VII	- Employee leaving indemnity		145 27,054,363	
VIII	- Other payables			
	1. Policyholders' tax due	146 28,303,719		
	2. Other taxes due	147 18,360,565		
	3. Social security and welfare institutions	148 8,659,262		
	4. Other payables	149 72,343,853	150 127,667,399	
IX	- Other liabilities			
	1. Payable transitory reinsurance accounts	151 18,048		
	2. Commissions on premium collection	152 52,602,543		
	3. Other liabilities	153 151,649,866	154 204,270,457	155 396,366,581
	to carry forward			11,354,624,267

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Previous year

carried forward			10,184,416,193
		308 0	
		309 55,105,267	
		310 75,967,339	311 131,072,606
			312 140,361,698
	313 23,652,699		
	314 11,819,364		
	315 283,427		
	316 3,426	317 35,758,916	
	318 10,091,606		
	319 314	320 10,091,920	
		321 0	
		322 0	
		323 0	
		324 31,098,511	
		325 27,576,284	
	326 23,288,872		
	327 15,450,385		
	328 8,297,188		
	329 197,698,265	330 244,734,710	
	331 18,821		
	332 47,139,534		
	333 170,279,894	334 217,438,249	335 566,698,590
to carry forward			11,022,549,087

BALANCE SHEET

LIABILITIES AND NET EQUITY

	Current year	
carried forward		11,354,624,267
H. ACCRUALS AND DEFERRED INCOME		
1. Interest	156 5,751,538	
2. Rental	157 128,395	
3. Other accruals and deferred income	158 11,648	159 5,891,581
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		160 11,360,515,848

BALANCE SHEET

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

		Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS		
I - Guarantees given		
1. Sureties		161 0
2. Endorsements		162 0
3. Other non-secured guarantees		163 0
4. Secured guarantees		164 33,269,210
II - Guarantees received		
1. Sureties		165 249,526,478
2. Endorsements		166 0
3. Other non-secured guarantees		167 159,617
4. Secured guarantees		168 425,456
III. - Guarantees given by third parties on behalf of the company		169 45,979,220
IV - Commitments		170 280,036,607
V - Third party assets		171 3,389
VI - pension fund assets managed on behalf of third parties		172 0
VII - Securities deposited with third parties		173 8,153,393,308
VIII - Other memorandum accounts		174 82,000,000

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	Previous year	
carried forward		11,022,549,087
	336 4,403,917	
	337 7,917	
	338 0	339 4,411,834
		340 11,026,960,921

		Previous year
		341 0
		342 0
		343 0
		344 32,449,675
		345 217,177,713
		346 0
		347 155,000
		348 425,456
		349 55,162,089
		350 262,629,338
		351 0
		352 0
		353 8,541,499,815
		354 64,390,105

Attachment II

Company **MILANO ASSICURAZIONI S.P.A.**

Share capital subscribed E. 305.851.341,12 Paid in E. 305.851.341,12

Regstd. office MILAN - VIA SENIGALLIA 18/2

Legal office MILAN

FINANCIAL STATEMENTS

Income statement

Year **2008**

(Amounts in Euro)

INCOME STATEMENT

				Current year
	I. TECHNICAL ACCOUNT OF THE NON-LIFE DIVISION			
1	EARNED PREMIUMS NET OF REINSURANCE			
	a) Gross premiums written		1 2,892,851,634	
	b) (-) Premiums ceded		2 145,359,292	
	c) Change in the gross amount of the unearned premium reserve		3 -20,499,552	
	d) Change in reinsurers reserves for unearned premiums		4 1,899,359	5 2,769,891,253
2	(+) PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT (ACC. III. 6)			6 92,153,627
3	OTHER TECHNICAL INCOME, NET OF REINSURANCE			7 27,005,516
4	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE			
	a) Claims paid			
	aa) Gross amount	8 2,429,498,112		
	bb) (-) reinsurers' share	9 94,795,911	10 2,334,702,201	
	b) Change in recoveries net of reinsurers' share			
	aa) Gross amount	11 30,065,114		
	bb) (-) reinsurers' share	12 240,848	13 29,824,266	
	c) Change in claims reserve			
	aa) Gross amount	14 -232,390,121		
	bb) (-) reinsurers' share	15 -36,800,859	16 -195,589,262	17 2,109,288,673
5	CHANGE IN OTHER TECHNICAL RESERVES NET OF REINSURANCE			18 145,695
6	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE			19 1,686
7	MANAGEMENT EXPENSES:			
	a) Acquisition commissions		20 395,868,397	
	b) Other acquisition costs		21 72,858,504	
	c) Change in commissions and other costs of acquisition to be amortised		22	
	d) Collection commissions		23 20,266,399	
	e) Other administrative expenses		24 82,869,988	
	f) (-) Reinsurers commissions and profit participation		25 26,056,256	26 545,807,032
8	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			27 113,337,443
9	CHANGE IN EQUALISATION RESERVES			28 1,408,862
10	TECHNICAL ACCOUNT RESULT - NON-LIFE DIVISION (Account III. 1)			29 119,061,005

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				Previous year	
		111	2,632,621,899		
		112	91,272,918		
		113	-19,672,621		
		114	675,501	115	2,561,697,103
				116	130,297,524
				117	10,111,845
118	1,973,306,207				
119	41,092,928	120	1,932,213,279		
121	38,025,765				
122		123	38,025,765		
124	-35,861,040				
125	20,506,570	126	-56,367,610	127	1,837,819,904
				128	950,952
				129	
		130	348,739,264		
		131	57,532,935		
		132			
		133	37,236,777		
		134	63,534,894		
		135	18,450,285	136	488,593,585
				137	90,240,127
				138	1,208,789
				139	283,293,115

INCOME STATEMENT

Current year

II. TECHNICAL ACCOUNT - LIFE DIVISION

1	EARNED PREMIUMS NET OF REINSURANCE						
	a) Gross premiums written			30	555,078,835		
	b) (-) premiums ceded			31	13,723,873	32	541,354,962
2	INVESTMENT INCOME						
	a) Income from shares and quotas			33	13,584,774		
	(of which: coming from group companies)			34	1,887,027)		
	b) Income from other investments						
	aa) land and buildings	35					
	bb) other investments	36	230,303,002	37	230,303,002		
	(of which: coming from group companies)			38	209,877)		
	c) Write-back on investments			39	3,992,761		
	d) Gains on investment disposals			40	19,192,997		
	(of which: coming from group companies)			41	)	42	267,073,534
3	INCOME AND UNREALISED GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND PENSION FUND MANAGEMENT					43	19,455,629
4	OTHER TECHNICAL INCOME, NET OF REINSURANCE					44	1,198,695
5	CLAIMS INCURRED NET REINSURANCE						
	a) Claims paid						
	aa) Gross amount	45	1,010,373,334				
	bb) (-) Reinsurers share	46	30,743,460	47	979,629,874		
	b) Change in reserve for sums to be paid						
	aa) Gross amount	48	-14,646,707				
	bb) (-) Reinsurers share	49	-317,653	50	-14,329,054	51	965,300,820
6	CHANGE IN ACTUARIAL RESERVES AND OTHER TECHNICAL RESERVES NET OF REINSURANCE						
	a) Actuarial reserves:						
	aa) Gross amount	52	-376,800,283				
	bb) (-) Reinsurers share	53	-18,623,484	54	-358,176,799		
	b) Unearned premiums reserve						
	aa) Gross amount	55	-26,118				
	bb) (-) Reinsurers share	56		57	-26,118		
	c) Other technical reserves						
	aa) Gross amount	58	-1,169,036				
	bb) (-) Reinsurers share	59		60	-1,169,036		
	d) Technical reserves where the investment risk is borne by policyholders and relating to administration of pensions						
	aa) Gross amount	61	-68,694,780				
	bb) (-) Reinsurers share	62		63	-68,694,780	64	-428,066,733

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			Previous year
		140 496,563,645	
		141 10,180,039	142 486,383,606
		143 16,587,787	
(group companies)		144 8,278,864)	
	145		
	146 179,360,328	147 179,360,328	
(group companies)		148 175,180)	
		149 1,165,033	
		150 39,736,822	
(group companies)		151)	152 236,849,970
			153 20,125,291
			154 954,478
	155 704,916,177		
	156 23,293,278	157 681,622,899	
	158 14,468,292		
	159 284,694	160 14,183,598	161 695,806,497
	162 -81,366,149		
	163 -12,233,689	164 -69,132,460	
	165 -42,727		
	166	167 -42,727	
	168 -1,906,146		
	169	170 -1,906,146	
	171 -77,619,570		
	172	173 -77,619,570	174 -148,700,903

INCOME STATEMENT

			Current year	
7 PROFIT-SHARING AND REVERSALS NET OF REINSURANCE			65	
8 MANAGEMENT EXPENSES:				
a) Acquisition commissions		66 8,981,976		
b) Other acquisition costs		67 9,089,761		
c) Change in commissions and other costs of acquisition to be amortised		68 -1,307,987		
d) Collection commissions		69 5,247,180		
e) Other administrative expenses		70 9,833,614		
f) (-) Reinsurers commissions and profit participation		71 2,894,473	72	31,566,045
9 ASSET AND FINANCIAL CHARGES				
a) Investment management charges and interest expenses		73 59,252,042		
b) Value adjustments on investments		74 194,707,911		
c) Losses on investment disposals		75 13,162,602	76	267,122,555
10 ASSET AND FINANCIAL CHARGES AND UNREALISED LOSSES ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR INVESTMENT RISK, AND ADMINISTRATION OF PENSION FUNDS			77	57,642,429
11 OTHER TECHNICAL CHARGES, NET OF REINSURANCE			78	13,980,211
12 (-) PORTION OF INVESTMENT INCOME TRANSFERRED TO NON TECHNICAL ACCOUNT (ACCOUNT III. 4)			79	
13 TECHNICAL ACCOUNT RESULT - LIFE DIVISION (Account III. 2)			80	-78,462,507
III. NON TECHNICAL ACCOUNT				
1 TECHNICAL ACCOUNT RESULT - NON-LIFE DIVISION (account I.10)			81	119,061,005
2 TECHNICAL ACCOUNT RESULT - LIFE DIVISION (account II. 13)			82	-78,462,507
3 INCOME FROM INVESTMENTS FOR THE NON-LIFE DIVISION				
a) Income from shares and quotas		83 79,409,635		
(of which: coming from group companies)		84 8,701,675)		
b) Income from other investments				
aa) land and buildings	85 16,310,355			
bb) other investments	86 130,072,234	87 146,382,589		
(of which: coming from group companies)		88 2,250,865)		
c) Write-back on investments		89 5,889,225		
d) Gains on investment disposals		90 127,498,445		
(of which: coming from group companies)		91)	92	359,179,894

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						Previous year
					175	
			176	5,609,832		
			177	8,096,067		
			178	-884,000		
			179	5,985,130		
			180	10,211,468		
			181	1,821,399	182	28,965,098
			183	26,767,996		
			184	44,216,531		
			185	14,353,323	186	85,337,850
					187	13,861,692
					188	22,308,396
					189	1,012,121
					190	45,722,594
					191	283,293,115
					192	45,722,594
			193	61,262,369		
(group companies)			194	6,105,980)		
	195	15,238,680				
	196	111,574,677	197	126,813,357		
(group companies)			198	2,121,655)		
			199	28,596,498		
			200	37,271,145		
(group companies)			201	)	202	253,943,369

INCOME STATEMENT

					Current year	
4	(+) PORTION OF INVESTMENT INCOME TRANSFERRED FROM TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS (Account II.12)				93	
5	ASSET AND FINANCE CHARGES FOR NON-LIFE DIVISION					
	a) Investment management charges and interest expenses		94	21,119,887		
	b) Value adjustments on investments		95	149,890,421		
	c) Losses on investment disposals		96	61,330,461	97	232,340,769
6	(+) QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (acc. I. 2)				98	92,153,627
7	OTHER INCOME				99	56,874,273
8	OTHER CHARGES				100	101,548,722
9	RESULT FROM ORDINARY ACTIVITY				101	30,609,547
10/	EXTRAORDINARY INCOME				102	55,803,710
11	EXTRAORDINARY CHARGES				103	72,587,781
12	RESULT FROM EXTRAORDINARY ACTIVITY				104	-16,784,071
13	PROFIT BEFORE TAXES				105	13,825,476
14	INCOME TAXES FOR THE YEAR				106	-1,564,000
15	PROFIT FOR THE YEAR				107	15,389,476

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			Previous year	
			203	1,012,121
	204	14,805,421		
	205	27,905,974		
	206	37,126,841	207	79,838,236
			208	130,297,524
			209	72,603,326
			210	110,843,530
			211	335,595,235
			212	29,948,816
			213	7,122,284
			214	22,826,532
			215	358,421,767
			216	133,706,000
			217	224,715,767

Notes to the Financial Statements

Part A

Accounting principles

Section 1

Illustration of the accounting principles

General principles

The accounting principles adopted in the preparation of the present financial statements are in accordance with current law and for their interpretation the accounting principles issued by the National Council of Professional Accountants (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri) and the Italian Accounting Organisation (Organismo Italiano di Contabilità). The accounting principles have not changed from the previous year, except where specifically indicated in the comments to the individual accounts.

Intangible assets

Acquisition commissions to be amortised: the commissions on the long-term contracts, on both life and non-life contracts, are entirely expensed in the income statement in the year in which they are issued. The amount recorded in the account relates to the residual amount still to be amortised of the commissions on long-term contracts of the life classes existing in 2002 of Milano Assicurazioni and in the 2007 accounts of Sasa Vita which, in line with the accounting principles adopted until 2002 by Milano Assicurazioni and until 2007 by Sasa Vita, continue to be recorded over the duration of each contract and in any case not for a period greater than 10 years.

Goodwill. The amount recorded in the accounts includes:
- the goodwill recorded following the merger by incorporation of Lloyd Internazionale S.p.A. in 1991;
- the goodwill deriving from the acquisition of the insurance portfolio of Latina Assicurazioni in 1992;
- the goodwill recorded in 1992 following the acquisition of the insurance portfolio Card S.p.A.;
- the goodwill relating to the life portfolio of La Previdente Assicurazioni, originally acquired from La Previdente Vita (formerly Latina Vita) in 1993;
- the goodwill relating to the acquisition of the insurance activity Maa Assicurazioni S.p.A. in 1995 and from the accounts of the incorporated Nuova Maa;
- the goodwill deriving from the acquisition of the portfolio of insurance contracts of Profilo Life, in 2001 and from the accounts of the incorporated Maa Vita;

- the goodwill accorded in 2003 following the merger by incorporation of Maa Vita, corresponding to the difference between the carrying value of the investment and the net equity book value.

The goodwill is systematically amortised on a straight line basis over 20 years with the exception of the goodwill recorded in 2003 from the incorporation of Maa Vita as well as that related to Profilo Life, from the accounts of Nuova Maa, which are amortised over 10 years.

These periods are considered appropriate, taking into account the characteristics of the portfolio to which they refer as well as the specific insurance activity and of the long-term prospects based on which the investments in the sector were made.
The quota of amortisation for the year, including the goodwill recorded in 1999 and following the merger by incorporation of La Previdente Vita which was eliminated in the year, amounts to Euro 23,992 thousand and is recorded in the account *other charges*.

Other deferred costs: they are recorded as an asset for an amount equal to the acquisition cost, and amortised over five years on a straight-line basis.

Investments

Buildings:
They are considered non-current investments in accordance with article 15, paragraph 2, of Legislative Decree 173/97.

They are recorded at cost increased, where applicable, in the current and previous years by:

- incremental expenses on the values;
- INVIM ten year, with the exclusion of the extraordinary part as per Law 363/91;
- revaluations made pursuant to law No. 576 of December 2, 1975, No. 72 of March 19, 1983 and No. 413 of December 30, 1991;
- revaluations made on the allocation of the merger deficit;

and decreased, where applicable, by:
- write-downs made to take account of any permanent loss in value, determined on the basis of independent expert's evaluations.

The buildings for the activities of the business are systematically depreciated with a depreciation rate of 3%. The buildings for use by others are not subject to depreciation, in consideration of their constant maintenance, and therefore their utilisation is not limited over time.

Investments in group companies and equity securities:

The investments in group companies and other holdings are generally recorded under non-current assets in accordance with the provisions of article 15, paragraph 2, of Legislative Decree No. 173/97 and are therefore recorded at cost, adjusted for any permanent loss in value.

The permanent loss in value of subsidiaries and associated companies are generally recorded with reference to the quota of loss for the year; the values determined for the investments in subsidiaries and associated companies are compared with the corresponding share of net equity, determined in accordance with article 16, paragraph 5, of Legislative Decree 173/1997 and any higher book values are maintained only if justified by goodwill, progressively recovered through the normal operations.
Other shares and non-current investments are recorded at cost and adjusted for any permanent impairment in value.

The listed shares which are not recorded as non-current assets are recognised at the lower value between book value, determined in accordance with the continual average cost criteria, and that resulting from the stock exchange price on the final trading day of the year. In the previous year, for the purposes of comparison with the carrying value, the average price in December was utilised. The change was made as it was considered that the year-end price was more representative of the financial market trends, which illustrate a downward trend in the final part of 2008 and at the beginning of 2009.

Where the criteria pursuant to article 16, paragraphs 3 and 6, of Legislative Decree 173/97 exists the recoveries in value are recorded within the limits of the write-downs made in previous years.

Bonds and other fixed-income securities:
The securities recorded under non-current investments are valued at purchase cost applying the continual average cost criteria, adjusted by the quota of the trading margin (positive or negative difference between the purchase value and repayment value) matured in the year and, where applicable, for permanent loss in value.

The listed securities recorded under current assets are recognised at the lower value between the book value, determined with the continual average cost criteria, adjusted to take account of issue margins matured, and that resulting from the stock exchange price on the last trading day of the year, except for Corporate bond securities with subordination clauses.

For securities the current value was determined using alternative valuation models, developed internally on the basis of parameters commonly utilised by the operators, taking into account that the relative trading markets do not express, at the end of the year (principally shares listed on the Luxembourg Stock Exchange) for trading volumes and reliability, sufficiently predictable listings. This resulted in lower valuation adjustments of Euro 39.4 million compared to the valuations made utilising the stock exchange prices at the end of the year. This criterion was not however applied to corporate bond securities at risk of default which were valued at year-end prices or, where not available, utilising the reasonable estimate of the recoverable value.

In the previous year, for the purposes of comparison with the carrying value, the average price in December was utilised for all bond securities. The change was made as it was considered that the year-end price was more representative of the financial market trends, which illustrated a downward trend in the final part of 2008 and at the beginning of 2009.

Where the criteria pursuant to article 16, paragraphs 3 and 6, of Legislative Decree 173/97 exists the recoveries in value are recorded within the limits of the write-downs made in previous years.

Other financial investments:
The **investment fund units** recorded under non-current assets are valued at cost, net of any reduction for permanent loss in value; those recorded under current assets are valued at the lower between purchase cost and the value, recorded at the reporting date, as for the previous year.

The **time deposit contracts** with repurchase obligation are recorded in the accounts as independent investments or financial operations. In particular the spot and forward purchase operations are recorded in the account *other financial investments* for the amounts corresponding to the spot value, while those, where applicable, relating to spot sales and forward repurchase are recorded as payables, without generating changes in the holdings of securities. The income components are recorded pro-rata respectively in the *Income from other investments* and *Investment management charges* and *Interest expense*.

Options on derivative contracts: the premiums paid relating to the options acquired are recorded in the account *other financial investments*; the premiums received relating to the options sold are *recorded under other loans* and *other financial payables*. The premiums exercised at maturity are recorded as an adjustment to the carrying value or of the sales price of the related asset; the premiums relating to the options abandoned are recorded under profits or losses on realisation of the investments.
The operations on financial derivative instruments to hedge investments are valued in accordance with the underlying assets; other operations on derivative instruments, in order to ensure proper financial management, are recorded at the lower between cost and market value.

Investments in which the risks are borne by the policyholders

The securities hedging commitments deriving from life contracts, whose services are linked to the performance of specific equity indices (Index-Linked) or to internal funds (Unit-Linked), are recorded at fair value based on the official price on the last trading day of the year or for the investments made on non regulated markets, at the average price at which these investments were traded on the last day of settlement of the year; this criteria is also utilised to determine the commitments towards policyholders, in order to create the correlation with the actuarial reserves recorded under liabilities.
The reserve for transfer of assets from class C to class D, recorded in net equity, includes the difference between the carrying value and current value of the bonds transferred to the class "Investments relating to services linked with investment funds and market indices". In 2008, in accordance with the provisions of article 20 of Legislative Decree 173/97, the revaluation reserve was reduced by Euro 1,284 thousand following the repayment at maturity of the investments which generated gains accrued in previous years.
In relation to the composition of each account of these investments and the relative comparison with the purchase cost, reference should be made to attachment 11 of the present notes.

Premiums written

NON-LIFE DIVISION:

The gross premiums written include the amounts matured in the year from insurance contracts. In accordance with article 45 of Legislative Decree 173/1997 and the instructions contained in ISVAP Regulation No. 22 of April 4, 2008, they include:
- The cancellations due to technical reversals of the individual securities issued in the year;
- The changes of contracts, with or without changes in premiums, made through replacement or supplemented;

While they do not include, as they are included in the account *other technical charges:*
- The write-downs for doubtful receivables from policyholders for premiums of the year made at the reporting date;
- The write-downs and cancellations of receivables from policyholders for premiums in previous years.

LIFE DIVISION:

The gross premiums written include all the amounts matured in the year from insurance contracts. In accordance with article 45 of Legislative Decree 173/1997 and the instructions contained in ISVAP Regulation No. 22 of April 4, 2008, they include:
- The cancellations due to technical reversals of the individual securities issued in the year;
- The cancellation of premiums from annuities expired in previous years;
- The changes of contracts, with or without changes in premiums, made through replacement or supplemented;

While they do not include, as they are included in the account *other technical charges:*
- The write-downs for doubtful receivables from policyholders for first annuity premiums of the year made at the reporting date;
- The write-downs and cancellations of receivables from policyholders from first year annuity premiums or units issued in previous years.

Technical reserves

NON-LIFE DIVISION:

Premiums reserve on direct insurances risks: this includes the reserve for premium fractions, the reserve for risks in course and where applicable the integrations to the reserve for premium fractions, calculated in accordance with Section I of ISVAP Regulation No. 16 of March 4, 2008.

The reserve for premium fractions was determined in accordance with the pro-rata method applied analytically for each policy based on the gross premiums written.

Relating to the reserve for risks in course, the valuation for the creation of the reserve is made based on an empirical calculation procedure constructed on the ratio of claims to premium for the current generation recorded in the accounts and valued, also taking into account values assumed from the ratio from previous years to evaluate the reasonableness of the assumption that this ratio can be of a repetitive nature in the following year.
The ratio includes damages paid for claims of the current generation including the direct and settlement expenses, both externally and internally, as well as the claims reserves at the year-end for the current generation claims, which also include the quota attributable to direct expenses and settlement expenses.
The denominator of the ratio represents the premiums for the period excluding the premiums issued from the acquisition commissions paid, in order to make the calculation based on elements (reserve premiums pro-rata in and out and premiums written) technically uniform in their content.
The procedure for the determination is as follows:

- The claims ratio to premiums in the current year is determined in accordance with the procedures indicated;
- This ratio is valued in accordance with the values assumed in the previous years and verifies the existence of objective elements which may provide significant variables in the immediate future on the value in terms of greater frequency of claims or higher average costs;
- Where this ratio is above 100%, the excess of the reserve is applied for the premium fraction as well as the premium instalments which will be made on the relative contracts.

The additional reserve for premium fractions relate to credit, bond, hailstorm and natural calamity insurance, in accordance with the provisions of Chapter I, Section III, of the above-mentioned ISVAP regulation No. 16/2008 as well as attachment 1 for the credit contracts stipulated or renewed by December 31, 1991.
The total amount provisioned is considered appropriate to cover the commitments for risks in course at the year-end.
Claims reserve on direct insurances risks: this reserve includes the total amount of the sums that from a prudent evaluation made based on objective elements and separate for each claim, are necessary against the payment of the claims during the year or in previous years, and those still not paid, as well as the relative settlement expenses.

In accordance with the provisions contained in ISVAP regulation No. 16 of March 4, 2008, the reserve for claims reported was determined from a separate and analytical evaluation of the cost of each claim reported and not fully paid at the year-end and valued at the last cost, taking into account all the future foreseeable costs based on historical data and reliable projections.

In particular, with regard to the Motor TPL, we recall that from February 2007 a direct compensation procedure is 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, 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, separately applied for material damage and for any personal injury to the driver.

In this context, the reserve was measured separately for the various types of management currently in place. In particular:
- claims before the commencement of the direct compensation regime: for the determination of the last cost, statistical methods were used on the evolution of the cost of the claims, based on historical and reliable prospective elements (methods within the different types of Fisher-Lange). In particular for the determination of the future increase in the cost of the claims reserve, account was taken of the expected inflation and of the specific costs in the insurance sector;

- 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;
- for the claims within the CARD Debtor regime, the valuation was made based on the differing flat rates, for 2007 and 2008, defined by the Technical Committee set up 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, 2007.

For the other non-life classes, the determination of the last cost was made on the basis of the reserves of the liquidators, adjusted to take into account past experience in relation to the changes in the claims reserve.

The claims reserve includes the total amount necessary to meet the claims attributable to the year but not yet reported at the year-end, whose last cost is estimated with reference to historical experience acquired in previous years and, in particular, the examination by insurance class, of the late reported claims compared to those reported in the year in terms of number and average cost.

We also report that, in consideration of the fact that the merger between Milano Assicurazioni and Sasa Assicurazioni e Riassicurazioni took place at the end of the year, the reserve of Sasa Assicurazioni was determined separately, in accordance with normal parameters utilised by this company. The reserve was also verified applying methods in line with those described above.

Other technical reserves: the account includes the aging reserve of the health class, which offsets the greater risk due to the increased life span of the policyholders. The determination was made separately for each contract utilising technical-actuarial criteria in accordance with article 47, point 2, of ISVAP regulation No. 16 of March 4, 2008.

Equalisation reserves: these amounts are reserved in order to reduce the volatility in the movements in the claim rate in future years or cover specific risks, in accordance with the previously mentioned Isvap Regulation No. 16/2008, section V, paragraph III. In particular, the account is comprised of:

- the equalisation reserve of the credit class, accrued to cover any negative technical balance retained of the class at the year-end;
- the equalisation reserve for natural calamity risk and the risks deriving from nuclear energy, accrued to cover any claims over the time horizon of the contracts.

Unearned premium reserve on indirect business: the reserve is calculated based on the communications received from the reinsurance companies; where this has not been received, appropriate rates are applied to the premiums written and the related risks still in course at the year-end, taking into account the specific regulations for insurance for Credit, Bonds, Hailstorm and other natural calamities and damage coverage related to nuclear energy.

Claims reserve for reinsurance risks: the reserve is calculated based on the communications received from the insurance companies supplemented by objective and statistical elements in our possession. The provisions are considered sufficient to meet the commitments at the year-end.

LIFE DIVISION:

Technical reserve relating to direct insurances risks: they are calculated in accordance with the actuarial techniques which comply with current legislative provisions and in particular the principles contained in ISVAP Regulation No. 21 of March 28, 2008. The calculation is made analytically for each contract, based on the commitments without detraction for acquisition expenses; the base calculation techniques (interest rates, demographic assumption for eliminations for death or invalidity and frequency of abandon) are the same utilised for the calculation of the premiums of the individual contracts. In any case, the actuarial reserve is not lower than the redemption values.

The account also includes the additional reserve for financial risk and demographic risk. Among the additional reserves for financial risk, we highlight the additional reserve for guaranteed interest rate risk, calculated in accordance with the provisions of articles 47 and 48 of ISVAP regulation No. 21/2008. The provision for this reserve derives from the higher cost that the company must incur against the difference between the interest rate guaranteed to the policyholders and the current and expected returns on the assets represented by the actuarial reserves, calculated in accordance with the provisions of the previously stated Regulation 21 (art. 38-46).

The additional reserve for demographic risk, made in line with articles 50, 51 and 52 of ISVAP Regulation No. 21, provides for the higher cost that the company must incur against the average extension of the human life for the annuity tariffs or where the option for conversion of capital to annuity exists.

For the products in accordance with article 41, paragraphs 1 and 2 of Legislative Decree 209 of 7/9/2005, as well as the Open Pension Funds, the calculation is made analytically contract by contract, adopting assumptions that represent with maximum approximation the value of the underlying assets.

Technical reserves for reinsurance risks: they are recorded based on communications provided by the insurance companies.

Technical reserves attributed to reinsurers

The technical reserves relating to the reinsurers are calculated applying the same criteria adopted for direct premiums, taking account of the reinsurance contractual clauses.
The reserves attributable to the reinsurance companies are determined with the same criteria utilised for the formation of the reserves of the underwritten risks and represent the share, attributable to them, of the contractual commitments undertaken.

Receivables

They are recorded at realisable value, taking into account the doubtful debt provisions recorded as a direct reduction of the nominal value. In particular the write-down of the receivables from policyholders for premiums was made taking into account the expected amounts collectible, based on experience acquired by the company in the previous years and recorded in categories similar to these receivables.

Other asset accounts

Tangible assets and inventories: they are recorded at purchase cost, net of the relative depreciation.
The depreciation for the year is calculated with rates adequate in relation to the residual utilisation of the assets.

The following rates are applied:

Furniture and fittings	12%
Office machines	12%
Internal transport	20%
Tangible assets recorded in public registers	25%
Plant and equipment	15%

The above rates are reduced by half for the purchases in the year.

Provisions for risks and charges

They relate to:
- Provision for taxes, which includes the deferred tax liability charge and the current income taxes limited to the IRAP regional tax. The current tax charge relating to the IRES income tax was recorded in the account *payables to parent company* following the inclusion by Milano Assicurazioni to the Fondiaria-SAI Group tax consolidation;
- Provisions for future risks and expenses, accrued with reference to certain charges relating to the year and known at the date of the preparation of the financial statements.

Prepaids and accruals

These include the portion of charges and income covering two or more periods, in accordance with the accrual basis of accounting.

Accounting principles of the other accounts

Indirect business: the inward and outward reinsurance relating to contracts with Companies of the group are recorded on an accruals basis. The reinsurance contracts with third parties are recorded in the income statement for the year 2007 in accordance with the provisions of article 42 of Legislative Decree 173/97. The data relating to the year 2008, only partially received, is suspended in the transitory accounts under assets and liabilities.

Settlement expenses: the amounts recorded include the settlement expenses both paid and accrued, which include all the expenses relating to inspection, verification, valuation and settlement of the claims and are attributed to the individual classes based on the amounts of the claims treated, taking into account their differences.

The dividends are recorded at the moment of receipt.

Conversion into Euro of accounts in foreign currencies

The accounts are prepared in Euro. The accounts in foreign currencies are translated into Euro at the year-end rate, with the exchange differences recorded in the accounts *other charges* and *other income* of the non-technical account.

Deferred taxes

Italian accounting principle No. 25 is applied relating to the accounting treatment of income taxes, which requires the calculation of the fiscal charge for the year taking into account the taxes paid but referring to future years (deferred tax assets) and those on the other hand which, although payable in future years, relate to the current year (deferred tax liabilities). The deferred tax assets are recorded only in the presence of reasonable certainty of their future recovery, while the deferred tax liabilities are not recorded when there is little probability that the payable will arise.

The reasonable certainty of the recovery of the deferred tax asset was verified on the basis of the capacity of the Company to produce assessable income at least sufficient to recover these taxes.

The deferred tax assets considered, principally refer to the provisions for risks and charges, to the doubtful debt provisions and to the adjustments to equity securities with exclusion of those within the *participation exemption* regime as per article 97 of D.P.R. 917/86. However the deferred tax assets relating to the provisions made against costs of uncertain deductibility are not considered.

The deferred tax liabilities relating to the gains assessable over several years were also considered, principally relating to buildings sold. No taxes have been provided in relation to the reserves in suspension of taxes, as the transactions that would lead to such taxation are not expected to occur.

The calculation of the deferred tax assets and liabilities were made separately for IRES income tax and IRAP regional tax relating to current tax rates, respectively of 27.5% and 4.82%.

The deferred tax assets are recorded in the account *other assets* of the balance sheet, while the deferred tax liabilities are recorded under *provision for risks and charges* in the account *provisions for taxes*.

* * *

In relation to the significant events at the beginning of 2009 and transactions with related parties, reference should be made to the directors’ report.

Part B

Notes on the Balance Sheet and Income Statement

The Company undertakes insurance business in the classes indicated in article 2, paragraphs 1 and 3 of Legislative Decree 209/2005 (Private Insurance Code). We therefore attach the following:

- The balance sheet relating to the non-life management (attachment 1);
- The balance sheet relating to the life management (attachment 2);
- The statement relating to the division of the result for the year between life and non-life divisions (attachment 3).

All the amounts are expressed in thousands of Euro.

As already described in detail in the directors' report, during 2008, within the industrial and corporate restructuring of the Fondiaria-Sai Group, the merger by incorporation took place into Milano Assicurazioni, of Sasa Assicurazioni e Riassicurazioni S.p.A. and of Sasa Vita S.p.A. The legal effects of the merger are as of December 31, 2008 with accounting and fiscal effects retrospectively to January 1, 2008. Taking into account the above, the data for the previous year is presented on a pro-forma basis, aggregating the 2007 accounts of Milano Assicurazioni, Sasa Assicurazioni and Sasa Vita. The data relating only to Milano Assicurazioni for the year 2007 is also shown for completeness.

Balance Sheet - Assets

Section 1

Intangible assets (account B)

	2008	2007 Pro forma	Changes	2007
1. Acquisition commissions to be amortised				
a) Life Division	2,926	4,234	- 1,308	1,033
b) Non-Life Division	-	-	-	-
2. Other acquisition expenses	-	-	-	-
3. Formation and start-up costs	-	-	-	-
4. Goodwill	77,353	101,345	- 23,992	101,345
5. Other deferred costs	1,467	200	1,267	200
TOTAL	**81,746**	**105,779**	**- 24,033**	**102,578**

The commissions on the long-term contracts, on both life and non-life contracts, are entirely expensed in the income statement in the year in which they are issued. The amount recorded in the account relates to the residual amount still to be amortised of the commissions and long-term contracts of the life classes existing in 2002 of Milano Assicurazioni and in the 2007 accounts of Sasa Vita which, in line with the accounting principles adopted until 2002 by Milano Assicurazioni and until 2007 by Sasa Vita, continue to be recorded over the duration of each contract and in any case not for a period greater than 10 years.

The goodwill account comprises:

The goodwill recorded following the merger by incorporation of Lloyd Internazionale S.p.A. in 1991	4,858
The goodwill recorded in 1992 following the acquisition of the insurance po rtfolio Card S.p.A.	12,395
The goodwill deriving from the acquisition of the insurance portfolio of Latina Assicurazioni S.p.A., in 1992	14,981
The goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from La Previdente Vita (formerly Latina Vita) in 1993	7,231
The goodwill deriving from the acquisition of the portfolio of Maa Assicurazioni by Nuova Maa, incorporated in Milan in 2003	35,526
The goodwill deriving from the acquisition of the insurance portfo lio Profilo Life by Maa Vita, incorporated in Milan in 2003	301
The goodwill recorded in 2003 following the merger by incorporation of Maa Vita	2,061
TOTAL	**77,353**

Goodwill is amortised on a straight line basis over a period of 20 years with the exception of the following which are amortised over 10 years:

- The goodwill deriving from the acquisition of the insurance portfolio Profilo Life by Maa Vita, incorporated in Milan in 2003;
- The goodwill recorded in 2003 following the merger by incorporation of Maa Vita;

These periods are considered appropriate, taking into account the characteristics of the portfolio to which they refer as well as the specific insurance activity and of the long-term prospects based on which the investments in the sector were made.

The amortisation for the year, including that related to the goodwill recorded in 1999 following the merger by incorporation of La Previdente Vita which was eliminated in the year, amounts to Euro 23,992 thousand and is recorded in the account *other charges*.

The account *other long-term costs* principally refer to the quota to be amortised of the commissions incurred against the subordinated loans of Euro 100 million granted by Mediobanca in July. These commissions, of an original amount of Euro 1.4 million, are amortised over 10 years, in line with the period beyond which the beneficiary may repay the loan. The residual amount at December 31 is Euro 1,335 thousand.

The changes in the year of *Intangible Assets* are analysed in attachment 4.

Section 2

Investments (account C)

Land and Buildings (account C. I)

		2008	2007 Pro forma	Changes	2007
I.	Property used for business activities	33,260	34,196	- 936	28,575
II.	Property used by third parties	366,130	329,673	36,457	328,150
III.	Others buildings	439	439	-	439
IV.	Other property rights	-	-	-	-
V.	Assets in progress and payments on account	124,576	148,086	- 23,510	148,086
TOTAL		**524,405**	**512,394**	**12,011**	**505,250**

The changes compared to the previous year principally relate to:

Assets in progress and payments on account	23,976
Improvement works	14,393
Purchases	409
Sales	- 25,172
Amortisation & depreciation	- 1,595
TOTAL	**12,011**

The movements in *assets in progress and payments on account* include:

- The further payments on account made in the year in relation to the real estate operation in Milan, Via Lancetti, amounting to Euro 7,864 thousand.
  We recall that the operation, undertaken in 2003, resulted in the sale of the land to IM.CO S.p.A. and the purchase from IM.CO of the completed real estate complex which would be built by the same company at a price of Euro 36,400 thousand.
  In relation to this operation, we report that during the work there was an opportunity to make some modifications to the construction, in order to increase the value of the complex, without changing the non-residential use of the building.

These changes, which involve the construction of two additional buildings which will combine the new construction with a building already owned by Milano Assicurazioni in Via Lancetti 43 was made possible following the transfer of the building capacity of the property at Via Lancetti 43 through the use of the entire 6th floor which is used as a fitness/health centre.

During 2008, the building was completed and, following the signing of the relative notary deed, the total cost of Euro 47,485 thousand (including the relative price of connections between the buildings, already in the previous year, agreed at Euro 6,400 thousand as well as the amount relating to the additional works carried out in 2008 for Euro 3,500 thousand) was transferred from the account *Assets in progress and payments on account* to the account *Property used by third parties.*

- The further payments on account made in the year in relation to the real estate operation in the Via Fiorentini area of Rome amounted to Euro 8,749 thousand.

  We note that this operation, undertaken in 2003, resulted in the sale of the land to Avvenimenti e Sviluppo Alberghiero s.r.l. and the purchase from the same of the completed real estate complex which would be built in the area at a price of Euro 96,200 thousand.

  During the work, the parties agreed to some modifications to the original building project, in order to increase the value of the complex. These modifications resulted in a lengthening of the completion time of the building, which, on the basis of the preliminary sales contract, should have been completed by December 31, 2006.

  The parties however agreed to extend the completion time and to review the price, with the possibility to bring forward the sales/purchase operation of one of the three buildings within the project.
- Euro 7,527 thousand paid 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).

  This operation, which took place in 2005, involved the sale by Milano Assicurazioni to the company *IM.CO*. of the land in question and the purchase from *IM.CO* by Milano Assicurazioni, of a building for office use, to be built on the land in question at a price of Euro 93,700 thousand;

  On January 29, 2009, in execution of the sequestration decree filed by the GIP, the deeds to the building under construction were turned over. The motivations of the GIP were based on a "consultancy" with the Prosecutor, according to which the building convention was not legal as adopted by the Administration by a simplified procedure under article 7, paragraph 10 of Law 23/1997, held not applicable to the facts, and according to the prosecuting party's file, an increase in the s.l.p. of the complex and a reduction in the standard.

The Company and the IM.CO. believes that the conclusions reached were unfounded and therefore believe that the procedure adopted by the Municipality Administration was correct in relation to the granting of permission to build. In consideration of this, recourse to the Re-Examination Court was proposed for the desequestration, which however was rejected. The case is currently been presented to the appeals court in accordance with law.
The measure by the GIP brought about the suspension of work, with a consequent effect on the expected completion date, which will have to be renegotiated with changes to the agreement with Milano Assicurazioni, as soon as the site becomes accessible again.
For further information on the operation, reference should be made to the directors' report and the section relating to significant events in the year.

The improvement works principally related to the restructuring on the following buildings:
- Milan, Via Lancetti, 43 (already owned by Milano Assicurazioni) for Euro 6,846 thousand;
- Milan, Via Cordusio, for Euro 2,489 thousand;
- Milan, Viale Umbria, for Euro 1,238 thousand;
- Rome, Via Conservatorio, for Euro 1,088 thousand.
- Milan, Via Senigallia, for Euro 672 thousand;

The sale essentially includes the building located in Milan, Via Broletto 44/46. This relates to an entire building, comprising six floors with frontal access from via Broletto 44/46, and a second adjacent building, on the corner of via del Lauro, this latter part of the building has separate origins from number 9 and has two floor levels, allocated for office, shops, banks and parking space use for a total surface area of 9,005 sq.m.. The sales price of Euro 64 million resulted in a gain of Euro 38,903 thousand.

The change in the account *land and buildings* compared to the previous year is detailed in attachment 4 to the present notes, which include, pursuant to article 16, point 7 of Legislative Decree 173/97, the current value of the buildings at the balance sheet date, amounting to Euro 676 million and approx. Euro 151.5 million above the book value.

This current value was obtained by estimates made by independent experts and determined through a separate evaluation of each land and building utilising asset type methods, based on the intrinsic and extrinsic value of the assets and taking into account their profitability, in accordance with the provisions of Isvap Regulation No. 22 of April 4, 2008.

The list of the buildings owned by the company and the movements in the year are shown in an attachment to the notes.

Investments in group companies and other companies (account C. II)

	2008	2007 Pro forma	Changes	2007
Shares and holdings in group companies	1,124,040	645,358	478,682	642,985
Bonds in group companies	-	3,994	- 3,994	3,994
Loans to group companies	31,060	27,173	3,887	27,173
TOTAL	**1,155,100**	**676,525**	**478,575**	**674,152**

The account *shares and holdings in group companies* comprise:

- 8,382,557 shares of the Parent Company Fondiaria-SAI, equal to 6.73% of the ordinary share capital, carrying value of Euro 209,900 thousand. These shares were recorded in the non-current securities segment and record a loss of Euro 101,511 thousand, compared to the stock exchange price at the year-end. The carrying value was verified through impairment tests.
- 9,157,710 shares of the indirect parent company Premafin Finanziaria. The shares are recorded under the current asset segment and the carrying value at the year-end amounts to Euro 11,356 thousand, after recording a value adjustment of Euro 841 thousand, determined with reference to the stock exchange prices on the last trading day of the year.
- shares in subsidiaries for Euro 614,624 thousand. These include:
  - the 51% holding in BPM Vita (Euro 122,080 thousand);
  - the 100% holdings in Meridiano Eur (Euro 235,210 thousand), Meridiano Orizzonti (Euro 50,010 thousand) and Campo Carlo Magno S.p.A. (Euro 37,333 thousand). The value of Meridiano Eur increased in the year by Euro 130 million against the share capital payments to finance the expansion of its real estate holdings.
  - the holding of 99.97% in Liguria Assicurazioni (Euro 151,053 thousand) conferred in 2008 by Fondiaria-Sai to Milano Assicurazioni, within the industrial and corporate restructuring project of the Fondiaria-Sai Group, already described in detail in the directors report.
- shares in Group Companies for Euro 275,081 thousand, of which Euro 250,852 thousand relating to the 39.03% holding in Immobiliare Lombarda, of which 27.88% (Euro 172,376 thousand) conferred by Fondiaria-SAI during the year;
- shares of associated companies and other holdings of Euro 13,078 thousand of which Euro 12,838 thousand relating to the company Valore Immobiliare S.r.l., incorporated in December by the Fondiaria-Sai Group, through Milano Assicurazioni, and the Generali Group, with equal shareholdings of 49%. This company purchased from the company A7 S.r.l., incorporated in turn in equal shareholdings between Immobiliare Lombarda, Generali Properties, Alleanza Assicurazioni, Barclays and IM.CO. – as an acquisition vehicle, in December 2005, by the property portfolio of Alleanza Assicurazioni. Further

information is provided on the above operations in the directors' report, in the section on significant events in the year.

For information on subsidiaries and associated companies, reference should be made to the Directors' Report and to the comments on the performance of each company;

In accordance with article 16, paragraph 4 of Legislative Decree 173/97 we provide information included in the account *shares in Group companies* which are recorded at a value above the corresponding net equity share. As the consolidated financial statements were prepared in accordance with IAS/IFRS, the carrying value was compared, on like-for-like terms, with the share of net equity prepared under Italian accounting principles.

	Valued in accord. with art. 16, point 4, Legs. Decree. 173/97	**Book value**	**Change**
Liguria Assicurazioni	32,613	151,053	118,440
Bipiemme Vita	55,462	122,079	66,617
Campo Carlo Magno	19,255	37,333	18,078

For Liguria Assicurazioni, conferred by Fondiaria-Sai in the year, as described in greater detail in the directors' report, the difference in the value of goodwill and the carrying value was verified through an impairment test, in accordance with article 2343 of the civil code.

For Bipiemme Vita, the difference relates to the value of the portfolio already acquired (value in force) as well as the value of goodwill related to future profitability. In particular, the carrying value is net of an adjustment in value of Euro 8 million, equal to the loss incurred in the year by the subsidiary and confirmed by an impairment test.

For Campo Carlo Mango the difference is due to the higher fair value of the hotel real estate complex owned, located at Madonna di Campiglio.

The *Loans to other group companies* concerns the loans provided to the associated company Garibaldi S.c.s. related to the real estate project at Milan called "Garibaldi Repubblica". These loans, interest bearing, are for a duration of 5 years and may be renewed for a further 5 years within the limits of the project completion date. The debtor may also make advance repayments.

The following information is attached:
- The changes in the year of shares and holdings and of loans to companies (Attachment 5);
- The schedule containing information relative to investment holdings (Attachment 6);
- The schedule analysing the movements (Attachment 7).

Other financial investments (account C. III)

	2008	2007 Pro forma	Changes	2007
Shares and quotas	642,917	1,004,328	- 361,411	989,708
Investment fund units	448,370	411,717	36,653	396,789
Bonds and other fixed-income securities	5,969,484	6,899,761	- 930,277	6,266,049
Loans	30,151	29,873	278	27,587
Quotas in mutual investments	-	-	-	-
Deposits at credit institutions	-	-	-	-
Other financial investments	99,486	28,051	71,435	28,028
TOTAL	**7,190,408**	**8,373,730**	**- 1,183,322**	**7,708,161**

The account *shares and quotas* includes Euro 212,001 thousand of listed shares recorded under current assets and Euro 430,916 thousand of shares recorded under non-current assets.

The shares under current assets are valued at the lower between the carrying value and the stock exchange price recorded on the last trading day of the year, recording a net value adjustment of Euro 122,912 thousand.

The non-current investments are recorded at cost, adjusted for any permanent impairment in value.

For the purposes of determining any permanent loss in value, account was taken of the net equity from the last annual or interim financial statements available as well as internal valuations, made in accordance with the usual methods utilised by operators and, in some cases, also validated by independent experts.
On the basis of these evaluations it was necessary to record a value adjustment of Euro 26,519 thousand in relation to the investment in RCS Mediagroup, represented by 12,480,511 shares, whose total purchase cost, amounted to Euro 45,907 thousand, was written down to the consolidated net equity value at September 30, 2008.

The listed shares in the non-current segment indicate, compared to the stock exchange prices on the last trading day of the year, losses of Euro 178,066 thousand, relating to the following investments:

Unicredit	109,490
Assicurazioni Generali	50,580
RCS Mediagroup (*net of the value adjustments made*)	7,194
Monte dei Paschi di Siena	7,086

Mediobanca	3,288
Banca Intermobiliare	428
TOTAL	**178,066**

Units in mutual investments report a gain of Euro 30,513 thousand in the year.

Bonds and other fixed income securities are broken down as follows:

Listed government securities	4,649,540
Non-listed government securities	5,898
Other listed securities	1,280,671
Other non-listed securities	33,375
TOTAL	**5,969,484**

During the year, issue margins were recorded in this account, which had a negative impact of Euro 39,862 thousand and trading margins having a positive impact of Euro 227 thousand.

The listed bonds recorded in the current segment, excluding the corporate listed bonds with subordination clauses, amounted to Euro 3,626.9 million and were valued at the lower between carrying value and the stock exchange price recorded on the last trading day of the year, recording a net value adjustment of Euro 75,310 thousand.

For the corporate bonds with subordination clauses, recorded in the accounts for Euro 312,544 thousand, the current value was determined using alternative valuation models, developed internally on the basis of parameters commonly utilised by the operators, taking into account that the relative trading markets do not express, at the end of the year for trading volumes and reliability, sufficiently predictable listings. The net value adjustments recorded amount to Euro 46,339 thousand.

The non-current bonds are recorded at cost, as there are no requirements to record any permanent impairment in value.

The non listed bonds were maintained at cost, as there were no permanent losses in value.

Overall, the *bonds and other fixed-income securities* listed recorded the following gains/losses compared to:

- the stock exchange prices at the year-end for the listed securities, with the exception of the corporate bonds with subordination clauses, which, as described, are valued in accordance with the current values defined with alternative valuation models;

- the prices realised for the non-listed securities.

	Gains	Losses
Listed securities	97,580	31,964
Non-listed securities	529	486
TOTAL	**98,109**	**32,450**
of which:		
Current	38,430	-
Non-current	59,679	32,450

Bond securities issued by Lehman Brothers

The account *bond and other fixed income securities* include financial instruments issued by Lehman Brothers for a carrying value of Euro 1.4 million at December 31, 2008.

The account *other receivables* includes receivables from Lehman Brothers for Euro 1,548 thousand, recorded against a bond expired in the year and not repaid by the issuer.

These amounts are net of value adjustments of Euro 12,545 thousand, recorded in order to reduce the carrying value to 20% of the nominal value, for a prudent estimate of the current expected recovery rate following the well documented financial debacle of Lehman Brothers.

We also report that the class D investments include options issued by Lehman Brothers for a carrying value of Euro 1,327 thousand, which were fully written down.

Lehman Brothers Holdings Inc. filed for “Chapter 11” bankruptcy on September 15, 2008 at the New York Bankruptcy Court.

The most significant amounts by issuer are shown below:

Issuer	Carrying value 31/12/2008 *(in Euro thousands)*
Italian State	4,043,404
Greek State	350,403
Austrian State	104,490
Intesa San Paolo	58,744
Enel	39,948
Telecom Italia Finance	35,563
Unicredit Group	34,751
British TelecomMunication PLC	34,006
BEI – Banca Europea degli Investimenti	30,612
Mediobanca	29,538
Goldman Sachs Group Inc.	27,775
Spanish State	27,690
France Telecom	27,020
Santander Insuances Unipersonal	26,574
Deposits and loans	25,618
GE Capital Funding	24,230
French state	24,214
CIE Financement Foncier	24,150
German State	23,953
ENI S.p.A.	23,413
Allianz Finance	22,047
Morgan Stanley	20,834
BNP Paribas	20,327
Deutsche Telecom Int. Finance	20,102

The table below summarises the assets, which have subordination clauses *(thousands of Euro):*

beneficiary	Currency	Carrying value Euro/000 at 31/12/08	Expiry	Subordination Level	Nominal interest	Expected Repayment
ALLIANZ FINANCE	Euro	22,047	Feb 17-49	Upper Tier 2	4.375%	Feb 17-17
ASSURANCE GEN.DE FRANCE	Euro	2,265	perpetual	Tier 1	4.625%	June 10-15
AVIVA	Euro	3,170	Nov 21-21	Lower Tier 2	5.750%	Nov 14-11
AVIVA	Euro	5,138	perpetual	Tier 1	4.729%	Nov 28-14
AXA	Euro	11,335	perpetual	Tier 1	5.777%	July 6-16
BANCA CARIGE	Euro	4,900	June 7-16	Lower Tier 2	Euribor 3m+42	June 7-11
BANCA FIDEURAM	Euro	59	Oct 1-09	Lower Tier 2	Euribor 6m+50	no
BANCA ITALEASE	Euro	1,306	Oct 15-14	Lower Tier 2	Euribor 3m+50	Oct 15-09
BANCA LOMBARDA	Euro	2,492	Feb 23-10	Upper Tier 2	6.875%	no
BANCA LOMBARDA	Euro	3,948	perpetual	Tier 1	8.170%	Mar 10-10
BANCA POPOLARE DI MILANO	Euro	5,085	perpetual	Tier 1	9.000%	June 25-18
BANCA POPOLARE DI VERONA E NOVARA	Euro	1,378	June 4-14	Lower Tier 2	Euribor 3m+ 45	June 4-09
BANCA POPOLARE DI VERONA E NOVARA	Euro	4,737	June 15-16	Lower Tier 2	Euribor 3m+40	June 15-11
BANCA POPOLARE DI VERONA E NOVARA	Euro	3,669	Nov 22-16	Tier 1	Euribor 3m+45	Nov 22-11
BANCA POPOLARE DI VERONA E NOVARA	Euro	8,759	Feb 8-17	Lower Tier 2	Euribor 3m+35	Feb 8-12
BANCA POPOLARE EMILIA ROMAGNA	Euro	3,643	Mar 23-16	Lower Tier 2	3.482%	Mar 23-11
BANCHE POPOLARI UNITE	Euro	3,879	Oct 30-18	Tier 1	Euribor 3m+50	Oct 30-13
BANCO BILBAO VIZCAYA ARG. INTL.	Euro	1,054	perpetual	Tier 1	4.952%	Sep 20-16
BARCLAYS BANK	Euro	4,165	perpetual	Tier 1	4.750%	Mar 15-20
BARCLAYS BANK	Euro	4,266	Jan 23-18	Lower Tier 2	6.000%	no
BES FINANCE	Euro	4,090	perpetual	Upper Tier 2	4.500%	Mar 16-15
BNP PARIBAS	Euro	3,894	perpetual	Tier 1	8.667%	Sep 11-13
BNP PARIBAS CAPITAL TRUST	Euro	3,077	perpetual	Tier 1	5.868%	Jan 16-13
BNP PARIBAS	Euro	4,576	Oct 17-16	Lower Tier 2	5.388%	Oct 17-11
BNP PARIBAS	Euro	1,876	Jan 22-19	Lower Tier 2	4.375%	Jan 2214
BCA POP COMMERCIO E INDUSTRIA	Euro	2,843	perpetual	Tier 1	9.000%	June 27-11
CAPITALIA	Euro	898	Apr 7-16	Lower Tier 2	5.639%	Apr 7-11
CASSA DI RISPARMIO DI FIRENZE	Euro	1,909	Dec 5-13	Upper Tier 2	Euribor 3m+95	no
COMMERZBANK	Euro	2,726	Sep 13-16	Lower Tier 2	4.125	Sep 13-11
CREDIT AGRICOLE	Euro	1,430	perpetual	Tier 1	4.130%	Nov 9-15
CREDIT SUISSE	Euro	351	Dec 20-14	Tier 1	Zero Coupon	no
DANSKE BANK	Euro	2,397	Mar 16-18	Upper Tier 2	4.100%	Mar 16-15
DEUTSCHE BANK	Euro	3,853	Jan 31-13	Lower Tier 2	5.125%	no
DEUTSCHE BANK	USD	1,026	Feb 17-15	Lower Tier 2	2.449%	Feb 17-10
DEUTSCHE CAPITAL TRUST	Euro	3,876	perpetual	Tier 1	5.330%	Sep 19-13
DEUTSCHE POSTBANK FUNDING	Euro	3,139	June 29-49	Tier 1	5.983%	June 29-17
FORTIS BANK	Euro	1,168	perpetual	Tier 1	4.625%	Oct 27-14
GENERALI FINANCE	Euro	14,335	perpetual	Tier 1	5.317%	June 16-16
GENERAL ELECTRIC CAPITAL CORP	Euro	3,491	Sep 15-67	Upper Tier 2	5.500%	Sep 15-17
GROUPAMA	Euro	8,113	perpetual	Tier 1	6.298%	Oct 22-17
HSBC CAPITAL FUNDING	Euro	2,069	perpetual	Tier 1	5.369%	Mar 24-14
HSBC HOLDINGS	Euro	965	Sep 22-14	Lower Tier 2	Euribor 3m+30	Sep 22-09
HT1 FUNDING	Euro	2,902	perpetual	Tier 1	6.352%	June 30-17

Cont./%

beneficiary	Currency	Carrying value Euro/000 at 31/12/08	Expiry	Subordination level	Nominal interest	Expected Repayment
ING BANK	Euro	5,466	Mar 18-16	Tier 1	Euribor 3m+17.5	Mar 18-11
INTERBANCA	Euro	346	Sep 30-09	Lower Tier 2	Euribor 3m+50	no
INTESA SANPAOLO	Euro	6,187	perpetual	Tier 1	8.047%	June 20-18
INTESA SANPAOLO	Euro	13,564	May 28-18	Lower Tier 2	5.750%	May 28-13
INTESABCI CAPITAL TRUST	Euro	2,137	perpetual	Tier 1	6.988%	July 12-11
INTESA SANPAOLO	Euro	2,631	May 8-14	Tier 1	5.850%	May 8-09
INTESA SANPAOLO	Euro	4,598	Feb 8-16	Lower Tier 2	Euribor 3m+25	Feb 8-11
INTESA SANPAOLO	Euro	3,006	perpetual	Tier 1	8.015%	Nov 10-10
INTESA SANPAOLO	Euro	1,365	June 28-16	Lower Tier 2	Euribor 3m+30	June 28-11
INTESA SANPAOLO	Euro	5,291	Feb 20-18	Lower Tier 2	4.403%	Feb 20-13
INTESA SANPAOLO	Euro	4,995	Jan 15-12	Lower Tier 2	5.200%	no
JP MORGAN CHASE BANK	Euro	3,492	Nov 14-21	Lower Tier 2	4.375%	Nov 14-16
MEDIOBANCA	Euro	915	Oct 11-16	Lower Tier 2	5.693%	Oct 11-11
MONTE DEI PASCHI DI SIENA	Euro	4,776	Sep 24-15	Lower Tier 2	4.500%	Sep 24-10
MONTE DEI PASCHI DI SIENA	Euro	2,255	Nov 30-17	Lower Tier 2	Euribor 3m+40	Nov 30-12
PIRAEUS GROUP	Euro	2,412	Sep 29-14	Company guarantee	Euribor 3m+ 60	Sep 29-09
PROSEC FUNDING	Euro	3,307	June 30-16	Upper Tier 2	4.668%	no
ROYAL BANK SCOTLAND GROUP	Euro	1,269	perpetual	Tier 1	7.092%	Sep 29-17
ROYAL BANK SCOTLAND	Euro	14,961	Apr 9-18	Lower Tier 2	6.934%	no
SANTANDER ISSUANCE	Euro	4,451	Mar 23-17	Lower Tier 2	Euribor 3m+25	Mar 23-12
SANTANDER ISSUANCE	Euro	17,807	Oct 24-17	Lower Tier 2	5.435%	Oct 24-12
SANTANDER ISSUANCE	Euro	4,316	Sep 30-19	Lower Tier 2	4.500%	Sep 30-14
SIEMENS	Euro	4,026	Sep 14-66	Tier 1	5.250%	Sep 14-16
SL FINANCE	Euro	2,751	July 12-22	Lower Tier 2	6.375%	July 12-12
SNS BANK NEDERLAND	Euro	2,689	perpetual	Tier 1	5.750%	July 22-13
SOCIETE GENERALE	Euro	1,015	perpetual	Tier 1	4.196%	Jan 26-15
STANDARD CHARTERED	Euro	2,653	Feb 3-17	Lower Tier 2	3.625%	Feb 3-12
STANDARD CHARTERED	Euro	8,815	Sep 26-17	Lower Tier 2	5.875%	no
UNICREDIT GROUP	Euro	1,406	Feb 1-16	Upper Tier 2	3.950%	no
UNICREDIT GROUP	Euro	9,561	perpetual	Company guarantee	4.028%	Oct 27-15
UNICREDIT GROUP	Euro	1,604	June 15-15	Lower Tier 2	Euribor 3m+27	June 15-10
UNICREDIT GROUP	Euro	2,473	Sep 20-16	Lower Tier 2	Euribor 3m+30	Sep 20-11
UNICREDIT GROUP	Euro	4,855	Aug 11-14	Lower Tier 2	5.024%	Aug 11-09
UNICREDIT GROUP	Euro	6,995	Sep 26-17	Lower Tier 2	5.750%	no
UNICREDIT GROUP	Euro	3,522	Sep 22-19	Lower Tier 2	4.500%	Sep 22-14
UNICREDIT GROUP	Euro	474	June 23-15	Lower Tier 2	Euribor 3m+45	June 23-10
UNIPOL ASSICURAZIONI	Euro	4,458	July 28-23	Lower Tier 2	5.660%	July 28-13
ZURICH FINANCE	Euro	2,666	Oct 2-23	Lower Tier 2	5.750%	Oct 2-13
		341,809				

The account *Loans* principally includes (Euro 27,563 thousand) loans on life policies, generally related to the residual duration of the relative contracts and in any case with possibility of advanced repayment by the policyholders.

The account other financial investments include Euro 98,926 thousand of time deposit operations and Euro 560 thousand of premiums paid on derivative contracts agreed in relation to securities in portfolio.

Derivative finance operations

At December 31, 2008, the derivative financial operations open were:

- call options on 5,980,000 Unicredit shares, with average strike price of Euro 5.298. However, in relation to these securities, call options were sold with the same contractual characteristics, recording premiums of Euro 770 thousand under liabilities in the account *other loans and other financial payables*. With these combined options (purchase put – sales call), a large part of the unrealised gains at the moment of the signing of the hedged shares are guaranteed, which on expiry settles the difference of the underlying security.
- nominal contract Euro 50 million of Interest Rate Swap agreed on December 4, 2008 with the counterparty HVB, commencing on January 14, 2009 and expiring on July 14, 2016. Milano pays to the counterparty a fixed rate of 3.18% annually and the counterparty pays Milano at Euribor 6 months.
- Forward Variance Swap contracts on the eurostoxx50, for 1,926 units, with expiry on June 19, 2009;
- Credit Default Swap contracts, *in order to hedge the insolvency risk of the securities in portfolio. In particular:*
  - Credit Default Swap on a nominal amount of Euro 6 million which expires on June 20, 2013 to hedge the issuer insolvency risk of Casinò Guichard Perachon. The premiums paid in 2008 amounted to Euro 72 thousand.
  - Credit Default Swap on a nominal amount of Euro 10 million which expires on June 20, 2013 to hedge the issuer insolvency risk of Merrill Lynch. The premiums paid in 2008 amounted to Euro 100 thousand.
  - Credit Default Swap on a nominal amount of Euro 6 million which expires on March 20, 2013 to hedge the issuer insolvency risk of Citygroup Inc.. The premiums paid in 2008 amounted to Euro 89 thousand.
  - Credit Default Swap on a nominal amount of Euro 10 million which expires on September 20, 2013 to hedge the issuer insolvency risk of Koninklijke KPN NV. The premiums paid in 2008 amounted to Euro 24 thousand.

These operations were undertaken in accordance with the Board of Directors' resolution of March 22, 2005 in relation to the utilisation of the derivative financial and structured instruments utilising control and monitoring instruments, including preventive instruments, existing within the organisation which track the operations carried out in terms of the decided strategy, the efficiency of the hedging operations and the respecting of the limits assumed. For each hedging operation, the relative “Hedging Relationship Documentation” was prepared in accordance with the above-mentioned resolution and also in compliance with international accounting standards.

The account “*other loans and other financial payables*” includes Euro 87 thousand of premiums received on call options sold on foreign investments in portfolio.

The derivative finance operations in the year relate to:
- combined options (purchase put-sell call) on shares in portfolio, undertaken to hedge the non realised gains on equity securities in portfolio. In particular, the options closed during the year through the financial payment of the difference between the quotation and the strike price (cash settlement) related to:
  - 8,500,000 Generali shares on which, based on an average strike of Euro 31.326 per share, a profit of Euro 77,366 thousand was recorded. However the shares hedged were sold in the market, realising a trading loss of Euro 30,015 thousand;
  - 1,000,000 Mediobanca shares on which, based on an average strike of Euro 15.162 per share, a profit of Euro 6,073 thousand was recorded. However the shares hedged were sold in the market, realising a trading gain of Euro 2,640 thousand;
  - 14,000,000 Unicredit shares on which, based on an average strike of Euro 4.538 per share, a profit of Euro 10,006 thousand was recorded. However, a part of the shares hedged were sold in the market, realising a trading loss of Euro 12,915 thousand;
- various Credit Default Swap operations, signed to protect the risk of insolvency of an issuer of financial instruments acquired during the year. These operations resulted in charges of Euro 3,421 thousand and income of Euro 585 thousand;
- a Range Accrual Swap operation on Euro 10 million notional with Banca Akros, which resulted in the recording of income of Euro 87 thousand in the income statement;
- various forward variance swap operations on equity indices, with consequent recording in the income statement of income of Euro 4,428 thousand and charges of Euro 4,309 thousand.

Non-current assets

ISVAP measure No. 893 of June 18, 1998, issued provisions in relation to the classification and valuation of the security portfolio of insurance companies, in particular in relation to the identification of the principal characteristics, in qualitative and quantitative terms, of the current and non current investment segment.
The assets destined, as per article 15 of Legislative Decree 173/97, to be held by the company for stable investments are attributed to the segment “Non-current investments”.

This relates to investments of the classes B “Other intangible assets”, C.I. “Land and buildings” and of the “Securities” of classes C.II and C.III, these latter within the “resolutions” approved by the Board of Directors on September 10, 1998 as modified by the Board of Directors’ meeting of September 29, 1999. The Board of Directors’ resolution of March 26, 2004 redefined the guidelines in order to identify the characteristics of the non-current and current investment sector, in order to stabilise the structure of the security portfolio, in line with the planning of the management of the portfolio and the time period of the commitments underwritten with the policyholders.

In particular, the resolution requires that the securities relating to the *Non-current investments* are those held in the company for the purposes of “stable investment”, a requisite which must be established on the moment of the allocation of the security to the segment. A further condition for recording the debt securities in the non-current investment segment is that they must be assigned a rating of at least BBB- or equivalent.

The table below shows the non-current investments:

	31.12.2008	**31.12.2007 Pro forma**	**31.12.2007**
Shares and quotas	430,916	669,372	669,269
Investment fund units	582	1,282	1,282
Bonds and other fixed-income securities	2,029,346	2,161,580	1,944,288
TOTAL	**2,460,844**	**2,832,234**	**2,614,839**

The shares in the non-current segment include the following principal investments:

Company	**Number of shares**	**Book value** (in Euro thousands)
Unicredit	34,678,486	169,414
Generali	7,812,947	200,635
Mediobanca	2,959,092	24,782
Monte dei Paschi di Siena	3,394,108	12,282
Rcs Mediagroup	12,480,511	19,388

As already described, the carrying value of the investment in RCS Mediagroup was written down to the consolidated net equity value of the investment at September 30, 2008, recording a value adjustment of Euro 26,519 thousand.

The carrying value of the other investments indicated above was already substantially in line with the consolidated net book value of the companies. The carrying values were confirmed by internal evaluations, carried out through the methods normally utilised by operators and validated by independent experts.

The following information is attached:
- Breakdown by current and non-current utilisation of the assets comprising the shares and quotas C.III.1, units in investment funds C.III.2, bonds and other fixed-income securities C.III.3 and other financial investments - C.III.7 (attachment 8);
- The change in the year of the non-current assets include the accounts in the previous point (attachment 9);
- The changes in the year of the loans - account C.III.4 (attachment 10).

Deposits with reinsuring companies (account C. IV)

	2008	2007 Pro forma	Changes	2007
	2,651	3,102	- 451	3,010

The account relates to the life division for Euro 1,787 thousand and to the non-life division for Euro 864 thousand and was created based on the respective reinsurance clauses.

Section 3

Investments where risk is borne by life policyholders and pension fund management (account D)

		2008	2007 Pro forma	Changes	2007
I.	Investments relating to the performance of investments funds and market indices	**273,070**	**345,526**	**- 72,456**	**252,763**
II.	Investments derived from pension fund management	**4,655**	**899**	**3,756**	**899**
TOTAL		**277,725**	**346,425**	**- 68,700**	**253,662**

The decrease on the previous year of the investments related to investment funds and market indices is principally due to the maturity of bonds related to index-linked products for Euro 64,934 thousand, not completely compensated by new subscriptions, which amounted to Euro 45,234 thousand and the valuation losses of Euro 40,550 thousand.

The investments deriving from the management of the pension funds relate to the Milano Assicurazioni Open Pension Fund, structured over six investment lines and operational from June 2007. The breakdown of the investments by line is shown in the table below:

Milano Bond	1,427
Milano Gest	1,301
Milano Mix	848
Milano Europa	494
Milano Global	423
Milano Premium TFR	162
TOTAL	**4,655**

In 2008, in accordance with article 20 of Legislative Decree 173/97, the revaluation reserve was reduced by Euro 1,284 thousand following the repayment at maturity of the investments which generated gains accrued in previous years.
Attachment 11 includes the assets deriving from the performance of investments funds and market indices.
Attachment 12 shows the assets deriving from the management of the pension funds.

Section 4

Technical reserves attributed to reinsurers (account D bis)

	2008	2007 Pro forma	Changes	2007
NON-LIFE DIVISION				
1. Unearned premium reserve	36,135	35,365	770	22,170
2. Claims reserve	262,561	309,968	- 47,407	195,485
3. Reserve for profit sharing and reversals	-	-	-	-
4. Other technical reserves	-	-	-	-
LIFE DIVISION				
1. Actuarial reserves	112,667	131,092	- 18,425	124,601
2. Reserves for complementary insurances	-	-	-	-
3. Reserve for claims to be paid	1,658	1,975	- 317	1,034
4. Reserve for profit sharing and reversals	-	-	-	-
5. Other technical reserves	-	-	-	-
6. Technical reserves where investment risk borne by policyholders and reserves from pension fund management	-	-	-	-
TOTAL	**413,021**	**478,400**	**- 65,379**	**343,290**

The technical reserves relating to the reinsurers are calculated applying the same criteria adopted for direct premiums, taking account of the reinsurance contractual clauses.

The reserves attributable to the reinsurance companies are determined with the same criteria utilised for the formation of the reserves of the underwritten risks and represent the share, attributable to them, of the contractual commitments undertaken.

The change compared to the previous year derives from the evolution of the related accounts of the direct business, as the reassurance policy has remained essentially unaltered, as described in detail in the directors’ report.

Section 5

Receivables (account E)

	2008	2007 Pro forma	Changes	2007
DIRECT INSURANCE OPERATIONS				
1. Policyholders for premiums	339,890	373,481	- 33,591	298,390
2. Insurance brokers	318,638	305,904	12,734	257,408
3. Insurance company current accounts	30,889	29,745	1,144	18,101
4. Policyholders and others for sums to be recovered	37,989	39,300	- 1,311	37,806
REINSURANCE OPERATIONS				
1. Insurance and reinsurance companies	71,685	74,874	- 3,189	27,809
2. Reinsurance brokers	8,358	18,923	- 10,565	-
OTHER RECEIVABLES	347,207	314,360	32,847	303,860
TOTAL	**1,154,656**	**1,156,587**	**- 1,931**	**943,374**

The values shown are net of a total write-down provision of Euro 143,645 thousand, recorded as a direct deduction of the specific receivable accounts to which they refer.

The account other receivables is composed of the following principal amounts:

Tax receivables	133,512
Receivables from Fondiaria-SAI for income tax payments on account made in the year and recorded under receivables following the inclusion by Milano Assicurazioni to the Fondiaria-SAI Group tax consolidation.	134,864
Invoices issued and to be issued, principally for services to group Companies	63,982
Receivables from Fondiaria-Sai for Group VAT	16,692

During the year losses on receivables were recorded for Euro 141,195 thousand, of which Euro 137,992 thousand refer to receivables from policyholders for premiums and Euro 3,203 thousand to other receivables. In relation to the cancellation of receivables from policyholders, we provide the following information on the principal classes:

Motor TPL	57,720
Land vehicles	10,794
Total Motor	68,514
Accidents	11,861
Fire	13,285
General TPL	14,374
Other Non-Life Classes	16,120
Total Non-Life Division	124,154
Life Division	13,838
TOTAL	**137,992**

Section 6

Other assets (account F)

	2008	2007 Pro forma	Changes	2007
TANGIBLE ASSETS AND INVENTORIES:				
1. Furniture, EDP and internal transport	1,424	1,962	- 538	1,554
2. Tangible assets recorded in public registers	126	99	27	78
3. Plant and equipment	10	21	- 11	21
4. Stocks and other assets	-	-	-	-
CASH AND CASH EQUIVALENTS:				
1. Bank and postal deposits	158,379	134,940	23,439	119,057
2. Cheques and cash on hand	2	15	- 13	2
TREASURY SHARES	19,638	17,802	1,836	17,802
OTHER ASSETS				
1. Receivable transitory reinsurance accounts	144	28	116	28
2. Other assets	283,273	277,557	5,716	263,601
TOTAL	**462,996**	**432,424**	**30,572**	**402,143**

The *bank deposits* include:

- Euro 149,078 thousand of deposits denominated in Euro, of which Euro 38,354 thousand relate to the group company Banca Sai;
- Euro 9,301 thousand of deposits denominated in foreign currencies.

The *transitory asset accounts from reinsurance* include the loss of a technical nature for the indirect business and ceded, as the counter-entry of operations recorded in the accounts with the reinsurance companies, which are recorded in the technical account in the following year, as there is insufficient information necessary to fully determine the relative financial result of each contract.

The account *other assets* is composed of the principal amounts:

Transit account between Non-Life and Life divisions	27,838
Deferred tax assets	182,373
Tax paid on account on the life actuarial reserves	10,643
Indemnities paid to agents terminated, whose commissions are in the course of application.	6,074

The account *Deferred tax assets*, amounting to Euro 182,373 thousand, recorded the following changes:

	2008
Initial balance	116,330
Amounts relating to Sasa and Sasa Vita, incorporated in the year	19,416
Deferred tax assets arising in the year	62,207
Deferred tax assets cancelled in the year	- 17,135
Other changes	1,555
Closing balance	**182,373**

The account *other changes* takes into account the modifications deriving from the declaration presented for the year 2008.

The temporary differences deductible relating to the deferred tax asset principally relate to:

- The excess of the adjustments on insurance receivables of the years from 2000 to 2004 compared to the limit of 0.60% of the amount of the receivables, deductible on a straight-line basis over eighteen years;
- The excess of the adjustments on insurance receivables of the years from 2005 to 2008 compared to the limit of 0.40% of the amount of the receivables, deductible on a straight-line basis over eighteen years;
- The doubtful debt provision and the provision for risks and charges;
- Adjustments to the value on equity investments, which are not within the *participation exemption* regime;
- The quota of the increase of the claims reserve, deductible over eighteen years;
- The provisions on long-term contracts of the non-life division, entirely recorded in the income statement and deductible over 3 years.

The total of the temporary differences deductible taken into consideration amount to Euro 632,368 thousand, corresponding to deferred tax assets of Euro 182,373 thousand determined

separately for IRES income tax and IRAP regional tax in accordance with the tax rates applicable.
The temporary deductible differences for which no deferred tax asset was calculated amounted to Euro 66,739 thousand and relate to the quota of the provisions made against costs of uncertain deductibility.

Section 7

Prepayments and accrued income (account G)

	2008	2007 Pro forma	Changes	2007
ACCRUED INCOME				
1. Interest	97,471	96,918	553	89,843
2. Rental	11	22	- 11	22
3. Others	2	1,459	- 1,457	1,128
PREPAYMENTS				
1. Interest	-	-	-	-
2. Rental	324	348	- 24	348
3. Others	-	-	-	-
TOTAL	**97,808**	**98,747**	**- 939**	**91,341**

The accrued interest principally relates to coupons on bonds.

Balance Sheet - Liabilities

Section 8

Shareholders' equity

	2008	2007 Pro forma	Changes	2007
1. Share capital	305,851	275,196	30,655	251,217
2. Share premium reserve	718,147	425,373	292,774	425,373
3. Revaluation reserve	1,277	1,277	-	1,277
4. Legal reserve	50,243	48,596	1,647	48,596
5. Statutory reserves	-	-	-	-
6. Reserves for treasury shares and shares of holding companies	240,894	239,899	995	239,899
7. Other reserves	712,756	640,944	71,812	570,727
8. Retained earnings/(acc. losses)	-	-	-	-
9. Profit for the year	15,389	239,381	-223,992	224,716
TOTAL	**2,044,557**	**1,870,666**	**173,891**	**1,761,805**

At December 31, 2008, the share capital was comprised of 588,175,656 shares of Euro 0.52 nominal value, of which 557,435,774 were ordinary shares and 30,739,882 saving shares.

During the year, a total of 105,065,149 new ordinary shares were issued against the following operations:

1. two share capital increases of Milano Assicurazioni S.p.A., pursuant to article 2441, paragraph 4 of the civil code, reserved to Fondiaria-Sai S.p.A., to be paid through conferment in kind:
   - *a)* of the entire holding in Liguria Assicurazioni S.p.A., corresponding to 99.97% of the share capital;
   - *b)* of the holding above 51% of the direct share capital held by Fondiaria-SAI S.p.A. in Immobiliare Lombarda S.p.A. on the completion of the total voluntary public purchase and exchange offer, pursuant to articles 102 and thereafter of Legislative Decree No. 58 of February 24, 1998, concluded on April 17, 2008, corresponding to a holding of approx. 27.88% in the share capital;
2. the merger by incorporation into Milano Assicurazioni S.p.A. of Sasa Assicurazioni e Riassicurazioni S.p.A. and Sasa Vita S.p.A.

Against the operation as per the preceding point 1 *a)* a total of 25,291,333 ordinary shares were issued, based on the share swap ratio determined as 11 Milano Assicurazioni ordinary shares for every 10 Liguria Assicurazioni shares.
Against the conferment of a holding of 27.88% in Immobiliare Lombarda, as per the preceding point 1 *b)*, a total of 33,660,132 ordinary shares were issued, based on a share swap ratio defined as 1 Milano Assicurazioni ordinary share for every 34 Immobiliare Lombarda shares.
The merger into Milano of Sasa Assicurazioni resulted in the issue of 42,640,000 new ordinary shares, while that of Sasa Vita resulted in 3,473,684 ordinary shares, based on the respective share swap ratios, equal to 27 Milano shares for every 33 Sasa Assicurazioni shares and 8 Milano shares for every 19 Sasa Vita shares.
The share premium reserve increased by Euro 137,902 thousand following the share capital increase made on the conferment of Liguria Assicurazioni and Euro 154,873 thousand for the share capital increase made for the conferment of a 27.88% stake in Immobiliare Lombarda. These amounts are the difference between the carrying value of the investments conferred and the nominal value of the shares issued based on the respective share swap ratios.

The revaluation reserves are composed as follows:

Monetary revaluation reserves Law 72/83	208
Monetary revaluation reserves Law 342/2000, applied in relation to the building Nava, incorporated in 1999	1,069
TOTAL	**1,277**

The legal reserve increased following the Shareholders' Meeting resolution of April 21, 2008 on the allocation of the 2007 result.

The reserve for treasury shares or those of holding companies is composed of:

8,382,557 Fondiaria-Sai shares	209,900
9,157,710 Premafin shares	11,356
6,764,860 Treasury shares	19,638
TOTAL	**240,894**

In 2008, 3,345,000 treasury shares were purchased for an amount of Euro 11,773 thousand. The purchases were made on the market in accordance with the procedures established by the Shareholders' Meeting Resolutions.

The account *other reserves* comprises:

Extraordinary reserve	289,826
Previdente Vita Merger reserve	73,137
Lira real estate Merger reserve	2,687
Italia Assicurazioni Merger reserve	21,873
Nuova Maa Merger reserve	152,887
Maa Vita Merger reserve	2,800
Sasa merger reserve	71,889
Sasa Vita merger reserve	12,993
Reserve for purchase of treasury shares	14,188
Reserve for purchase of holding company's shares	66,000
Special life division reserve	4,260
Reserve for transfer of assets from class C to class D	216
TOTAL	**712,756**

The extraordinary reserve increased compared to the previous year by Euro 4,727 thousand due to the following:

- increase of Euro 59,425 thousand following the Shareholders' Meeting resolution of April 21, 2008 on the allocation of the result;
- decrease of Euro 54,698 thousand for the adjustment of the treasury shares reserves and for shares of the holding company.

The reserve for treasury shares to be purchased, originally of Euro 25 million, following the Shareholders' Meeting resolution of April 21, 2008, was reduced to Euro 14,188 thousand due to the transfer of Euro 10,812 thousand to the *Reserve for treasury shares and holding company shares*, in relation to the treasury shares purchased after the related Shareholders' Meeting resolutions.

The reserve for the shares of the parent company to be acquired is unchanged compared to the amount constituted following the Shareholders' Meeting resolution of April 21, 2008 (Euro 64,000 thousand for shares of the direct parent company Fondiaria-SAI and Euro 2,000 thousand for shares of the indirect parent company Premafin).

The reserve for transfer of assets from class C to class D, recorded in net equity, includes the difference between the carrying value and current value of the bonds transferred to the class "Investments relating to services linked with investment funds and market indices". In accordance with the provisions of article 20 of Legislative Decree 173/97, the revaluation reserve was reduced by Euro 1,284 thousand following the repayment at maturity of the investments which generated gains accrued in previous years.

A summary of the changes in the shareholders' equity during the year is shown in the table below.

Statement of changes in shareholders' equity

(in Euro)

	Share capital	Capital Reserves	Result for the year	Total
Balance at December 31, 2006	**242,980,050**	**1,167,192,844**	**195,491,728**	**1,605,664,622**
Allocation of profits:				
Reserves & retained earnings		53,721,066	(53,721,066)	
Dividend ordinary shares			(131,933,900)	(131,933,900)
Dividend savings shares			(9,836,762)	(9,836,762)
Future share capital increase warrant conversion	8,237,414	65,323,982		73,561,396
Decrease of the "reserve for transfer assets from class C to class D"		(366,089)		(366,089)
Net profit for the year			224,715,767	224,715,767
Balance at December 31, 2007	**251,217,464**	**1,285,871,803**	**224,715,767**	**1,761,805,034**
Allocation of profits:				
Reserves & retained earnings		61,072,449	(61,072,449)	
Dividend ordinary shares			(152,576,960)	(152,576,960)
Dividend savings shares			(11,066,358)	(11,066,358)
Share capital increase to service the SASA merger	22,172,800	71,889,105		94,061,905
Share capital increase to service the SASA Vita merger	1,806,316	12,992,978		14,799,294
Conferment Immobiliare Lombarda	17,503,269	154,872,652		172,375,921
Conferment Liguria Assicurazioni	13,151,493	137,901,232		151,052,725
Change of the "reserve for transfer assets from class C to class D"		(1,284,007)		(1,284,007)
Net profit for the year			15,389,476	15,389,476
Balance at December 31, 2008	**305,851,341**	**1,723,316,212**	**15,389,476**	**2,044,557,030**

Section 9

Subordinated liabilities (account B)

	2008	2007 Pro forma	Changes	2007
Subordinated loans	**160,000**	**160,000**	**-**	**150,000**

The account comprises:

- Euro 50 million related to the subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an original amount of Euro 150 million (Euro 100 million was repaid in July 2008). 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 100 million related to the loan issued 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 the largest limit of 50% of the lower value between the available margin and the solvency margin requested. 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.
- Euro 10 million relating to the subordinated loan of Euro 10 million provided in 2003 by Fondiaria-Sai to Sasa Assicurazioni, incorporated at the year-end. The loan provides for an interest rate of Euribor at 6 months increased by a margin of 280 basis points, with payment of the interest half yearly on June 30 and December 31.

Section 10

Technical reserves (account C.I. - Non-life division and C.II. Life division)

	2008	2007 Pro forma	Changes	2007
NON-LIFE DIVISION				
1. Unearned premium reserve	1,090,903	1,111,450	- 20,547	944,673
2. Claims reserve	3,551,218	3,783,456	- 232,238	3,333,996
3. Reserve for profit sharing and reversals	-	-	-	-
4. Other technical reserves	3,846	3,700	146	3,700
5. Equalisation reserves	9,411	7,988	1,423	7,517
LIFE DIVISION				
1. Actuarial reserves	3,482,271	3,856,408	- 374,137	3,660,214
2. Reserves for complementary insurances	269	295	- 26	244
3. Reserve for claims to be paid	37,224	51,870	- 14,646	47,248
4. Reserve for profit sharing and reversals	-	-	-	-
5. Other technical reserves	24,722	25,891	- 1,169	21,361
TOTAL	**8,199,864**	**8,841,058**	**- 641,194**	**8,018,953**

The *Unearned premium reserve* includes Euro 1,089,261 thousand of premium fraction reserve for direct business and Euro 1,642 thousand for unearned premium relating to indirect business.

Following the good technical performance recorded in the year and the projections assumed for the next year, the conditions did not arise for accrual of the reserve for risks in course, in accordance with Title II, Section I of ISVAP Regulation No. 16 of March 4, 2008.
This reserve comprises the provision to cover the risks arising after the year-end to meet all indemnities and expenses deriving from insurance contracts agreed before this date, in order that the expected costs of these risks exceed the reserve for premium fraction increased by the premiums, which will be due on these contracts.
The evaluation for the creation of the reserve is made based on an empirical calculation procedure constructed on the ratio of claims to premium for the current generation recorded in the accounts and valued also taking into account values assumed from the ratio from previous years to evaluate the reasonableness of the assumption that this ratio can be of a repetitive nature in the following year.

The ratio includes damages paid for claims of the current generation including the direct and settlement expenses, both externally and internally, as well as the claims reserves at the year-end for the current generation claims, which also include the quota attributable to direct expenses and settlement expenses.

The denominator of the ratio represents the premiums for the period excluding the premiums issued from the acquisition commissions paid, in order to make the calculation based on elements (reserve premiums pro-rata in and out and premiums written) technically uniform in their content.

The procedure for the determination is as follows:
- The claims ratio to premiums in the current year is determined in accordance with the procedures indicated;
- This ratio is valued in accordance with the values assumed in the previous years and verifies the existence of objective elements which may provide significant variables in the immediate future on the value in terms of greater frequency of claims or higher average costs;
- Where this ratio is above 100%, the excess of the reserve is applied for the premium fraction as well as the premium instalments which will be made on the relative contracts.

The table below shows the breakdown of the premium reserves by class.

	- Reserve for fractions of premium	Reserve for current risks	Indirect premiums reserve
Accidents	72,357	-	52
Health	22,840	-	-
Land vehicles	93,169	-	119
Railway	-	-	-
Aviation	1,631	-	-
Maritime	1,751	-	-
Goods in transit	1,516	-	-
Fire	99,896	-	271
Other damage to property	70,545	-	1
Land vehicle TPL	567,523	-	128
Aviation TPL	622	-	-
Maritime TPL	1,441	-	-
General TPL	86,912	-	388
Credit	111	-	-
Bonds	46,631	-	683
Pecuniary losses	12,700	-	-
Legal expenses	2,288	-	-
Assistance	7,328	-	-

TOTAL	**1,089,261**	**-**	**1,642**

The claims reserves for direct business amounts to Euro 3,527,153 thousand and claims relating to inward reinsurance amount to Euro 24,065 thousand. The direct business reserves include Euro 3,306,217 thousand of reserves for indemnities and direct expenses and Euro 220,936 of reserves for settlement expenses.
These amounts comprise Euro 324,761 thousand accrued against claims referring to the year but not yet reported at the balance sheet date.

The *other non-life technical reserves* include the aging reserve of the health class, which offsets the greater risk due to the increased life span of the policyholders. It was made separately for each contract utilising technical-actuarial criteria in accordance with article 47, point 2, of ISVAP regulation No. 16 of March 4, 2008.

The actuarial reserves for direct life business amount to Euro 3,480,469 thousand, while the residual amount of Euro 1,802 thousand relates to indirect business.
The technical direct business reserves are calculated analytically for each contract based on the pure commitments, without subtraction of the acquisition expenses. The base calculation techniques (interest rates, demographic assumption for eliminations for death or invalidity and frequency of abandon) are the same utilised for the calculation of the premiums of the individual contracts. In any case, the actuarial reserve is not lower than the redemption values.

The account other technical reserves - life division includes:

Future expense reserves:	
Class I	14,780
Class III	4,183
Class IV	106
Class V	3,820
Supplementary reserves (article 26, paragraph 2 of Isvap Regulation No. 21/2008):	
Class I	524
Class V	1,309
TOTAL	**24,722**

The following information is attached:
- statement of changes in the premiums reserve items (account C.I.1) and the claims reserve items (account C.I.2) and the non-life division (attachment 13);

- statement of changes in the actuarial reserve items (account C.II.1) and the claims reserve items (account C.I.2) and the reserve for profit sharing and premium refunds (account C.II.4) (attachment 14).

Section 11

Technical reserves where investment risk borne by policyholders and reserves from pension fund management (account D)

	2008	2007 Pro forma	Changes	2007
I. Reserves relating to the performance of investments funds and market indices	**273,071**	**345,522**	**- 72,451**	**252,759**
II. Reserves derived from pension fund management	**4,655**	**899**	**3,756**	**899**
TOTAL	**277,726**	**346,421**	**- 68,695**	**253,658**

The reserves relating to the performance of investments funds and market indices concern:

- products with services related to the performance of primary equity market indices for Euro 224,101 thousand;
- contracts for services related to internal and external investment funds for Euro 48,970 thousand.

The reduction compared to the previous year principally derives from index-linked contracts, which have matured, net of the new subscriptions in the year. For the “unit-linked” contracts the reduction in value is also affected by the financial market crisis.

The reserves deriving from the management of the pension funds relate to the Milano Assicurazioni Open Pension Fund, structured over six investment lines and operational from June 2007. The breakdown of the reserve by line of investment is as follows:

Milano Bond	1,427
Milano Gest	1,301
Milano Mix	848
Milano Europa	494
Milano Global	423
Milano Premium TFR	162
TOTAL	**4,655**

Relating to the minimum guarantees offered to the policyholders, it is noted that:

- Index linked: in cases of predeceasing an additional service is guaranteed based on the age of the policyholder at the contract date.
- Unit Linked: in case of predeceasing an additional service is guaranteed equal to an increase in the value of the quota acquired based on the age reached at the moment of death.
- Pension Funds: for the segments Milano Gest and Milano Bond the payment of a minimum guaranteed amount recognised in the case of the exercise of the pension right, surrender for death, permanent invalidity or unemployment for over 48 months. The minimum guaranteed amount is equal to the sum of the net contributions paid, increased by 1.25% on an annual basis in the Milano ELI Premium segment and 2% on an annual basis in the Milano Gest segment and 2.5% in the Milano Bond segment.

The amount at December 31, 2008 of the actuarial reserves generated from these additional guarantees was Euro 950 thousand, recorded in the account C.II.1 - actuarial reserves.

Section 12

Provisions for risks and charges (account E)

	2008	2007 Pro forma	Changes	2007
1. Pension and similar obligations	-	-	-	
2. Tax provisions	45,863	55,105	- 9,242	55,105
3. Other provisions	81,114	76,796	4,318	75,968
TOTAL	**126,977**	**131,901**	**- 4,924**	**131,073**

The provision for taxes principally include the deferred tax existing at the year-end, amounting to Euro 32,580 thousand. The residual relates to IRAP regional tax for the year and the estimate of the further charges related to the tax verification for the periods 2003, 2004 and 2005. The payable for the IRES income tax was however recorded in the account "other payables to the parent company" following the inclusion by Milano Assicurazioni in the Fondiaria-SAI tax consolidation.

The changes in the deferred tax liability during the year were as follows:

Initial balance	31,713
Deferred tax liabilities arising in the year	8,857
Deferred tax liabilities cancelled in the year	-7,990
CLOSING BALANCE	**32,580**

The temporary taxable differences relating to the deferred tax liability principally concern:
- Capital gains which, in accordance with tax regulations, may be taxed on a straight line basis in the year in which they were realised and subsequent years up to a maximum of four years;
- Depreciation on buildings deducted in the income tax declaration;
- The quota assessable of the write back of securities in portfolio, written down in previous years.

The deferred tax liabilities cancelled in the year principally derive from the quota in the year of gains realised in previous years and deductible over a number of years for tax purposes.

The total temporary taxable differences amounts to Euro 109,482 thousand, with corresponding deferred tax liabilities of Euro 32,580 thousand, determined separately for IRES income tax and IRAP regional tax in accordance with the tax rates applicable.
The temporary taxable differences for which no calculation was made of the deferred tax liability amounted to Euro 4,788 thousand and relates to the reserve for suspension of taxes recorded under equity for which it is expected that the operations will not take place.

The account "other provisions" includes the reasonable valuation of the future charges and risks existing at the balance sheet date, also deriving from disputes in course.

In particular:

- Euro 55,877 thousand relating to provision for risks, also related to disputes with the agency networks and other disputes in course.
- Euro 25,237 thousand relating to provisions for future charges.

Attachment 15 shows the changes in the year in the provision for risks and charges.

Section 13

Payables and other liabilities (account G)

Payables	2008	2007 Pro forma	Changes	2007
PAYABLES, DERIVED FROM DIRECT INSURANCE OPERATIONS, COMPOSED OF				
1. Insurance brokers	16,904	37,713	- 20,809	23,653
2. Insurance company current accounts	7,044	16,858	- 9,814	11,819
3. Policyholders for deposits and premiums	466	283	183	283
4. Policyholder guarantee provisions	399	1,137	- 738	3
PAYABLES, DERIVED FROM DIRECT REINSURANCE OPERATIONS, COMPOSED OF:				
1. Insurance and reinsurance companies	9,243	39,148	- 29,905	10,092
2. Reinsurance brokers	2,463	1,548	915	-
BONDS	-	-	-	-
PAYABLES TO BANKS AND FINANCIAL INSTITUTIONS	-	-	-	-
PAYABLES WITH COLLATERAL	-	-	-	-
LOANS AND OTHER FINANCIAL PAYABLES	856	31,099	- 30,243	31,099
EMPLOYEE LEAVING INDEMNITY PROVISION	27,054	28,927	- 1,873	27,576
OTHER PAYABLES:				
1. Policyholders' tax due	28,304	30,075	- 1,771	23,289
2. Other taxes due	18,361	18,659	- 298	15,450
3. Social security and welfare institutions	8,659	8,650	9	8,297
4. Other payables	72,344	211,537	- 139,193	197,698
TOTAL	**192,097**	**425,634**	**- 233,537**	**349,259**

The changes during the year of the Employee Leaving Indemnity were as follows:

Balance at the beginning of the year	28,954
Revaluations	767
Provision matured during the year	5532
Payments during the year	- 3,338
Employee leaving indemnity allocated to pension funds	- 4,891
Other changes	31
Balance at the end of the year	**27,055**

The changes are also shown in attachment 15 of the present notes.

The account *other payables* include the following principal amounts:

IRES income tax to be paid to the parent company Fondiaria -SAI following the adherence by Milano Assicurazioni to the group ta x consolidation.	33,359
Payables to Fondiaria-SAI group companies for the quota of the costs relating to the organisational structure overheads at group level	8,689
Payables to suppliers for the purchase of goods and services	29,732

Other liabilities	**2008**	**2007 Pro forma**	**Changes**	**2007**
Payable transitory reinsurance accounts	18	19	- 1	19
Commissions on premium collection	52,603	58,154	- 5,551	47,140
Other liabilities	151,649	179,284	-27,635	170,279
TOTAL	**204,270**	**237,457**	**-33,187**	**217,438**

The transitory liability accounts from reinsurance include the positive income values of a technical nature for the indirect business and ceded, as the counter-entry of operations recorded in the accounts with the insurance companies, which are recorded in the technical account in the following year, as there is insufficient information necessary to fully determine the relative financial result of each assumption.

The account *other liabilities* include the following principal amounts:

Transit account between non-life and life division	27,838
Payments for claims in the non-life classes and sums in the life division in course of execution at the balance sheet date	35,047
Premiums on claim excess reinsurance	9,357
Over-accruals for the period, to be paid	14,000

Section 14

Accrued liabilities and deferred income (account H)

	2008	2007 Pro forma	Changes	2007
ACCRUED LIABILITIES				
1. Interest	5,752	4,404	1,348	4,404
2. Rental	-	-	-	-
3. Others	12	-	12	-
DEFERRED INCOME				
1. Interest	-	-	-	-
2. Rental	128	8	120	8
3. Others	-	-	-	-
TOTAL	**5,892**	**4,412**	**1,480**	**4,412**

This account accrued interest can be broken down as follows:

- Euro 1,649 thousand for interest matured at December 31 for a residual amount of Euro 50 million of the subordinated loan provided by Mediobanca in 2006 for an original amount of Euro 150 million. This loan provides for an interest rate at 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 4,103 thousand for interest matured at December 31 on sub-ordinated loans 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 the largest limit of 50% of the lower value between the available margin and the solvency margin requested.

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.

Section 15

Assets and liabilities relating to group companies and other investments

In attachment 16, the assets and liabilities concerning group companies and other holdings are shown.

Section 16

Receivables and payables

These receivables and payables are due within one year except where specified below.

The account C.II.3 of assets, *loans to group companies*, includes Euro 31,060 thousand of loans provided to the associated company Garibaldi s.c.s., which is currently undertaking the development of approx. 90 sq. m. within the real estate project relating to the area in the historical centre of Milan, called “Garibaldi Repubblica”. These loans, interest bearing, are for a duration of 5 years and may be renewed for a further 5 years within the limits of the project completion date. The debtor may also make advance repayments.

The item C.III.4 of assets, *loans*, comprises:
- Euro 25,133 thousand of loans on life policies, generally connected to the residual duration of the related contracts and with the possibility of advanced repayment by the policyholders.
- Euro 7 thousand of residual mortgage loans provided in previous years in relation to the sale of property.

The account E *receivables* includes Euro 51,959 thousand of receivables from insurance brokers, principally related to the termination of mandates, due beyond one year, of which Euro 21,735 thousand is due over five years.

Section 17

Guarantees, commitments and other memorandum accounts

	2008	2007 Pro forma	Changes	2007
GUARANTEES GIVEN				
1. Guarantees	-	-	-	-
2. Endorsements	-	-	-	-
3. Other non-secured guarantees	-	-	-	-
4. Secured guarantees	33,269	32,450	819	32,450
TOTAL	**33,269**	**32,450**	**819**	**32,450**
GUARANTEES RECEIVED:				
1. Guarantees	249,526	260,844	- 11,318	217,178
2. Endorsements	-	-	-	-
3. Other non-secured guarantees	160	155	5	155
4. Secured guarantees	425	425	-	425
TOTAL	**250,111**	**261,424**	**- 11,313**	**217,758**
GUARANTEES PROVIDED BY THIRD PARTIES ON BEHALF OF THE COMPANY	45,979	61,989	- 16,010	55,162
COMMITMENTS	280,037	262,629	17,408	262,629
THIRD PARTY ASSETS	3	22	- 19	-
PENSION FUND ASSETS MANAGED ON BEHALF OF THIRD PARTIES	-	-	-	-
SECURITIES DEPOSITED WITH THIRD PARTIES	8,153,393	9,309,319	- 1,155,926	8,541,500
OTHER MEMORANDUM ACCOUNTS	82,000	64,390	17,610	64,390

Attachment 17 shows the details of the guarantees given, guarantees received as well as commitments.

Guarantees given

The secured guarantees principally relate to bank deposits in which a pledge was registered in relation to disputes in course.

Guarantees received

The sureties account comprises:

- The guarantees given by the agents in compliance with their mandates amounted to Euro 245,595 thousand;
- The guarantees given by lessees amount to Euro 1,879 thousand;
- Various guarantees amounting to Euro 2,052 thousand.

Guarantees provided by third parties on behalf of the company

The account includes principally the surety of Euro 38,069 thousand given in favour of Consap guaranteeing the commitments deriving from the CARD convention, which governs the new method of direct compensation in the Motor TPL division from February 2007.

Commitments

These comprise:

- Euro 98,970 thousand of commitments relating to time deposits;
- Euro 85,940 thousand of loans granted to the associated company Garibaldi S.c.s. in relation to the real estate project Garibaldi Repubblica, already described in detail;
- Euro 65,324 thousand still to be paid in relation to the real estate operations at Milan-Isola (Euro 54,319 thousand) and Rome, Via Fiorentini (Euro 11,005 thousand). These operations are described in detail in the directors’ report, in the section in relation to related party transactions, to which reference should be made for further information;
- Euro 21,683 thousand of commitments relating to derivative contracts hedging securities in portfolio;
- Euro 1,187 thousand for securities to be delivered and Euro 6,933 thousand for securities to be received, recorded against sales/purchase operations made in 2008 but settled at the beginning of 2009.

Securities deposited with third parties

The account principally includes the securities of properties of the company held in custody by credit institutions or other parties; the breakdown by depository entity is as follows:

Credit institutions	7,467,945
Group companies	558,602
Other depository entities	126,845
TOTAL	**8,153,393**

Other memorandum accounts include:
- an Interest Rate Swap operation on a nominal amount of Euro 50 million;
- a credit default swap operation on a nominal amount of Euro 32 million, to cover the risk of insolvency on some issuers of bond securities in portfolio.

Income Statement

Section 18

Information on the technical account of non-life business (I)

Attachment 19 shows the information on claims relating to the technical account of the non-life division - Italian and Foreign portfolios.

The quota of the profits of the investments transferred from the non technical account derives from the necessity to represent the result of the technical account taking also account of the profitability from the use of the technical reserves; the amount transferred was calculated in accordance with the provisions of ISVAP Regulation No. 22 April 4, 2008, which provides:

a) determination of net profit of the investments equal to the amount of the income from investments net of the amount of the asset and financial charges recorded in the non technical accounts;
b) calculation of half of the technical reserves (unearned premium reserves, claims reserves, reserves for profit participations, ageing reserve of the health class, equalisation reserve, reserve for natural calamities and damages deriving from direct nuclear energy from direct and indirect premiums written, net of reinsurance, at the end of the previous year and at the end of the current year);
c) calculation of the old age equity reserve and of the subordinated liabilities at the end of the previous year and at the end of the current year;
d) calculation of the ratio between the amounts at letter b) and the sum of the amounts at letters b) and c);
e) quantification of the quota of investment income to be transferred to the technical account of the non life classes equal to the amount between the ratio as per letter d) and the amount of the net profit from investments as per letter a).

The account 1.3 *other technical income* principally includes:

- the reversal of the commissions relating to the premiums written in previous years, cancelled in the current year (Euro 15,494 thousand);
- technical accounts relating to outward reinsurance (Euro 7,693 thousand).

Within the direct business, the reserve for claims existing at the beginning of the year resulted in a reversal of Euro 94,226 thousand, as follows:

Existing claims reserve at beginning of year	3,759,771
Indemnities paid during the year	- 1,521,209
Claims reserve at the end of the year	- 2,341,507
Recoveries and changes for sums to be re covered	8,719
Change	**- 94,226**

The account *commissions and profit participation* received from reinsurance companies includes Euro 2,362 thousand of profit participation matured from reinsurance companies in application of specific contractual clauses.

The account 1.8 *other technical charges* includes, for Euro 109,728 thousand, the analytical calculations and the write-downs for non collectible receivables from policyholders for premiums, recorded in this account in accordance with ISVAP Regulation No. 22 of April 4, 2008.

Relating to the change of the equalisation reserves (account 1.9), equal to Euro 1,409 thousand, we provide details by type of reserve as well as the provisions and utilisations in the year:

	Reserve at beginning of year	**Provisions**	**Utilisations**	**Reserve at end of year**
Reserve for natural calamity	7,776	1,409	-	9,185
Compensation reserve of the credit class	34	-	-	34
TOTAL	**7,810**	**1,409**	**-**	**9,219**

These amounts are reserved in order to reduce the volatility in the movements in the claim rate in future years or cover specific risks, in accordance with Isvap Regulation No. 16/2008, paragraph III. In particular:

- the reserve for natural calamities is provisioned according to Ministerial Decree 705 of November 19, 1996, accruing 2% of the premiums related to the insurance contracts of the natural calamity risks or 0.30% where the insurance contract also guarantees other risks and the premium relating to these are not separately identified. The current situation is until the ministerial decree is enacted as per article 37, paragraph 7 of the Private Insurance Act.

- the equalisation reserve of the credit class is accrued to cover any negative technical balance retained of the class at the end of each year and is calculated in accordance with the provisions of articles 42 and 43 of the above-mentioned Isvap Regulation No. 16/2008;

The following table shows the details by class of the reserves at December 31, 2008:

Accidents	551
Health	10
Land vehicles	2,613
Aviation	5
Maritime	31
Goods in transit	231
Fire and natural elements	5,477
Other damage to property	386
Credit	34
General pecuniary losses	73
TOTAL	**9,411**

Section 19

Information concerning the life technical account (II)

Account II.4 *other technical income* principally includes the management commissions relating to the internal funds related to unit-linked life products (Euro 673 thousand) as well as the reversal of the commissions related to the premiums of the previous years cancelled or written down during the year (Euro 446 thousand).

There were no differences recorded between the amount of the reserve for sums to be paid existing at the beginning of the year and the sums paid to beneficiaries of the contracts during the year for claims from previous years as well as the amount of the residual reserve at the year-end.

The account *commissions and profit participation* received from reinsurers includes Euro 1,013 thousand of commissions and Euro 1,881 thousand of profit participation matured in relation to specific reassurance contracts.

As for that stated in relation to the non-life technical account, the account II.11 *other technical charges* includes, for Euro 13,863 thousand, the cancellations and the write-downs for non collectible receivables from policyholders for premiums, recorded in this account in accordance with ISVAP Regulation No. 22 of April 4, 2008.

The following information is attached:
- Summary information and reinsurance balance (attachment 20);
- Breakdown of investment income - account II.2 (attachment 21);
- The details of income and gains not realised relating to investments in which the risk is borne by the policyholders and from the management of pension funds – account II. 3 (attachment 22);
- Breakdown of asset and financial charges - account II.9 (attachment 23);
- The details of financial and asset charges and losses not realised relating to investments in which the risk is borne by the policyholders and from the management of pension funds – account II. 10 (Attachment No.24).:

Section 20

Development of the technical accounts

Non-life insurance

Attachment 25 shows the summary of technical accounts by each class - Italian portfolio.

All the costs and revenues directly related to the purchase of premiums and settlement of claims are allocated, from their origin, to the class they belong to. The accounts common to several classes are divided as follows:
- based on the premiums issued for the other acquisition and administration expenses;
- based on the damages paid for the settlement expenses not directly allocated to the individual claims or classes.

Attachment 26 shows the summary of technical accounts for all of the non-life class - Italian portfolio.

Life insurance

Attachment 27 shows the summary of technical accounts by each class - Italian portfolio.
All the costs and revenues directly related to the purchase of premiums and the settlement of claims are allocated, from their origin, to the class they belong to. The common accounts to several classes are divided between the classes, based on that indicated for the non-life division.
Attachment 28 shows the summary of technical accounts for all of the life class - Italian portfolio.

Non-life and life insurance

Attachment 29 shows the claims of the technical accounts summarised for all the life and non-life classes - indirect business.

Section 21

Information concerning the non-technical account (III)

The following information is attached:
Breakdown of investment income - account III.3 (attachment 21).
Breakdown of asset and financial charges - account III.5 (attachment 23).

We provide the following details on the most significant accounts:

Other income (account III. 7):

Interest income from bank deposits	9,538
Interest on receivables	3,787
Recovery of expenses and administrative cost	35,733
Utilisation of provision for risks and charges	6,020
Income from conversion of items expressed in foreign currency	39
Other income	1,757
TOTAL	**56,874**

The interest on receivables relates for Euro 1,366 thousand to interest on tax receivables.
The recovery of expenses and administration charges, which are offset against other charges, relate to the recharges to companies of the Fondiaria-Sai Group against the division, based on standard criteria, of the organisational overheads, principally made up of personnel costs.
Therefore, for these overhead costs, recharges were received from companies of the Fondiaria-SAI Group for Euro 39,881 thousand, recorded in the income statement based on the nature of the expenses.

The utilisations from the provisions for risks and charges were made against the charges incurred in the year or more updated valuations on the risks.
The gains from the translation of foreign currencies relate to the exchange differences realised during the year, as well as adjustments, at year-end, to accounts in the balance sheet in foreign currencies. The total net exchange differences taking into account the *charges from the translation of accounts in foreign currencies*, recorded under other charges, was a net exchange loss of Euro 3,186 thousand.

Other charges (account III. 8)

Administrative costs/expenses incurred for third parties	35,733
Provisions for risks and charges	13,808
Goodwill amortisation	23,992
Amortisation of other deferred costs	133
Conversion charges of foreign currencies	3,225
Losses on receivables	6,364
Interest on payables and loans	12,156
Other taxes	1,548
Other charges	4,590
TOTAL	**101,549**

The provisions for risks and charges principally relate to disputes at the balance sheet date and future charges.

The account *amortisation of goodwill* is detailed in the following table:

	Amortisation	Residual goodwill
The goodwill recorded following the merger by incorporation of Lloyd Internazionale S.p.A. in 1991	2,429	4,858
The goodwill recorded in 1992 following the acquisition of the insurance portfolio Card S.p.A.	4,133	12,395
The goodwill deriving from the acquisition of the insurance portfolio of Latina Assicurazioni S.p.A. in 1992	3,908	14,981
The goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from Previdente Vita (formerly Latina Vita) in 1993	1,846	7,231
The goodwill deriving from the acquisition of the portfolio of Maa Assicurazioni by Nuova Maa, incorporated in Milan in 2003	5,921	35,526
The goodwill recorded in 1999 following the merger by incorporation of La Previdente Vita S.p.A.	5,090	-
The goodwill deriving from the acquisition of the insurance portfolio Profilo Life by Maa Vita, incorporated in Milan in 2 003	150	301
The goodwill recorded in 2003 following the merger by incorporation of Maa Vita	515	2,061
TOTAL	**23,992**	**77,353**

Goodwill is amortised on a straight line basis over a period of 20 years with the exception of the following which are amortised over 10 years:

- The goodwill deriving from the acquisition of the insurance portfolio Profilo Life by Maa Vita, incorporated in Milan in 2003;
- The goodwill recorded in 2003 following the merger by incorporation of Maa Vita;

These periods are considered appropriate, taking into account the characteristics of the portfolio to which they refer as well as the specific insurance activity and of the long-term prospects based on which the investments in the sector were made.

The loss on receivables principally relate to receivables from agents of Euro 1,642 thousand, receivables from Lehman Brothers for Euro 1,548 thousand and other receivables. The losses relating to Lehman Brothers was recorded against the presumed amount not recoverable (estimated as 80% of the nominal value) of the bonds held in portfolio, which have matured and not repaid following the noted financial debacle concerning Lehman, which, as noted, on September 15, 2008 filed for "Chapter 11" bankruptcy at the New York bankruptcy court.

Interests on loans received principally refer to the charges relating to the subordinated loans, already described in the present notes, in section 9 of the relative account in the balance sheet.

The other charges principally refer to costs related to personnel leaving.

Extraordinary income (account III. 10)

These comprise:

Profits to be realised on buildings	38,958
Profits from trading of shares and holdings	2,680
Trading profits on bond securities	1,784
Prior year income	12,343
Gains on sales of other assets	39
TOTAL	**55,804**

The profits to be realised on buildings principally relate (Euro 38,903 thousand) to the sale, at the price of Euro 64 million, of the building at Milan, Via del Lauro, 9 - Via Broletto No. 44-46.
This relates to an entire building, comprising six floors with frontal access from via Broletto 44/46, and a second adjacent building, on the corner of via del Lauro, this latter part of the building has separate origins from number 9 and has two floor levels, allocated for office, shops, banks and parking space use for a total surface area of 9,005 sq.m..
Prior year income principally relates to accounts of a fiscal nature, in particular related to the recalculation of deferred taxes of Sasa Assicurazioni, on the basis of similar principles utilised by Milano Assicurazioni and in accordance with the future profit projections.

Extraordinary charges (account III. 11)

Losses from trading of shares and holdings	44,138
Losses on bond securities	7,200
Prior year charges	2,216
Extraordinary charges	19,034
TOTAL	**72,588**

The losses from trading of shares and holdings principally regard:
- the sale of 8,500,000 Generali shares at an average unit price of Euro 22.2855, with a loss of Euro 30,015 thousand.
- the sale of 10,640,000 Unicredit shares at an average unit price of Euro 3.6714, with a loss of Euro 12,915 thousand.

It is recalled that these shares at the time of purchase required put and call options to hedge the unrealised gains at the time of purchase.

The sale of shares took place following the closure of the options, in the third quarter of the year, which recorded a net gain of Euro 87,373 thousand (Euro 77,367 thousand for the Generali shares and Euro 10,006 thousand for the Unicredit shares), recorded in the account *investment gains to be realised*.

The *other extraordinary charges* include:
- The adjustment of the carrying value of the treasury shares held in portfolio (Euro 9,938 thousand);
- other charges, principally comprising the penalties relating to the claims settlement processes.

Income tax for the year (account III.14)

The composition is as follows:

Current income taxes:	
Ires income taxes	33,359
Irap regional tax	9,283
Deferred tax liabilities arising in the year and deferred tax assets cancelled in the ye ar:	
Ires income taxes	23,044
Irap regional tax	2,948
Reduction for deferred tax assets arising in the year and deferred tax liabilities cancelled in the year:	
Ires income taxes	- 69,357
Irap regional tax	- 841
ENDING BALANCE	**- 1,564**

The tax charge was calculated based on the current income taxes and to the changes in the deferred tax income and charges for the period, recorded following temporary differences between book values and tax values which arise or are cancelled during the year.
As illustrated in the table above, the current taxes total Euro 42,642 thousand while the net result of deferred tax income and charges is income of Euro 44,206 thousand and derives, principally, from the recording of the deferred tax asset on the value adjustments not deductible (Euro 36,765 thousand). The final *tax* balance includes a positive income component principally due to the dividends received, which are almost exclusively tax exempt and of the gains realised under the *participation exemption* regime.

Section 22

Other information on the income statement

The following information is attached:

- schedules of transactions with group companies and in other companies (attachment 30);
- summary of premiums written for direct business (attachment 30);
- summary of costs for personnel, directors, and statutory auditors (attachment 32).

Pursuant to article 78 of CONSOB regulation No. 11971 of May 14, 1999, information is provided on the remuneration to the directors and statutory auditors for all services and in whatever form, also from subsidiary companies.

Part C

Other Information

Solvency margin

The solvency margins requested as per article 44 of Legislative Decree 209/2005 (Private Insurance Code) determined in accordance with ISVAP regulation No. 28 of February 17, 2009 is covered with a total excess of Euro 1,127,658 thousand, as shown in the schedule below:

	Non-Life	Life	Total
Margins to be covered	514,863	151,490	666,353
Constituting elements of the margins	1,357,976	436,035	1,794,011
Surplus	843,113	284,545	1,127,658

Correct solvency

The verification of the correct solvency at 31/12/2008, pursuant to article 217 of Legislative Decree 209/2005 and made based on the provisions of Isvap regulation No. 18 of March 12, 2008, reports the following situation:

	2008	2007
Amount of the solvency margin requested	832,739	705,699
Total elements to be covered	1,662,870	1,386,854
Surplus	830,131	681,155

Hedging of technical reserves

In accordance with ISVAP Measure No. 1152 G and 1153 G of March 31, 1999, the relative coverage of the technical reserves is attached to the present notes.

Cash flow statement

The cash flow statement for the year 2008 illustrating the cash flow generated from the operations as well as the uses of liquidity is shown as an attachment.

Milan, March 20, 2009

MILANO ASSICURAZIONI S.p.A.
The Board of Directors

Condensed 2008 Financial Statements

Condensed 2008 financial statements

BALANCE SHEET				(Euro thousands)
		2008		2007
Intangible assets				
Acquisition commissions to be amortised	2,926		1,033	
Formation and start-up costs	0		0	
Goodwill	77,353		101,345	
Other deferred costs	1,467	**81,746**	200	**102,578**
Investments				
Land and buildings	524,405		505,250	
Shares and holdings in group companies	1,124,040		642,985	
Bonds issued by group companies	0		3,994	
Loans to group companies	31,060		27,173	
Equity investments and minority holdings	642,917		989,708	
Investment fund units	448,370		396,789	
Bonds and other fixed-income securities	5,969,484		6,266,049	
Loans to third parties	30,151		27,587	
Deposits at credit institutions	0		0	
Other financial investments	99,486		28,028	
Deposits with reinsuring companies	2,651	**8,872,564**	3,010	**8,890,573**
Investments where risk is borne by life policyholders and pension fund management				
Investments relating to the performance of investment funds and market indices	273,070		252,763	
Investments derived from pension fund management	4,655	**277,725**	899	**253,662**
Receivables				
from policyholders for premiums	339,890		298,390	
from insurance brokers	318,638		257,408	
other receivables from direct insurance operations	68,878		55,907	
receivables from reinsurance operations	80,043		27,809	
other receivables	347,207	**1,154,656**	303,860	**943,374**
Other asset accounts				
fixed assets and inventories	1,560		1,652	
cash and cash equivalents	158,381		119,059	
other assets	303,055	**462,996**	281,432	**402,143**
Prepaid and accrued income		**97,807**		**91,341**
Total assets (a)		**10,947,494**		**10,683,671**
Sub-ordinated liabilities		**160,000**		**150,000**
Technical reserves, net of reinsurance				
unearned premium reserve	1,054,767		922,503	
claims reserve	3,288,657		3,138,511	
other technical reserves - non-life	13,257		11,217	
technical reserves - life	3,707,887	**8,064,568**	3,857,089	**7,929,320**
Provisions for risks and charges				
provisions for pension and similar	0		0	
tax provisions	45,863		55,105	
other provisions	81,114	**126,977**	75,968	**131,073**
Deposits received from reinsurers		**149,133**		**140,362**
Payables and other liabilities				
from direct insurance operations	24,811		35,759	
from reinsurance operations	11,707		10,092	
loans and other financial payables	856		31,099	
employee leaving indemnity	27,054		27,576	
policyholders' tax due	28,304		23,289	
other taxes due	18,361		15,450	
other payables	81,003		205,995	
other liabilities	204,271	**396,367**	217,438	**566,698**
Accruals and deferred income		**5,892**		**4,412**
Total liability (b)		**8,902,937**		**8,921,865**
Net equity (a-b)		**2,044,557**		**1,761,806**
represented by				
Share capital		305,851		251,217
Equity reserves		1,723,317		1,285,873
Net profit		15,389		224,716

Condensed 2008 financial statements

INCOME STATEMENT (Euro thousands)

	Life Division	Non Life Division	Total 2008	Total 2007
Technical accounts				
Premiums written	541,355	2,747,492	**3,288,847**	**3,027,733**
Change in premium reserves and technical reserves in the life divisior	428,067	22,399	**450,466**	**169,049**
Net investment income in life division, net of amount transferred to the non technical account				
Investment income	184,636		**184,636**	**169,180**
Adjust. to values	-190,715		**-190,715**	**-43,052**
Unrealised gains on investment	6,030		**6,030**	**25,384**
Income related to invest. with risk borne by policyholders	-38,187		**-38,187**	**6,264**
Income transferred to the non technical account	0		**0**	**-1,012**
Other income and technical charges	-12,782	-86,332	**-99,114**	**-101,482**
Charges relating to claims	-965,301	-2,109,289	**-3,074,590**	**-2,533,626**
Profit sharing and reversals & var. other technical reserves	0	-147	**-147**	**-951**
Management expense				
Commissions and other acquisition expenses	-21,732	-462,937	**-484,669**	**-443,814**
Administration expenses	-9,834	-82,870	**-92,704**	**-73,746**
Technical account	-78,463	28,316	**-50,147**	**199,927**
Change in equalisation reserves		-1,409	**-1,409**	**-1,209**
Quota of profit on invest. in non-life transferred from non technical account		92,154	**92,154**	**130,298**
Result of the technical accounts	**-78,463**	**119,061**	**40,598**	**329,016**
Non technical account				
Net investment income in non-life division, net of amount transferred to the technical account:				
Investment income			**204,672**	**173,270**
Adjust. to values			**-144,001**	**691**
Unrealised gains on investment			**66,168**	**144**
Income transferred to the technical account			**-92,154**	**-130,298**
Quota of profit on invest. in life transferred from technical account			**0**	**1,012**
Other income and charges:				
Quota of goodwill amortised			**-23,992**	**-23,992**
Other income and charges			**-20,682**	**-14,248**
Extraordinary income and charges:				
Unrealised gains on non-current investment			**-7,915**	**26,673**
Other extraordinary income and charges			**-8,869**	**-3,846**
Profit before taxes			**13,825**	**358,422**
Income taxes			**1,564**	**-133,706**
Net profit			**15,389**	**224,716**

All the technical accounts are net of reinsurance

Balance Sheet Reconciliation 2007

BALANCE SHEET - ASSETS

(in Euro thousands)

	Milano Assicurazioni	Sasa Assicurazioni	Sasa Vita	Adjustments	Total
Intangible assets	**102,578**		**3,201**	**0**	**105,779**
Acquisition commissions to be amortised	1,033		3,201	0	4,234
Other acquisition expenses				0	
Formation and start-up costs				0	
Goodwill	101,345			0	101,345
Other deferred costs	200			0	200
Investments	**8,890,573**	**476,375**	**208,204**	**-9,399**	**9,565,753**
Land and buildings	505,250	7,144		0	512,394
Shares and holdings in group companies	642,985	11,642	130	-9,399	645,358
Corporate Bonds	3,994			0	3,994
Loans to group companies	27,173			0	27,173
Equity investments and minority holdings	989,708	6,900	7,721	0	1,004,329
Investment fund units	396,789	12,525	2,403	0	411,717
Bonds and other fixed-income securities	6,266,049	437,954	195,758	0	6,899,761
Loans to third parties	27,587	118	2,168	0	29,873
Deposits at credit institutions				0	
Other financial investments	28,028		24	0	28,052
Deposits with reinsuring companies	3,010	92		0	3,102
Investments where risk is borne by life policyholders and pension fund management	**253,662**		**92,763**	**0**	**346,425**
Receivables	**943,374**	**195,461**	**17,752**	**0**	**1,156,587**
Receivables from direct insurance operations	611,705	121,717	15,007	0	748,429
Receivables from reinsurance operations	27,809	65,989		0	93,798
Other receivables	303,860	7,755	2,745	0	314,360
Other asset accounts	**402,142**	**25,648**	**4,633**	**0**	**432,423**
Fixed assets and inventories	1,652	429		0	2,081
Cash and cash equivalents	119,059	12,712	3,183	0	134,954
Treasury shares	17,802			0	17,802
Other assets	263,629	12,507	1,450	0	277,586
Prepaid and accrued income	**91,341**	**5,007**	**2,400**	**0**	**98,748**
Total assets (a)	**10,683,670**	**702,491**	**328,953**	**-9,399**	**11,705,715**

BALANCE SHEET - LIABILITIES

(in Euro thousands)

	Milano Assicurazioni	Sasa Assicurazioni	Sasa Vita	Adjustments	Total
Sub-ordinated liabilities	**150,000**	**10,000**		**0**	**160,000**
Technical reserves, net of reinsurance	**7,929,321**	**489,031**	**290,728**	**0**	**8,709,080**
Unearned premium reserve	922,503	153,583		0	1,076,086
Claims reserve	3,138,511	334,977		0	3,473,488
Other technical reserves - non-life	11,218	471		0	11,689
Technical reserves - life	3,857,089		290,728	0	4,147,817
Provisions for risks and charges	**131,072**	**828**		**0**	**131,900**
Provision for agent's indemnity				0	
Provision for taxation	55,105			0	55,105
Other provisions	75,967	828		0	76,795
Deposits received from reinsurers	**140,362**	**19,227**	**6,976**	**0**	**166,565**
Payables and other liabilities	**566,698**	**89,343**	**7,051**	**0**	**663,092**
From direct insurance operations	35,759	18,576	1,656	0	55,991
From reinsurance operations	10,092	29,119	1,485	0	40,696
Various loans and other financial payables	31,099			0	31,099
Leaving indemnity	27,576	1,323	28	0	28,927
Other payables	244,735	21,153	3,034	0	268,922
Other liabilities	217,437	19,172	848	0	237,457
Accruals and deferred income	**4,412**			**0**	**4,412**
Total liability (b)	**8,921,865**	**608,429**	**304,755**	**0**	**9,835,049**
Net equity (a-b)	**1,761,805**	**94,062**	**24,198**	**-9,399**	**1,870,666**
represented by					
Share capital	251,217	52,000	16,500	-44,521	275,196
Equity reserves	1,285,872	29,878	5,217	35,122	1,356,089
Net profit	224,716	12,184	2,481	0	239,381

Income statement Reconciliation 2007

(in Euro thousands)

	Milano Assicurazioni	Sasa Assicurazioni	Sasa Vita	Total
Non-Life Technical account				
Premiums written	2,541,349	349,994		2,891,343
Change in premium reserve	20,348	-18,811		1,537
Quota of profit on investments transferred from non-technical a	130,298	10,953		141,251
Other income and technical charges	-80,128	-12,658		-92,786
Charges relating to claims	-1,837,820	-241,478		-2,079,298
Change in other technical reserves	-951	0		-951
Profit sharing and reversals & var. other technical reserves	0	-16		-16
Management expense				
- Commissions and other acquisition expenses	-425,059	-58,172		-483,231
- administration expenses	-63,535	-18,384		-81,919
Change in the equalisation reserves	-1,209	-45		-1,254
Result of non-life technical account	**283,293**	**11,383**		**294,676**
Life Division Technical Account				
Premiums written	486,384		82,031	568,415
Net investment income:				
- Investment income	169,180		6,905	176,085
- Adjust. to values	-43,051		-2,080	-45,131
- Unrealised gains on Investment	25,383		1,129	26,512
Income related to invest. with risk borne by policyholders	6,264		-2,571	3,693
Other income and technical charges	-21,354		-844	-22,198
Charges relating to claims	-695,806		-40,848	-736,654
Change in technical reserves in the life division	148,701		-34,408	114,293
Profit sharing and reversals				
Management expense				
- Commissions and other acquisition expenses	-18,754		-4,119	-22,873
- administration expenses	-10,212		-1,184	-11,396
Quota of profit on investments transferred to the non-technical	-1,012		-595	-1,607
Result of life technical account	**45,723**		**3,416**	**49,139**
Non technical account				
Net investment income:				
- Investment income	173,270	14,107		187,377
- Adjust. to values	691	-2,470	0	-1,779
- Unrealised gains on Investment	144	1,559		1,703
Quota of profit on invest. transferred from life technical account	1,012		595	1,607
Quota of profit on invest. transferred to non-life technical accou	-130,298	-10,953		-141,251
Other income and charges	-38,240	-151	98	-38,293
Extraordinary income and charges	22,827	-576	400	22,651
Profit before taxes	**358,422**	**12,899**	**4,509**	**375,830**
Income taxes	-133,706	-715	-2,028	-136,449
Net profit for the year	**224,716**	**12,184**	**2,481**	**239,381**

All the technical accounts are net of reinsurance

2008 Cash Flow Statement

		2008		2007
Net profit		**15,389**		**224,716**
Adjustments for items which impacted net profit, without an effect on liquidity:				
- Net Increase/decrease of reserves				
premium reserves and other technical reserves - non-life	-19,748		-17,456	
non-life claims reserve	-184,831		-53,279	
technical reserves - life	-439,931	**-644,510**	-138,145	**-208,880**
- Amortisation in the year		**27,715**		**27,179**
- Increase / decrease in provision for risks and charges				
provisions for pension and similar	-		-	
tax provisions	-9,242		-23,956	
other provisions	4,318	**-4,924**	-3,124	**-27,080**
Adjustments to the value and exchange gains/losses of investments		**381,415**		**34,826**
Changes in deposits received from reinsurers		**-17,431**		**-5,471**
Changes of receivables/payables and various assets/liabilities				
receivables from policyholders for premiums	33,592		27,625	
receivables from insurance brokers	-33,544		-5,576	
receivables from reinsurance companies	-15,378		14,805	
other receivables	-186,034		21,917	
other assets	-38,434	**-239,798**	-8,674	**50,097**
Change in financial payables		**-30,242**		**10,239**
Change in subordinated liabilities		**-**		**-**
Change in Shareholders' Equity		**323,429**		**73,562**
TOTAL		**-188,957**		**179,188**

		2008		2007
Investments				
Land and buildings	13,606		48,853	
Shares and holdings in group companies	497,389		85,716	
Bonds issued by group companies	-3,994		5	
Loans to group companies	3,887		-2,267	
Equity investments and minority holdings	-211,138		135,217	
Investment fund units	78,707		84,608	
Bonds and other fixed-income securities	-808,629		-271,619	
Loans to third parties	278		531	
Other financial investments	71,878		7,579	
Deposits with reinsuring companies	-451	**-358,467**	-326	**88,297**
Investments where risk is borne by life policyholders and pension fund management		**-19,123**		**-83,514**
Tangible assets, inventories and long-term costs		**1,564**		**109**
Dividends distributed		**163,643**		**141,771**
Change in cash and cash equivalents		**23,426**		**32,525**
TOTAL		**-188,957**		**179,188**

	2008	2007
Bank accounts at close of year	158,381	119,059
Bank accounts at close of previous year	134,955	86,534
Change in cash and cash equivalents	23,426	32,525

N.B. : Cash flow 2008 based on pro-forma data. The liquidity at the beginning of 2008 does not equate with the end of 2007 as the former includes the liquidity of Sasa Assicurazioni and Sasa Vita.

REMUNERATION OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES OF "MILANO ASSICURAZIONI S.P.A."

The amounts reported below refer to the year 2008

(in Euro)

NAME	DESCRIPTION OF OFFICE			REMUNERATION				
							Other remuneration (3)	
	Office held (1)	Period of office	Expiry	Emoluments for office	Non-monetary benefits (2)	Bonuses and other incentives	Emoluments for offices held in subsidiary companies	Other
MARCHIONNI Fausto	Chairman & Chief Executive Officer – Director - EC	1/1-31/12/2008	AGM acc. 2010	318,093 *			34,000	
LIGRESTI Gioacchino Paolo	Vice Chairman - Director - EC	1/1-31/12/2008	AGM acc. 2010	162,632				
RUCELLAI Cosimo	Vice Chairman - Director - EC - ICC	1/1-31/12/2008	AGM acc. 2010	117,357				
BOCCHINO Umberto	Director - EC	1/1-31/12/2008	AGM acc. 2010	19,123				
DE MARCHI Barbara	Director	21/4-31/12/2008	AGM acc. 2010	7,080				(4)
DEZZANI Flavio	Director	1/1-31/12/2008	AGM acc. 2010	10,162				
DI MAIO Maurizio	Director	1/1-31/12/2008	AGM acc. 2010	10,162 (5)				
ERBETTA Emanuele	Director	1/1-31/12/2008	AGM acc. 2010	- (6)	1,740			(7) 1,187,176
FREY Mariano	Director - ICC	1/1-31/12/2008	AGM acc. 2010	27,129				
LIGRESTI Giulia Maria	Director - EC	1/1-31/12/2008	AGM acc. 2010	15,759				
LIGRESTI Jonella	Director	1/1-31/12/2008	AGM acc. 2010	12,089				
	EC	1/1-6/5/2008						
LO VECCHIO Lia	Director	1/1-31/12/2008	AGM acc. 2010	10,162				
PERRONE DA ZARA Emilio	Director - ICC	1/1-31/12/2008	AGM acc. 2010	27,129				
PINI Massimo	Director - EC	1/1-31/12/2008	AGM acc. 2010	41,688 *				
RANDAZZO Francesco	Director	1/1-31/12/2008	AGM acc. 2010	10,162				
RUBINO Salvatore	Director - EC	1/1-31/12/2008	AGM acc. 2010	153,368				
TABACCI Simone	Director	1/1-31/12/2008	AGM acc. 2010	10,162				
TALARICO Alessandra	Director	1/1-31/12/2008	AGM acc. 2010	10,162			5,000	
TALARICO Antonio	Director - EC	1/1-31/12/2008	AGM acc. 2010	15,759				
VIGLIANISI Sergio	Director	1/1-21/4/2008		3,082				
VISENTIN Graziano	Chair. Board of Statutory Auditors	1/1-21/4/2008		19,397			25,896	
OSSOLA Giovanni	Statutory Auditor	1/1-21/4/2008		53,934			21,000	
	Chair. Board of Statutory Auditors	21/4-31/12/2008	AGM acc. 2010					
RAYNERI Alessandro	Statutory Auditor	1/1-31/12/2008	AGM acc. 2010	41,421				
MOSCONI Maria Luisa	Statutory Auditor	21/4-31/12/2008	AGM acc. 2010	27,869				
ALDE' Giuseppe	Alternate Auditor	1/1-31/12/2008	AGM acc. 2010	-			9,000	
FRASCINELLI Roberto	Alternate Auditor	1/1-31/12/2008	AGM acc. 2010	-				
DE RE Claudio	Alternate Auditor	1/1-31/12/2008	AGM acc. 2010	-			1,721	
NEU Christian	General Manager	1/1-12/5/2008			** 291			(7) 218,747 **
EXECUTIVE WITH STRATEGIC RESPONSIBILITY (8)		1/1-31/12/2008			3,762			(7) 852,201

** also includes the emoluments for offices held in the incorporated companies Sasa and Sasa Vita*

*** amounts referring to the period in which Mr. Neu was the General Manager*

(1) The letters "EC" indicate members of the Executive Committee, the letters "I.C.C." indicate members of the Internal Control Committee.
(2) Estimated value.
(3) Indicate the office for which the amounts were paid.
(4) Professional services provided to Milano Assicurazioni Spa Euro 61,974.84.
(5) Remuneration repaid to Banco Popolare Soc. Coop.
(6) Waiver in favour of the Company.
(7) Remuneration for employment service.
(8) The emoluments relate to key management personnel at an aggregate level.

SHAREHOLDINGS OF DIRECTORS, STATUTORY AUDITORS AND THE MANAGERS WITH STRATEGIC RESPONSIBILTIES

Name	Company	Number of shares held at the end of the previous year (2007)		Number of shares acquired		Number of shares sold		Number of shares held at the end of the current year (2008)	
		Ordinary	Savings	Ordinary	Savings	Ordinary	Savings	Ordinary	Savings
Erbetta Emanuele	Milano Assicurazioni	-	-	32,500 *a)*	-		-	32,500 *a)*	-
Ligresti Paolo	Milano Assicurazioni	-	-	86,956**a)*	-	-	-	86,956**a)*	-
Lo Vecchio Lia	Milano Assicurazioni	-	-	1,095**a)*				1,095**a)*	
Pini Massimo	Milano Assicurazioni	10,000 *a)*	-	15,173**a)*	-	-	-	10,000 *a)* 15,173**a)*	-
Talarico Antonio	Milano Assicurazioni	20,100 *a)*	-	-	-	-	-	20,100 *a)*	-
Mosconi Maria Luisa	Milano Assicurazioni	-	-	4,347**a)*				4,347**a)*	
Rayneri Alessandro	Milano Assicurazioni	20,000 *c)*	30,000 *c)*	10,000 *a)*	-	-	-	10,000 *a)* 20,000 *c)*	30,000 *c)*
Managers with strategic responsibilities	Milano Assicurazioni	1,000 *a)*	-	-	-	-	-	1,000 *a)*	-

The other Directors and Statutory Auditors have no holdings.
* shares from the takeover by FONDIARIA-SAI S.p.A. on Immobiliare Lombarda S.p.A..
a) shares held directly
b) shares held by spouses
c) shares held through subsidiaries

Others Attachments

- **List of buildings**
- **List of investments in subsidiaries, associated companies and investments above 10% of the share capital**
- **Schedules of the solvency margins**
- **Schedules to cover the technical reserves**
- **Reconciliation of the theoretical tax charge and the actual tax charge**
- **Recording of deferred tax income and charges and consequent effects**
- **Net Equity disclosures as per Article 2427, number 7 bis of the Civil Code**
- **Information from the latest financial statements of the company that exercises direction and control of the company**

List of buildings

DESCRIPTION OF THE BUILDING	PURCHASE COST	REVALUATIONS				ACC. DEPREC. AT 31.12.07	BALANCE AT 31.12.07 (NET)	BOOK VALUE AT 31.12.07 GROSS
		MONETARY	ECONOMIC	AS PER LAW 413/91	TOTAL			
ALESSANDRIA VIA TROTTI, 46	168,572						168,572	168,572
ARZACHENA - LISCIA DI VACCA	47,465						47,465	47,465
ALESSANDRIA - VIA FAA DI BRUNO 49	91,842						91,842	91,842
ANCONA - VIA MARSALA 21	28,927		8,362	6,366	14,728	-2,797	40,858	43,655
AREZZO - VIA XXV APRILE 18-34/E	229,720						229,720	229,720
BARI - VIA ABATE GIMMA 171	10,623	12,958		64,895	77,852	-192	88,284	88,476
BASIGLIO - MILAN 3	15,494						15,494	15,494
BELLUNO - VIA FELTRE, 244	57,420						57,420	57,420
BRESCIA - VIA XX SETTEMBRE, 32	948,215						948,215	948,215
BERGAMO - VIA MAJ 14D	302,902					-22,718	280,184	302,902
BIELLA - VIA NAZARIO SAURO 8	4,679	1,872	1,083	44,551	47,505	-419	51,765	52,184
BOARIO TERME (BS) V.le DELLA REPUBBLICA 27	19,254	13,477	25,162	20,167	58,806	-4,342	73,718	78,060
BOLZANO - VIA PERATHONER 5	17,308	17,767		78,478	96,245	-294	113,259	113,553
BORGOMANERO (NO) - PZA XX SETTEMBRE 8	150,230						150,230	150,230
BRESCIA - VIA MARIO 40	10,117	7,082	26,035	27,472	60,589	-3,243	67,463	70,706
BRESCIA - VIA FOPPA 6 (1'CORPO)	301,790	23,048		38,047	61,096	-271	362,615	362,886
BRESCIA VIA SOLFERINO, 11 1^ P	382,556					-80,912	301,644	382,556
BRUZZANO - VIA SENIGALLIA, 18/2 imp.	30,922,779					-9,984,276	20,938,504	30,922,779
BUSTO A. - P.ZA GARIBALDI, 1	168,572						168,572	168,572
CAGLIARI - P.ZZA SALENTO 9/10	336,784					-13,492	323,292	336,784
CAGLIARI - VLE BONARIA 90	100,065			9,386	9,386		109,451	109,451
CAGLIARI - VIA BACAREDDA, 184	192,277						192,277	192,277
CARRARA (MS) - VIA DON MINZONI 10	11,205	9,180		13,133	22,313	-136	33,382	33,518
CASCINA (PI) - VIA TOSCO ROMEGNOLA 248/E	99,160						99,160	99,160
CATANZARO - VIA DE GASPERI 62	82,870						82,870	82,870
CESENA (FO) - VICOLO CESUOLA 14	117,150						117,150	117,150
CIVITANOVA MARCHE (MC)- Via S.di SANTAROSA 15	5,495	3,847	8,449	22,044	34,340	-1,334	38,501	39,835
COLLEGNO (TO) - VLE GRAMSCI 24	48,717			7,494	7,494		56,211	56,211
COMO - VLE INNOCENZO XI 13	39,751	40,483		91,744	132,226		171,978	171,978
CONEGLIANO (TV) - VIA CALVI 106	43,090			13,227	13,227		56,318	56,318
COSENZA - VIA MACALLE' 2	144,920		2,769	24,636	27,406		172,326	172,326
CREMA - VIA MATTEOTTI 43	165,408						165,408	165,408
CREMONA - PIAZZA S. ANTONIO ZACCARIA 5	723,368	16,387	5,547	96,321	118,255	-2,065	839,558	841,623
CREMONA - VIA INGEGNERI 5	29,894	24,142		29,877	54,018	-157	83,755	83,912
CUNEO - P.ZA BOVES, 2	542,228						542,228	542,228
DESIO - VIA MONSIGNOR CATTANEO 8	7,494	2,295	1,310	39,807	43,413	-246	50,660	50,907
EMPOLI - VIA VILLANI 4	102,107			6,877	6,877		108,985	108,985
ESTE (PD) - VIA PRINCIPE UMBERTO 68	109,147						109,147	109,147
FERMO (AP) - VIALE XX GIUGNO 20-22	22,158	15,510	12,445	62,117	90,071	-3,758	108,471	112,229
FERRARA - VIA PREVIATI 11 ter	8,169	5,803	18,960	26,807	51,570	-8,217	51,522	59,739
FERRARA - VIA CAVOUR 150	106,276	61,988			61,988		168,263	168,263
FLORENCE - PZA BECCARIA 3	382,451	66,715		262,484	329,198		711,649	711,649
FLORENCE - VIA BELFIORE 42	74,840			2,575	2,575		77,415	77,415
FLORENCE - VIA VOLTA 102/104	620,828					-119,294	501,534	620,828
FLORENCE - VIA S. AMMIRATO, 39 imp.	357,881					-130,174	227,707	357,881
FLORENCE VIA CAVOUR, 112 1p	496,714					-1,855	494,859	496,714
GAZZANIGA (BG)- VIA MAZZINI 12	33,208		1,049	32,491	33,541	-304	66,444	66,749
GENEVA - VIA B.BOSCO 15/31	2,038,875						2,038,875	2,038,875
GENEVA - VIA ROCCATAGLIATA CECCARDI 1/2	549,373	15,034		140,067	155,101	-67,870	636,604	704,474
GENEVA VIA CECCARDI 1/10 3^ p	747,840					-229,961	517,879	747,840
GENEVA VIA CECCARDI 1/19 6^ p imp.	842,990					-182,176	660,814	842,990
GENEVA VIA XX SETTEMBRE 19	384,554					-2,884	381,670	384,554
GROSSETO - VIA MATTEOTTI 2	132,290						132,290	132,290
INTRA (NO) - PZZA DON MINZONI 36	104,085	7,780		11,263	19,043	-114	123,014	123,128
LA SPEZIA - VLE ITALIA 162	197,031						197,031	197,031
LATINA - VIA DUCA DEL MARE 67	13,902	8,047		4,454	12,501	-1,646	24,757	26,403
LECCE - PIAZZA ORONZO 4	29,173	35,497	24,692	32,684	92,873	-7,070	114,976	122,046
LECCE - PZA MAZZINI 64	328,406			17,713	17,713		346,119	346,119
LEGNANO - CSO ITALIA 54	57,148	33,542		47,669	81,212		138,360	138,360
LEGNANO - CSO SEMPIONE 119	37,594			17,985	17,985		55,579	55,579
LIVORNO - VIA MAYER 1	46,713	1,284	1,175	48,825	51,284	-2,297	95,701	97,997
LUCCA - PZA DEL GIGLIO 4	69,711	4,790		9,411	14,200		83,911	83,911
MANTOVA - VIA MARANGONI 1	10,996	12,528		55,698	68,226	-186	79,036	79,222
MANTOVA VIA G. MAZZINI 16	273,122					-3,347	269,775	273,122
MERANO - VIA MAINARDO 52	103,804			7,341	7,341		111,145	111,145
MESTRE - VIA MESTRINA 6	1,635	20,754		47,645	68,399		70,034	70,034
MILAN - CORSO EUROPA 17 +	10,431,844	220,527	44,414,479		44,635,006		55,066,850	55,066,850
MILAN - PIAZZA CANEVA 4	107,857	5,527	61,734	40,933	108,194	-857	215,194	216,051
MILAN - VIA BOCCACCIO 32	20,989	19,563		87,777	107,340	-284	128,045	128,329
MILAN - VIA BROLETTO 42/46 - VIA DEL LAURO 9	21,268,227	421,324	91,011	3,270,465	3,782,800	-369,468	24,681,558	25,051,026
MILAN - VIA CASATI 39	929,957	71,435		531,481	602,917	-1,110	1,531,764	1,532,873
MILAN - VIA CONSERVATORIO 15	15,710,446						15,710,446	15,710,446
MILAN - VIA CONSERVATORIO 17	12,086,610						12,086,610	12,086,610
MILAN - VIA CORDUSIO 2	48,821,760						48,821,760	48,821,760
MILAN - VIA LANCETTI 43 (IMMOB. 958) imp	6,344,218					-2,130,309	4,213,909	6,344,218
MILAN - VIA LANCETTI 43 (IMMOB. 958) ter	12,005,106					-558,159	11,446,947	12,005,106
MILAN - V.LE LANCETTI VIA DELL'APRICA								
MILAN - VIA PANTANO 26 VIA DI P.ROMENA 19	45,290,612						45,290,612	45,290,612
MILAN - VIA PONTACCIO 15	8,294,340						8,294,340	8,294,340
MILAN - V.LE UMBRIA,76	10,856,906						10,856,906	10,856,906
MILAN - VIA FRUA/P.ZA DE ANGELI imp.	2,276,802					-835,772	1,441,030	2,276,802
MILAN - VIA RASORI 2 imp.	4,425					-1,626	2,799	4,425
MILAN - TONALE 22 4p	217,411						217,411	217,411
MILAN - TONALE 22 3p	299,830					-636	299,194	299,830
MILAN - VIA FRUA 26/TRIVULZIO 3	542,156					-4,030	538,126	542,156
MILAN VIA LENTASIO, 1	526,786						526,786	526,786
MILAN GALL. DEL CORSO, 4	2,316,448						2,316,448	2,316,448
MILAN VIA CASTELLANZA								
MILAN - VIA CORRIDONI 1	467,435						467,435	467,435
MODENA - VIALE MEDAGLIE D'ORO 1	18,099	12,669	19,602	45,803	78,074	-3,778	92,396	96,173
MODENA - VIA GIARDINI 10/1	63,242	50,009		30,474	80,483	-622	143,103	143,724
MODENA - VIA RAINUSSO 130	321,339					-16,575	304,764	321,339
MONZA - VIA PASSERINI 6	39,625	24,424		94,629	119,053	-372	158,306	158,678
MONZA - VIA CAMPERIO 8 imp.	342,411					-125,836	216,575	342,411
MORTARA - CORSO GARIBALDI 28	9,436	3,678	775	25,665	30,118	-472	39,083	39,554
NAPLES - VIA MONTE OLIVETO 79	5,255	2,890		86,275	89,165	-51	94,369	94,420
NOVARA - VIA ROSSELLI 28	253,682						253,682	253,682
NOVARA - VIA BALL. LAMARMORA, 19 imp.	120,871					-44,262	76,609	120,871
NOVARA - VIA BALL. LAMARMORA, 19	184,664						184,664	184,664
NOVI LIGURE - VIA ABBA 2	106,262						106,262	106,262
OSTIGLIA - VIA XX SETTEMBRE 63-65	486,403						486,403	486,403
PADOVA - VIA MAR. DA PADOVA 2	143,443	111,599		66,324	177,922		321,365	321,365
PALERMO - PIAZZA CASTELNUOVO 26	16,548	11,584	20,637	24,128	56,348	-3,658	69,239	72,896
PALERMO VIA RICASOLI, 59	273,929						273,929	273,929
PARMA - VIA GOLDONI 1	178,596	11,743	6,908	250,051	268,702	-3,802	443,496	447,298
PAVIA - VIA MATTEOTTI 11	263,522						263,522	263,522

	YEAR 2008			ACC. DEPREC. AT 31.12.08	BALANCE AT 31.12.08 (NET)	BOOK VALUE AT 31.12.08 GROSS	OF WHICH REVALUATIONS			WRITE-DOWNS	CURRENT VALUE
PURCHASES	DISPOSALS	OF WHICH ACC.DEPR. FUND	DEPRECIATION				MONETARY	ECONOMIC	AS PER LAW 413/91		
					168,572	168,572					204,030
					47,465	47,465					
					91,842	91,842					163,000
				-2,797	40,858	43,655		8,362	6,366		133,000
					229,720	229,720				40,341	320,000
				-192	88,284	88,476	12,958		64,895		261,000
					15,494	15,494					25,000
					57,420	57,420					133,950
					948,215	948,215					1,311,990
				-22,718	280,184	302,902					443,000
				-419	51,765	52,184	1,872	1,083	44,551		151,000
				-4,342	73,718	78,060	13,477	25,162	20,167		177,000
				-294	113,259	113,553	17,767		78,478	22,408	207,000
					150,230	150,230					204,000
				-3,243	67,463	70,706	7,082	26,035	27,472		244,000
				-271	362,615	362,886	23,048		38,047		719,000
				-80,912	301,644	382,556					570,450
672,208			-947,850	-10,932,125	20,662,862	31,594,987					33,398,350
					168,572	168,572					209,000
				-13,492	323,292	336,784				106,119	447,000
					109,451	109,451			9,386		199,000
					192,277	192,277					261,720
				-136	33,382	33,518	9,180		13,133		98,000
					99,160	99,160				24,818	143,000
					82,870	82,870					124,000
					117,150	117,150					156,000
	-1,231			-1,334	37,270	38,604	3,724	8,178	21,339		107,000
					56,211	56,211			7,494		107,000
					171,978	171,978	40,483		91,744		452,000
					56,318	56,318			13,227		100,000
					172,326	172,326		2,769	24,636		288,000
					165,408	165,408					205,000
17				-2,065	839,575	841,640	16,387	5,547	96,321		2,110,000
				-157	83,755	83,912	24,142		29,877		249,000
					542,228	542,228					326,400
				-246	50,660	50,907	2,295	1,310	39,807		133,000
					108,985	108,985			6,877		168,000
					109,147	109,147					165,000
				-3,758	108,471	112,229	15,510	12,445	62,117		179,000
				-8,217	51,522	59,739	5,803	18,960	26,807	6,083	177,000
					168,263	168,263	61,988				325,000
					711,649	711,649	66,715		262,484		2,050,000
					77,415	77,415			2,575		216,000
				-119,294	501,534	620,828					893,000
			-10,736	-140,910	216,971	357,881					537,300
				-1,855	494,859	496,714					803,700
				-304	66,444	66,749		1,049	32,491		225,000
					2,038,875	2,038,875					2,460,000
				-67,870	636,604	704,474	15,034		140,067		1,340,000
				-229,961	517,879	747,840					879,238
			-25,290	-207,466	635,524	842,990					1,078,972
				-2,884	381,670	384,554					450,300
					132,290	132,290					229,000
				-114	123,014	123,128	7,780		11,263		324,000
					197,031	197,031					300,000
				-1,646	24,757	26,403	8,047		4,454		101,000
				-7,070	114,976	122,046	35,497	24,692	32,684		259,000
					346,119	346,119			17,713	16,053	408,000
					138,360	138,360	33,542		47,669		365,000
					55,579	55,579			17,985		177,000
				-2,297	95,701	97,997	1,284	1,175	48,825		315,000
					83,911	83,911	4,790		9,411		182,000
				-186	79,036	79,222	12,528		55,698		319,000
				-3,347	269,775	273,122					340,000
					111,145	111,145			7,341		148,000
					70,034	70,034	20,754		47,645		186,000
663					55,067,513	55,067,513	220,527	44,414,479		8,542,707	74,400,000
				-857	215,194	216,051	5,527	61,734	40,933		566,000
				-284	128,045	128,329	19,563		87,777		794,000
415,605	-25,466,632	369,469			0	0					
178,469				-1,110	1,710,233	1,711,343	71,435		531,481		5,100,000
1,087,660					16,798,106	16,798,106					26,300,000
178,909					12,265,519	12,265,519					18,860,000
2,488,671					51,310,432	51,310,432					83,800,000
			-190,327	-2,320,635	4,023,583	6,344,218					4,236,991
6,845,824				-558,159	18,292,771	18,850,930				3,695,207	19,263,009
47,769,318					47,769,318	47,769,318					48,700,000
33,459					45,324,070	45,324,070					58,900,000
321,368					8,615,708	8,615,708				229,682	14,100,000
1,237,976					12,094,883	12,094,883					12,200,000
			-68,304	-904,076	1,372,726	2,276,802					2,850,800
			-133	-1,759	2,666	4,425					16,500
					217,411	217,411					355,930
				-636	299,194	299,830					490,860
				-4,030	538,126	542,156					642,200
					526,786	526,786					747,300
					2,316,448	2,316,448					3,362,000
460,005					460,005	460,005					400,670
	-73,371				394,064	394,064					577,500
				-3,778	92,396	96,173	12,669	19,602	45,803		270,000
				-622	143,103	143,724	50,009		30,474		332,000
				-16,575	304,764	321,339					413,300
				-372	158,306	158,678	24,424		94,629		496,000
			-10,272	-136,108	206,303	342,411					451,200
				-472	39,083	39,554	3,678	775	25,665		147,000
				-51	94,369	94,420	2,890		86,275		447,000
					253,682	253,682					324,000
			-3,626	-47,888	72,983	120,871					130,154
					184,664	184,664					198,846
					106,262	106,262					138,600
					486,403	486,403					587,000
					321,365	321,365	111,599		66,324	52,746	509,000
				-3,658	69,239	72,896	11,584	20,637	24,128		204,000
					273,929	273,929					441,090
				-3,802	443,496	447,298	11,743	6,908	250,051		874,000
					263,522	263,522				10,808	310,000

PERUGIA - VIA CORTONESE-VIA BRIGANTI 93	109,715	11,043		30,108	41,151		150,866	150,866
PESARO - VIA ARDIZZI 14	76,436						76,436	76,436
PIACENZA - P.ZZA CAVALLI 7	103,033						103,033	103,033
PIACENZA - VIA CAVOUR GALL. S.MARIA 6	208,749	18,743		23,875	42,617	-225	251,142	251,367
PIOMBINO (LI) - CSO ITALIA 92	15,590	3,110		26,117	29,227	-57	44,761	44,817
PISTOIA VIA S. ANDREA, 49 imp.	145,796					-57,070	88,726	145,796
PISTOIA VIA S. ANDREA, 49	523,222						523,222	523,222
POGGIBONSI (SI) - VIA TRENTO 9	66,636			7,309	7,309		73,946	73,946
PONTASSIEVE - VIA MONTANELLI 43	45,533						45,533	45,533
PONTASSIEVE (FI) - VIA ROME 10	65,562			8,203	8,203		73,764	73,764
PONTE S.PIETRO (BG) - VIA V.EMANUELE II, 2	83,425						83,425	83,425
PONTEDERA (PI) - VIA SAFFI 4	14,934	14,206		43,005	57,210	-210	71,935	72,145
RAVENNA - VIA CESAREA 11	129,063						129,063	129,063
RAVENNA - VIA MAMELI, 5	206,583						206,583	206,583
ROME - VIA GREGORIO VII 44	74,044			37,961	37,961	-2,221	109,784	112,005
ROME - VIA CASTELLINI ,13	1,850,847					-89,415	1,761,432	1,850,847
ROME - VIA PIO FOA' 12	53,405						53,405	53,405
ROME - VIA SILVANI 46	619		2,542	27	2,569		3,187	3,187
ROME - VIA SISTINA, 91	126,980	36,539		261,679	298,218	-164	425,033	425,198
ROME- VIA TRE MADONNE,16/18	58,409,106						58,409,106	58,409,106
ROME VIA CRISPI 10	1,221,090					-9,158	1,211,932	1,221,090
ROVERETO VIA PAOLI, 25	162,250						162,250	162,250
ROZZANO - PALAZZO V STRADA 5 imp	1,068,800					-360,111	708,688	1,068,800
S.G. PERSICETO (BO) - CORSO ITALIA 1	4,376	3,063	11,118	7,415	21,596	-1,392	24,580	25,972
S.LAZZARO DI SAVENA (BO) - VIA JUSSI 8	88,008	10,270		3,906	14,176		102,184	102,184
SARONNO (VA) - PZA DE GASPERI 15	29,187	19,242		6,219	25,461		54,648	54,648
SEREGNO - P.LE MED. D'ORO MARIANI, 4	94,822						94,822	94,822
SCHIO (VI) - VIA ROMPATO 19	24,301	15,324		25,995	41,319		65,620	65,620
SIENA - VIA DELLE TERME 37	338,142						338,142	338,142
SIRACUSA - VIA S. SEBASTIANO 34	134,330						134,330	134,330
SONDRIO - CSO XXV APRILE 5	42,351	7,112		34,023	41,135	-108	83,378	83,486
TERNI - CORSO TACITO 101	4,265	1,153	803	28,766	30,721	-306	34,679	34,986
TURIN - VIA MAZZINI 12	20,638	21,558	54,418	103,387	179,363	-8,008	191,993	200,001
TURIN - CORSO RE UMBERTO 131	1,763,668						1,763,668	1,763,668
TURIN - CORSO TRAPANI 7/D	2,744,121						2,744,121	2,744,121
TURIN VIA GUARINI, 4	674,286						674,286	674,286
TRECASTAGNI (CT) - C.SO ITALIA 2	76,384						76,384	76,384
TRENTO - PASS. ZIPPEL 6	192,277						192,277	192,277
TREVIGLIO (BG) - PZA INSURREZIONE 5	74,990						74,990	74,990
TREVISO - VICOLO BIANCHETTI 1	86,675	8,528			8,528		95,203	95,203
TRIESTE - VIA MARTIRI DELLA LIBERTA' 13 magazzino	131,744					-39,435.73	92,308	131,744
TRIESTE - VIA LAZZARETTO VECCHIO 11 imp.	8,317,657			1,385,648	1,385,648	-4,329,117.46	5,374,188	9,703,305
TRIESTE - VIA LAZZARETTO VECCHIO 9 imp.	251,251					-96,186.38	155,064	251,251
TRIESTE - VIA MARTIRI DELLA LIBERTA' 13	193,851					-24,446.48	169,405	193,851
TRIESTE - VIA MAZZINI 27	885,839						885,839	885,839
VALDAGNO (VI) - VIA C.COLOMBO 8	67,555			4,329	4,329		71,884	71,884
VARESE - VIA CARCANO 2	76,363	32,620	30,868	44,823	108,311	-11,134	173,539	184,673
VARESE - VIA BERNASCONE 16	5,375	2,150	1,766	39,805	43,722	-551	48,546	49,097
VARESE - VIA PIAVE 3	108,456						108,456	108,456
VENICE MESTRE - VIA CARDUCCI, 38	184,375						184,375	184,375
VERCELLI - C.SO GARIBALDI 44	8,274	5,792	13,417	24,410	43,618	-2,061	49,831	51,892
VERCELLI - VIA DUCHESSA JOLANDA 6	3,205	1,272	540	31,638	33,450	-271	36,384	36,655
VERCELLI - VIA XX SETTEMBRE 2	186,857						186,857	186,857
VERONA - VIA LOCATELLI 20	11,967	8,376	22,780	64,894	96,050	-3,234	104,783	108,017
VERONA - CSO CAVOUR 9	571,000						571,000	571,000
VERONA - P.TA NUOVA, 60	486,750					-128,773	357,977	486,750
VIGEVANO (PV) - CSO GARIBALDI 9	9,247	10,795		23,192	33,986	-108	43,126	43,234
VITERBO - VIA DELLA SAPIENZA 3	1,614	645	959	24,669	26,274	-223	27,664	27,887
TOTAL BUILDINGS	**329,154,470**	**1,660,322**	**44,891,395**	**8,307,158**	**54,858,874**	**-20,143,711**	**363,869,634**	**384,013,345**
LAND								
CAROVIGNO - land	7349.05						7,349	7,349
CORTINA D'AMPEZZO(BL) - land	2324.06						2,324	2,324
ROME - TOR DI QUINTO -land	115239.92		305,518		305517.83		420,758	420,758
VIETRI SUL MARE - land	516.46						516	516
VIZZINI TENUTA MAGULI - agricultural holdings	6157.01		1,585		1584.99		7,742	7,742
								-
TOTAL LAND	**131,587**	**0**	**307,103**	**0**	**307,103**	**0**	**438,689**	**438,689**
ASSETS IN PROGRESS AND ADVANCES								
							-	
ROME-Via F.Fiorentini Avv.ti e Svil. Alb.							76,446,000	76,446,000
MILAN - Via Lancetti/Via dell'Aprica							33,206,898	33,206,898
MILAN - Via Lancetti Via Maloja Via dell'Aprica							6,415,000	6,415,000
MILAN-Via de Castillia future purchase							32,017,850	32,017,850
TOTAL ASSETS IN PROGRESS AND ADVANCES	**0**	**0**	**0**	**0**	**0**	**0**	**148,085,748**	**148,085,748**
TOTAL	**329.286.057**	**1.660.322**	**45.198.498**	**8.307.158**	**55.165.977**	**-20.143.711**	**512.394.071**	**532.537.782**

					150,866	150,866	11,043		30,108		390,000
					76,436	76,436					151,000
					103,033	103,033				41,575	155,000
				-225	251,142	251,367	18,743		23,875		503,000
				-57	44,761	44,817	3,110		26,117		100,000
			-4,374	-61,444	84,352	145,796					235,854
					523,222	523,222					846,416
					73,946	73,946			7,309		166,000
					45,533	45,533					57,000
					73,764	73,764			8,203		118,000
					83,425	83,425					138,000
				-210	71,935	72,145	14,206		43,005		172,000
					129,063	129,063				7,779	221,000
					206,583	206,583					229,000
				-2,221	109,784	112,005			37,961		218,000
98,771				-89,415	1,860,203	1,949,618				555,741	2,810,000
					53,405	53,405					234,000
					3,187	3,187		2,542	27		19,700
57,150				-164	482,183	482,347	36,539		261,679		2,070,000
399,470					58,808,576	58,808,576					66,540,000
				-9,158	1,211,932	1,221,090					1,780,310
					162,250	162,250					274,210
			-32,064	-392,175	676,624	1,068,800					1,900,000
				-1,392	24,580	25,972	3,063	11,118	7,415		85,000
					102,184	102,184	10,270		3,906		186,000
					54,648	54,648	19,242		6,219		337,000
					94,822	94,822					144,000
					65,620	65,620	15,324		25,995		180,000
					338,142	338,142				119,431	533,000
					134,330	134,330					227,240
				-108	83,378	83,486	7,112		34,023		266,000
				-306	34,679	34,986	1,153	803	28,766		120,000
				-8,008	191,993	200,001	21,558	54,418	103,387		380,000
55,918					1,819,586	1,819,586				1,407,345	3,340,000
					2,744,121	2,744,121					2,790,000
					674,286	674,286					767,140
					76,384	76,384					76,470
					192,277	192,277					234,000
					74,990	74,990				17,940	134,000
					95,203	95,203	8,528				291,000
			-3,952.32	-43,388	88,356	131,744					272,173
-14,137.20			-290,675.04	-4,619,793	5,069,375	9,689,168			1,385,648		10,903,800
			-7,537.52	-103,724	147,527	251,251					285,500
				-24,446	169,405	193,851					521,837
					885,839	885,839					1,315,040
					71,884	71,884			4,329		163,000
				-11,134	173,539	184,673	32,620	30,868	44,823		369,000
				-551	48,546	49,097	2,150	1,766	39,805		206,000
					108,456	108,456					143,000
					184,375	184,375					348,380
				-2,061	49,831	51,892	5,792	13,417	24,410		185,000
				-271	36,384	36,655	1,272	540	31,638		145,000
					186,857	186,857					349,000
				-3,234	104,783	108,017	8,376	22,780	64,894		228,000
					571,000	571,000					1,130,000
				-128,773	357,977	486,750					830,470
				-108	43,126	43,234	10,795		23,192		138,000
				-223	27,664	27,887	645	959	24,669		96,000
62.287.323	**-25.541.234**	**369.469**	**-1.595.140**	**-21.369.383**	**399.390.051**	**420.759.434**	**1.238.875**	**44.800.113**	**5.035.988**	**14.896.783**	**549.966.890**
					7,349	7,349					9200
					2,324	2,324					104000
					420,758	420,758		305517.83			1233000
					516	516					1140
					7,742	7,742		1584.99			17600
					-	-					
0	**0**	**0**	**0**	**0**	**438,689**	**438,689**	**0**	**307,103**	**0**	**0**	**1,364,940**
8,749,404					85,195,404	85,195,404					85,195,404
7,863,454	-41,070,352					-					
	-6,415,000				-	-					
7,363,053					39,380,903	39,380,903					39,380,903
23,975,911	**-47,485,352**	**0**	**0**	**0**	**124,576,307**	**124,576,307**	**0**	**0**	**0**	**0**	**124,576,307**
86.263.234	**-73.026.585**	**369.469**	**-1.595.140**	**-21.369.383**	**524.405.048**	**545.774.430**	**1.238.875**	**45.107.215**	**5.035.988**	**14.896.783**	**675.908.137**

List of subsidiaries, associated companies and investments above 10% of the share capital with voting rights

(as per article 126 of CONSOB Resolution 11971 of May 14, 1999)

Name and registered office		Currency	Share capital		Shareholders' equity	Result for	Book value	Quota held			
			Amount	No. of shares	(1)	the year	(direct share)	Direct %	Indirect %	Through subsidiary company	Total %
talian subsidiary companies											
BIPIEMME VITA S.p.A.	MILAN	Euro	103,500,000	20,700,000	108,749,578	-15,705,811	122,079,688	51.00			51.00
CAMPO CARLO MAGNO S.p.A.	TRENTO	Euro	9,311,200	18,622,400	19,254,915	181,000	37,333,163	100.00			100.00
DIALOGO ASSICURAZIONI S.p.A.	MILAN	Euro	8,831,774	8,831,774	8,339,734	-10,406,115	8,327,070	99.85			99.85
DIALOGO VITA (EX FONDIPREV S.p.A.)	FLORENCE	Euro	6,240,000	12,000,000	8,835,449	-401,809	4,834,037	60.00			60.00
LIGURIA ASSICURAZIONI S.p.A.	SEGRATE	Euro	23,000,000	23,000,000	32,623,992	-18,272,695	151,052,725	99.97			99.97
MERIDIANO EUR	MILAN	Euro	10,000	10,000	242,299,308	2,750,453	235,210,000	100.00			100.00
MERIDIANO ORIZZONTI	MILAN	Euro	10,000	10,000	53,937,733	887,001	50,010,000	100.00			100.00
PRONTO ASSISTANCE SERVIZI	TURIN	Euro	516,000	516,000	3,206,995	1,479,811	490,308	28.00	0.35	SYSTEMA COMPAGNIA	54.55
									24.00	DIALOGO ASSICURAZIONI	
									2.20	LIGURIA ASSICURAZIONI	
SOGEINT S.r.l	MILAN	Euro	100,000	1	101,788	1,787	100,000	100.00			100.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	MILAN	Euro	5,164,600	10,000	16,134,922	1,075,500	5,187,325	100.00			100.00
							614,624,316				
Italian group companies											
IMMOBILIARE LOMBARDA S.p.A.	MILAN	Euro	697,907,754	4,105,339,727			250,852,585	39.03			39.03
SAI INVESTIMENTI S.G.R. S.p.A.	TURIN	Euro	3,913,588	3,913,588	5,910,178	1,405,828	1,199,827	29.00			29.00
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	FLORENCE	Euro	104,000	200,000	868,774	54,462	227,074	30.00			50.00
SISTEMI SANITARI (EX SERV SALUTE MALATTIA)	MILAN	Euro	1,000,000	1,000,000			196,295	19.63			19.63
UNISERVIZI GRUPPO FONDIARIA S.c.r.l.	MILAN	Euro	5,200,000	10,000,000	40,401,958		13,819,193	34.19	0.18	SYSTEMA COMPAGNIA AS	34.59
									0.20	DIALOGO ASSICURAZIONI	
									0.02	DIALOGO VITA	
							266,294,974				
Italian associated companies											
GARIBALDI S.C.S	LUXEMBOURG	Euro	1,001	1,001	-1,138,059	-298,906	480	47.95			47.95
VALORE IMMOBILIARE S.r.l.	MILAN	Euro	10,000	10,000			12,838,000	49.00			49.00
							12,838,480				
Other investments above 10% of the share capital with voting rights											
UFFICIO CENTRALE ITALIANO S.r.l	MILAN	Euro	510,000	1,000,000			56,646	10.98			10.98
COMP. TIRRENA DI ASS.NI (in liquidation)	MILAN	Euro	17,850,000	35,000,000				11.14			11.14
							56,646				

(1) Amounts in local currencies

Attachment III

Company: MILANO ASSICURAZIONI S.P.A.

Year 2008

SCHEDULE OF THE SOLVENCY MARGIN
OF THE COMPANIES THAT JOINTLY UNDERTAKE
LIFE AND NON-LIFE INSURANCE
(article 29 of the regulation)

(in Euro thousands)

Reference accounts of the models of the life and non-life solvency margins		Life insurance		Non Life insurance		Total
Amount of the solvency margin requested: life division (168); non-life division (104) (a)	1	151,490	11	514,863	21	666,353
Constituting elements of the solvency margin available total elements A): life division (97); non-life division (76) (b)	2	436,035	12	1,357,976	22	1,794,011
total elements B): life division (102); non-life division (79) (c)	3		13		23	
Total constituting elements of the solvency margin available (b + c)	4	436,035	14	1,357,976	24	1,794,011
Excess/insufficiency of the constituting elements of the solvency margin available compared to the amount of the solvency margin to be created d = [(b+c) - a]	5	284,545	15	843,113	25	1,127,658
Utilisation as per art. 348, paragraph 3, of the Insurance Code of the explicit elements of the solvency margin still available as per art. 44, paragraph 2, lett. a), b), c) of the Insurance Code (e)	6		16		26	
f = (d + e)	7	284,545	17	843,113	27	1,127,658

N.B. **(e) always ≤ (d)**
(e) always ≤ (b)

Attachment I

Company MILANO ASSICURAZIONI S.P.A.

SHEDULE SHOWING THE SOLVENCY MARGIN
(Article 28, paragraph 1 of the Regulation)

Year 2008

(in Euro thousands)

Classes for which solvency margin has been calculated

I. -	Human life-span insurance	x
II. -	Marriage and birth insurance	
III. -	Insurance as per points I and II linked to investment funds..	x
IV. -	Permanent health insurance as per art. 1, no. 1, letter d), of EEC directive 79/267 of March 5, 1979	x
V. -	Securitisation operations as per art. 2, para. 1, point V of the Insurance Code………….	x
VI. -	Management of collective pension funds created for payments of benefits in the cases of death, survival, or total or partial work disability	x
Complementary insurance (personal injury)………………………………..............................		x

I - BASIS OF CALCULATION OF THE SOLVENCY MARGIN REQUESTED FOR YEAR N TAKEN FROM THE FINANCIAL STATEMENTS

Balance sheet accounts - life business

(1)	Amounts due from shareholders for unpaid subscribed capital	(= item1)		
(2)	Acquisition commissions to be amortised	(= item3)		2,926
(3)	Other intangible assets	(refers to items 6, 7, 8 and 9)		10,147
(4)	Shares or quotas in holding companies	(= item17)		16,218
(5)	Treasury shares and quotas	(= item91)		1
(6)	Subscribed share capital or equivalent fund	(= item101)		31,107
(7)	Share premium reserve	(= item102)		187,502
(8)	Revaluation reserve	(included in item103)		208
(9)	Legal reserve	(= item104)		13,557
(10)	Statutory reserves	(= item105)		
(11)	Reserve for treasury shares and holding companies	(= item106)		16,219
(12)	Other reserves: (1)			247,310
(13)	Losses carried forward	(= item108 (*))		
(14)	Loss for year	(= item109 (*))		70,576
(15)	Retained earnings	(= item108)		
(16)	Profit for year	(= item109)		
(17)	Cumulative preference shares: (2)			
(18)	Sub-ordinated liabilities: (3)	(included in item111)		40,000
(19)	Profit realised in FY N: (4)		In the case of use for the solvency margin as per article 23, letter a) of the Regulation	
(20)	Profit realised in FY N - 1: (4)			
(21)	Profit realised in FY N - 2: (4)			
(22)	Profit realised in FY N - 3: (4)			
(23)	Profit realised in FY N - 4: (4)			
(24)	Estimated annual profit: (5)			
(25)	Average residual duration of the contracts at the end of FY N			
(26)	Actuarial reserves for pure premiums		In the case of use for the solvency margin as per article 23, letter b) of the Regulation	
(27)	Actuarial reserves for pure premiums relative to risks ceded			
(28)	Actuarial reserve for pure premiums increased by amortisation of the acquisition expenses contained in gross premiums			
(29)	Actuarial reserve as per point (28) relating to outward reinsurance			
(30)	Sum of differences between "Life" capital and actuarial reserves for all policies for which payment of premiums is continuing		In the case of use for the solvency margin as per article 23, letter c) of the Regulation	
(31)	Unrealised gains resulting from valuations of all investments of the company, where they are not of an exceptional nature			
(32)	Losses resulting from valuations of all investments of the company			
(33)	Commitments expected towards policyholders (6)			

GENERAL NOTICE: none of the items concerning outward reinsurance include amounts payable by CONSAP for legal cessions

(1) Insert the other reserves as per item 107 excluding, for the first three years, the fund created for the expenses detailing them below:

Extraordinary reserve	217,937
Other reserves	29,373

(2) Insert cumulative preference shares, as per art. 44, paragraph 3, letter a) and b) of the Insurance Code, indicating:

cumulative preference shares as per art. 44, paragraph 3, letter a)

cumulative preference shares as per art. 44, paragraph 3, letter b)

(3) Insert the subordinated liabilities indicating:

fixed-term loans	
indefinite-term loans	40,000
indefinite-term securities and other financial instruments	

(4) Indicate the profits realised in the past five years in the assets in the classes I, III and IV as per article 2, paragraph 1 and in the complementary insurance as per article 2, paragraph 2 of t

(5) Indicate the value recorded in the report prepared by the actuary, taking into consideration the possibility to utilise this account up to the expiry of the transitory period

(6) Record the value indicated in the report prepared by the actuary

*** indicate the amount in absolute terms**

cont: I - BASIS OF CALCULATION OF THE SOLVENCY MARGIN REQUESTED FOR YEAR N TAKEN FROM THE FINANCIAL STAT.

I/II - Human life-span, marriage and birth insurance.	
(34) Actuarial reserves for direct insurance	2,893,060
(35) Actuarial reserves for inward reinsurance	1,802
(36) Actuarial reserves for outward reinsurance	106,548
(37) Non-negative sums at risk taken on by the company	9,333,202
(38) Non-negative sums at risk for which the company remains accountable after cessions and retrocesssions	5,051,569
(39) Non-negative sums taken on by the company for term life policies covering against death and with a maximum duration of three years	1,882,249
(40) Non-negative sums taken on by the company for term life policies covering against death and for more than three years but less than or equal to five years	292,431
Complementary insurance - Personal injury.	
(41) Gross premiums written	563
(42) Claims paid in year N: gross amount	242
(43) Claims paid in year N: reinsurers share	
(44) Change in reserves for claims in year N: gross amount (refers to item 16 of attachment No. 1)	25
(45) Change in reserves for claims in year N: reinsurers' share	
(46) Claims paid in year N -1: gross amount	166
(47) Claims paid in year N - 1: reinsurers' share	
(48) Change in reserve for claims in year N - 1: gross amount (refers to item 17 of attachment No. 1)	-510
(49) Change in reserve for claims in year N - 1: reinsurers' share	
(50) Claims paid in year N - 2: gross amount	85
(51) Claims paid in year N - 2: reinsurers' share	
(52) Change in reserve for claims in year N - 2: gross amount (refers to item 18 of attachment No. 1)	182
(53) Change in reserve for claims in year N - 2: reinsurers' share	
IV - Health insurance	
(54) Actuarial reserves for direct insurance	574
(55) Actuarial reserves for inward reinsurance	
(56) Actuarial reserves for outward reinsurance	
(57) Gross premiums written	240
(58) Claims paid in year N: gross amount	
(59) Claims paid in year N: reinsurers' share	
(60) Change in reserves for claims in year N: gross amount (refers to item 16 of attachment No. 2)	
(61) Change in reserves for claims in year N: reinsurers share	
(62) Claims paid in year N -1: gross amount	
(63) Claims paid in year N -1: reinsurers' share	
(64) Change in reserve for claims in year N - 1: gross amount (refers to item 17 of attachment No. 2)	
(65) Change in reserve for claims in year N - 1: reinsurers' share	
(66) Claims paid in year N - 2: gross amount	
(67) Claims paid in year N - 2: reinsurers' share	
(68) Change in reserve for claims in year N - 2: gross amount (refers to item 18 of attachment No. 2)	
(69) Change in reserve for claims in year N - 2: reinsurers' share	
V - Securitisation operations.	
(70) Actuarial reserves for direct insurance	585,886
(71) Actuarial reserves for inward reinsurance	
(72) Actuarial reserves for outward reinsurance	6,862
III/VI - Insurance linked to investment funds and pension-fund management	
When investment risk is borne by the company:	
(73) Actuarial reserves for direct insurance	35,106
(74) Actuarial reserves for inward reinsurance	
(75) Actuarial reserves for outward reinsurance	
without assumption of the investment risk and the contract determines the amount of the management expenses for more than five years:	
(76) Actuarial reserves for direct insurance	
(77) Assets pertaining to pension funds managed in the name and on behalf of third parties	221,503
without assumption of the investment risk and the contract determines the amount of the management expenses for a period not greater than five years:	
(78) Net administration expenses in the past year (relating to insurance connected to investment funds).. (8)	625
(79) Net administration expenses in the past year (relating to management of pension funds)..(9)	
When mortality risk is borne by the company:	
(80) Non-negative sums at risk taken on by the company	12,284
(81) Non-negative sums at risk taken on by the company after cession and retrocessions	12,284

(8) Carry over of amount indicated in line c) of schedule 2 of attachment 3 showing the solvency margin relating to class III
(9) Carry over of amount indicated in line c) of schedule 2 of attachment 3 showing the solvency margin relating to class VI

II – CONSTITUTING ELEMENTS OF THE AVAILABLE SOLVENCY MARGIN

Elements A)			
(82) = (6) - (1)	Share capital or equivalent paid-in fund		31,107
	Reserves not covering specific commitments or adjusting asset items:		
(83) = (9)	legal reserve		13,557
(84)	free reserve		451,239
	Retained earnings:		
(85)	profits carried forward not distributed (*)		
(86)	profit in year not distributed (*)		
(87)	Total cumulative preference shares and sub-ordinated liabilities within limits of article 44, paragraph 3, of the Insurance Code		40,000
	of which:		
(88)	sub-ordinated loan at fixed maturity or cumulative preference shares for fixed period (for an amount not exceeding 25% of the lower between the amount at line 169 and that indicated at line 168		
(89)	indefinite-term loans	*40,000*	
(90)	indefinite-term securities and other financial instruments, including the cumulative preference shares other than those mentioned in article 44, para 3, letter a) of the Insurance Code		
(90*bis*)	Elements of the subsidiaries/other holdings		
(90 ter)	Other elements		
(91)	*Total from (82) to (90bis) and (90 ter)*		535,903
(92)	Acquisitions commissions to be amortised, as per art. 12, paragraph. 2 of the Regulation		2,926
(93) = (3)	Other intangible assets		10,147
(94) = (4) + (5)	Treasury shares or quotas in holding companies		16,219
(95) = (13) + (14)	Loss in the year and losses carried forward		70,576
(95 bis)	Other deductions		
(96)	*Total from (92) to (95 bis)*		99,868
(97)	**Total Elements A) = (91) - (96)**		436,035
Elements B)			
(98)	50% of future profits		
(99)	Difference between amount of actuarial reserve determined according to reported pure premiums, less the amount in the same reserve relating to ceded risks		
	and the amount of the corresponding actuarial reserves determined according to reported pure premiums increased by amortisation of acquisition expenses contained in gross premiums		
	(within the limits of art. 23, paragraph 1, letter b) of the Regulation		
(100)	Unrealised gains, net of losses and commitments expected towards policyholders, resulting from the valuation of all investments of the company		
(101)	Half of unpaid share capital or equivalent fund not paid in subscribed, on condition that at least 50% of the entire share capital or subscribed fund paid-in		
(102)	**Total Elements B) = (98)+(99)+(100)+(101)**		
(103)	*Amount of the available solvency margin (of which elements B ....%)* **Total Elements A) and B) = (97) + (102)**		436,035

(*) The only amounts to be indicated are those that, by virtue of shareholders' resolutions, remain part of shareholders' equity

(84) = (7) + (8) + (10) + (11) + (12)
(87) = (88) + (89) + (90) on condition that (87) <= 0.5 * [lower between (168) and (169)]
(90bis) = total column h - i - a - b of attachment 4
(92) = (2) - [(26) - (27) - (28) + (29)] provided that it is positive
(98)= 0.5 * [(24)* (25)] - [(31)-(32)-(33)] ; on condition that (98) < = 0,25 * [(lower between (168) and (169)] and that (24) < = [(19)+(20)+(21)+(22)+(23)]/5; in addition (25) <= 6
(99) = [(26) - (27) - (28) + (29)] - (2) provided that it is positive and that [(26) - (27) - (28) + (29)] ≤ [3,5 / 100] x (30)
(100)= [(31) - (32)- (33)] on condition that [(31) - (32) - (33)] <= 0.10 * [lower between (168) and (169)]
(101)= 0.5 * (1) if (82) >= (6) / 2 on condition that (101) < = 0.5 *[lower between (168) and (169)]; (101) = 0 if (82) < (6) / 2

III - AMOUNT OF THE SOLVENCY MARGIN REQUESTED

	A) Human life-span, marriage and birth insurance.			
(104)	4/100 of actuarial reserves for direct business and inward reinsurance		115,794	
(105)	retention rate for these reserves (minimum 0.85)	0.963		
(106)	(104) x (105)			111,510
	Policies with non-negative sums at risk (excluding term policies referred to in subsequent points)			
(107)	0.3/100 of capital sums at risk			21,476
	Policies with non-negative sums at risk (term policies with maximum of 3 years):			
(108)	0.1/100 of capital sums at risk			1,882
	Policies with non-negative sums at risk (term policies more than three years but less than or equal to five years):			
(109)	0.15/100 of capital sums at risk			439
(110)	*Total (107) + (108) + (109)*			23,797
(111)	retention rate for sums at risk (minimum 0.50)	0.541		
(112)	(110) x (111)			12,874
(113)	**Solvency margin requested A): (106) + (112)…………**			124,384
	B) Complementary insurance - personal injury (art. 2, par. 2 of the insurance Code)			
	b1) Calculation according to annual amount of premiums and contributions			
(114) = (41)	Gross premiums written		563	
	to be divided:			
(115)	less than or equal to 53,100,000 EURO = 563 x 0,18 =		101	
(116)	portion exceeding 53,100,000 EURO = x 0.16 =			
(117)	*Total (115) + (116)*		101	
(118)	Retention level in relation to claims in the year borne by the company following outward reinsurance (minimum 0.50)	1.000		
(119)	*Solvency margin requested b1, (117) x (118)*			101
	b2) Calculated based on average claims cost in the last 3 fiscal years			
(120)	Claims paid in period: gross amount……………………………………		493	
(121)	Change in claims reserve in period:		-303	
(122)	Claims costs……………………		190	
(123)	Annual average: 1/3 of (122)		63	
	to be divided:			
(124)	less than or equal to 37,200,000 EURO = 63 x 0,26 =		16	
(125)	portion exceeding 37,200,000 EURO = x 0.23 =			
(126)	*Total (124) + (125)*		16	
(127)	*Solvency margin requested b2, (126) x (118)*			16
(128)	Solvency margin requested B): higher result between (119) and (127)		101	
(129)	Solvency margin requested B) Year N - 1		84	
(130)	**Solvency margin requested B) ………………………….. ....……….**			101
	C) Health insurance			
(131)	4/100 of actuarial reserves for direct business and inward reinsurance		23	
(132)	retention rate for these reserves (minimum 0.85)	1.000		
(133)	(131) x (132)			23
	c1) Calculation according to annual amount of premiums and contributions			
(134) = (57)	Gross premiums written		240	
	to be divided:			
(135)	less than or equal to 53,100,000 EURO = 240 x (0,18)/3 = ...		14	
(136)	portion exceeding 53,100,000 EURO = x (0.16)/3 = ...			
(137)	*Total (135) + (136)*		14	
(138)	Retention level in relation to claims in the year borne by the company following outward reinsurance (minimum 0.50)	1.000		
(139)	*Solvency margin requested c1, (137) x (138)*			14
	c2) Calculated based on average claims cost in the last 3 years			
(140)	Claims paid in period: gross amount……………………………………			
(141)	Change in claims reserve in period:			
(142)	Claims costs……………………			
(143)	Annual average: 1/3 of (142)			
	to be divided:			
(144)	less than or equal to 37,200,000 EURO = x (0.26)/3 = ...			
(145)	portion exceeding 37,200,000 EURO = x (0.23)/3 = ...			
(146)	*Total (144) + (145)*			
(147)	*Solvency margin requested c2, (146) x (138)*			
(148)	*Higher result between (139) and (147)*		14	
(149)	Solvency margin requested Year N-1		16	
(150)	Solvency margin requested Year N		16	
(151)	**Solvency margin requested C) (133)+(150)…………**			39

cont: III - AMOUNT OF THE SOLVENCY MARGIN REQUESTED

D) Securitisation operations			
(152)	4/100 of actuarial reserves for direct business and inward reinsurance	23,435	
(153)	retention rate for these reserves (minimum 0.85) 0.988		
(154)	**Solvency margin requested D): (152) x (153) ....**		23,154
E) Insurance linked to investment funds and pension-fund management.			
	When investment risk is borne by the company:		
(155)	4/100 of actuarial reserves for direct business and inward reinsurance	1,404	
(156)	retention rate for these reserves (minimum 0.85) 1.000		
(157)	(155) x (156)		1,404
	Without investment risk, proving that policies fix management fees for more than five years		
(158)	1/100 gross reserve of direct business..		2,215
	Without investment risk, proving that policies fix management fees for not more than five years		
(159)	25/100 of the net administration expenses of the past year..........……………………………..		156
	With mortality risk borne by the company		
(160)	0.3/100 of non-negative sums at risk	37	
(161)	retention rate for sums at risk (minimum 0.50) 1.000		
(162)	(160) x (161)		37
(163)	**Solvency margin requested E): (157) + (158) + (159) + (162) ....**		3,812

	Solvency margin status and quota of guarantee		
(164)	*Total solvency margin requested (113) + (130) + (151) + (154)+(163)*................................	151,490	
(164*bis*)	Capital requested by the subsidiaries/other holdings..		
(164*ter*)	Amount of the solvency margin requested…………………….	151,490	
(165)	Quota of guarantee: 1/3 of (164ter)	50,497	
(166)	Minimum guarantee quota as per art. 44, para. 3, of the Insurance Code	3,200	
(167)	Guarantee quota (higher amount between (165) and (166)...........	50,497	
(168)	Amount of the solvency margin requested (higher amount between (164ter) and (167)..................................		151,490
(169) = (103)	Amount of solvency margin available		436,035
(170) = (169) - (168)	**Surplus (deficit) ....**		284,545

(104) = [4 / 100] x [(34)+ (35)]
(105) = [(34) + (35) - (36)] / [(34) + (35)]
(107) = [0.3 / 100] x [(37) - (39) - (40)]
(108) = [0.1 / 100] x (39)
(109) = [0.15 / 100] x (40)
(111) = (38) / (37)
(118)= 1-[(43)+(47)+(51)+(45)+(49)+(53)]/[(42)+(46)+(50)+(44)+(48)+(52)]
(120) = (42) + (46) + (50)
(121) = [(44)+(48)+(52)]
(122) = (120) + (121)
(130) = if (128) < (129) then (130) = (129)*[Acturial provision N (account (2) - Attachment 1)] / [Acturial provision N - 1 (account (2) - Attachment 1)] this cannot be > of 1; if 128>= 129 then 130 = 128
(131) = [4 / 100] x [(54)+ (55)]
(132) = [(54) + (55) - (56)] / [(54) + (55)]
(138)= [(58+62+66)-(59+63+67)+(60+64+68)-(61+65+69)]/[(58+62+66)+(60+64+68)]
(140) = (58)+(62)+(66)
(141) = [(60)+(64)+(68)]
(142) = (140) + (141)
(149) = (150) of the margin year N-1
(150) = if (148) >= (149) then (150) = (148)
if (148) < (149) then (150) = (149)*[Claims reserve N (account (2) - Attachment 2)] / [Claims reserve N - 1 (account (2) - Attachment 2)] this cannot be > of 1. In any case (150) > = (148).
(152) = [4 / 100] x [(70) + (71)]
(153) = [(70) + (71) - (72)] / [(70) + (71)]
(155) = [4 / 100] x [(73) + (74)]
(156) = [(73) + (74) - (75)] / [(73) + (74)]
(158) = [1 / 100] x [(76) + (77)]
(159) = (25/100) * [(78) + (79)]
(160) = [0.3 / 100] x (80)
(161) = (81) / (80)
(164bis) = total column g of attachment 4
(164ter) = (164) + (164bis)

Attachment No. 1 to the table showing the solvency margin as per article 28, paragraph 1 of the regulation

Company MILANO ASSICURAZIONI S.P.A.

Year 2008

Attachment to chart showing solvency margin - complementary insurance (personal injury)

(in Euro thousands)

	Years		
	N	**N-1**	**N-2**
-1 Change in claims reserve: gross amount (included in item 48 of income statement)	25	-510	182
-2 (2) Claims reserve, net of reinsurance	345	320	830
Portfolio movements for claims reserve for the year and for previous years *:			
- costs			
-3 - risks written as direct insurance	0	0	0
-4 - risks ceded on direct insurance business	0	0	0
-5 - risks accepted as inward insurance	0	0	0
-6 - risks ceded on inward reinsurance business	0	0	0
- revenues			
-7 - risks written as direct insurance	0	0	0
-8 - risks ceded on direct insurance business	0	0	0
-9 - risks accepted as inward insurance	0	0	0
-10 - risks ceded on inward reinsurance business	0	0	0
Changes due to exchange rate differences on reserves at beginning of year			
- direct insurance risks			
-11 -costs	0	0	0
-12 - revenues	0	0	0
- risks accepted as inward insurance:			
-13 -costs	0	0	0
-14 - revenues	0	0	0
-15 total changes due to exchange differences (12 + 14 - 11 - 13)	0	0	0

Change in claims reserve: gross amount to be used to calculate the solvency margin requested:

	Amount	**Corresponding to the accounts of the solvency margin table**
(16) year N ....…..…............................... (1+7+9+15)	25	account 44 sec. I
(17) year N-1 ....…..........................(1-3-5+7+9+15)	-510	account 48 sec. I
(18) year N-2 ....(1-3-5)	182	account 52 sec. I

* Cost and revenues of portfolio movements relating to the year and previous years must be shown without off-setting between withdrawals and cessions.

Attachment No. 2 to the table showing the solvency margin as per article 28, paragraph 1 of the regulation

Company MILANO ASSICURAZIONI S.P.A.

Year 2008

Attachment to chart showing solvency margin - health insurance as per article 1, number 1, letter d. of EC directive No. 79/267 of March 5, 1979 - reference base for the calculation of solvency margin as per paragraph c), point 2 art. 35 of legislative decree 174/95

(in Euro thousands)

	Years		
	N	**N-1**	**N-2**
-1 Change in claims reserve: gross amount (included in item 48 of income statement)	0	0	0
(2) Claims reserve, net of reinsurance	0	0	0
Portfolio movements for claims reserve for the year and for previous years *:			
- costs			
-3 - risks written as direct insurance	0	0	0
-4 - risks ceded on direct insurance business	0	0	0
-5 - risks accepted as inward insurance	0	0	0
-6 - risks ceded on inward reinsurance business	0	0	0
- revenues			
-7 - risks written as direct insurance	0	0	0
-8 - risks ceded on direct insurance business	0	0	0
-9 - risks accepted as inward insurance	0	0	0
-10 - risks ceded on inward reinsurance business	0	0	0
Changes due to exchange rate differences on reserves at beginning of year			
- direct insurance risks			
-11 -costs	0	0	0
-12 - revenues	0	0	0
- risks accepted as inward insurance:			
-13 -costs	0	0	0
-14 - revenues	0	0	0
-15 total changes due to exchange differences (12 + 14 - 11 - 13) ...	0	0	0

Change in claims reserve: gross amount to be used to calculate the solvency margin requested:

	Amount	**Corresponding to the accounts of the solvency margin table**
(16) year N .... (1+7+9+15)	0	account 60 sec. I
(17) year N-1 ....(1-3-5+7+9+15)	0	account 64 sec. I
(18) year N-2 ....(1-3-5)	0	account 68 sec. I

* Cost and revenues of portfolio movements relating to the year and previous years must be shown without off-setting between withdrawals and cessions.

Attachment No. 3 to the table showing the solvency margin as per article 28, paragraph 1 of the regulation

Company MILANO ASSICURAZIONI S.P.A.

Year 2008

Attachment to chart showing solvency margin - net administration expenses of the last year relating to insurance linked to investment funds and to pension-fund management

(in Euro thousands)

table 1

	Class I	Class II	Class III	Class IV	Class V	Class VI	Total (1)
Other administration expenses	8,107	0	1,061	0	606	60	9,834
Collection commissions	5178	0	47	2	20	0	5,247

(1) equal to item 70 of the income statement

(2) equal to item 69 of the income statement

table 2

Details of other administration expenses by type of contract (Classes III and VI)	Class III	Class VI
a) with assumption of the investment risk	61	0
b) without assumption of the investment risk and the contract determines the amount of the management expenses for a period above five years	422	60
c) without assumption of the investment risk and the contract determines the amount of the management expenses for a period not above or equal to five years	625	0
TOTAL	1,108	60

Company MILANO ASSICURAZIONI S.P.A. **Year 2008**

	Classes I and II		Class III			Class IV		Class V			Class VI			
	amount of actuarial reserves	margin requested	amount of actuarial reserves	amount of class D1 reserves	margin requested	amount of actuarial reserves	margin requested	amount of actuarial reserves	amount of class D1 reserves	margin requested	amount of actuarial reserves	amount of class DII reserves	Assets pertaining to pension funds	margin requested
Contracts on which the margin is calculated at 4%.	1 2,894,862	2 111,510	3 356	4 31,428	5 1,271	6 574	7 39	8 585,886	9 0	10 23,154	11 594	12 2,728		13 133
Contracts on which the margin is calculated at 1%.				14 219,576	15 2,196							16 1,927	17 0	18 19
Contracts as per C where risks are non negative		19 12,874			20 37									21 0
Contracts on which margin is calculated at 25% of the other admin. expenses and collection				22 22,067	23 156							24 0	25 0	26 0
Total	27 2,894,862	28 124,384	29 356	30 273,071	31 3,660	32 574	33 39	34 585,886	35 0	36 23,154	37 594	38 4,655	39 0	40 152

3+4+11+12 = item 73+74 margin
7 = item 151 margin
3+9 = item 70+71 margin
5+13 = item 157 margin
15+18= item 158 margin
20+21 = item 162 margin
23+26 = item159 margin
28+31+33+36+40 = (item 164 - item 130) margin

27+29+32+34+37 = item 118 BS
30+35 = item 125 BS
38 = item 126 BS

Attachment II

Compan MILANO ASSICURAZIONI S.P.A.

TABLE SHOWING SOLVENCY MARGIN
(Art. 28, paragraph 2 of the Regulation)

Year 2008

(in Euro thousands)

Classes

Motor TPL, aviation, maritime, general, credit, bonds..	X
Injury, health, land vehicle, rail, aviation and maritime; goods transported, fire and natural elements, general pecuniary losses, assistance……………………………………	X
Other property damage, legal protection	X

I - BASIS OF CALCULATION OF THE SOLVENCY MARGIN REQUESTED FOR YEAR N TAKEN FROM THE FINANCIAL STATEMENTS

	Balance sheet accounts – non-life business		
(1)	Amounts due from shareholders for unpaid subscribed capital	(= item 1)	
(2)	Acquisition commissions to be amortised and other acquisition expenses	(refers to items 4 and 6)	
(3)	Other intangible assets	(refers to items 7, 8 and 9)	68,673
(4)	Shares or quotas in holding companies	(= item 17)	205,038
(5)	Treasury shares and quotas	(= item 91)	19,637
(6)	Subscribed share capital or equivalent fund	(= item 101)	274,744
(7)	Share premium reserve	(= item 102)	530,645
(8)	Revaluation reserve	(= item 103)	1,069
(9)	Legal reserve	(= item 104)	36,686
(10)	Statutory reserves	(= item 105)	
(11)	Reserve for treasury shares or those of parent company	(= item 106)	224,675
(12)	Other reserves (1)		457,154
(13)	Losses carried forward	(= item 108 (*))	
(14)	Loss for year	(= item 109 (*))	
(15)	Retained earnings	(= item 108)	
(16)	Profit for year	(= item 109)	85,965
(17)	Cumulative preference share: -2		
(18)	Sub-ordinated liabilities (3)	(included in the item 111) In the case of use for the solvency margin as per article 23, letter c) of the Regulation	120,000
(19)	Unrealised gains resulting from valuations of all investments of the company, where they are not of an exceptional nature		
(20)	Losses resulting from valuations of all investments of the company		
	Income statement accounts of year N		
(21)	Gross premiums written	(= item 1)	2,892,852
(22)	Gross premiums written of classes 11, 12 and 13	(see attachment 2)	220,295
(23)	Claims paid: gross amount	(= item 8)	2,429,498
(24)	Claims paid in classes 11, 12 and 13 gross amount	(see attachment 2)	157,607
(25)	Claims paid: reinsurers' share	(= item 9)	94,796
(26)	Claims paid in classes 11, 12 and 13 reinsurers' share	(see attachment 2)	8,080
(27)	Change in recoveries: gross amount	(= item 11)	30,065
(28)	Changes in recoveries classes 11, 12 and 13: gross amount	(see attachment 2)	6,834
(29)	Change in recoveries: reinsurers' share	(= item 12)	241
(30)	Changes in recoveries classes 11, 12 and 13: reinsurers' share	(see attachment 2)	
(31)	Change in claims reserve: gross amount	(from attachment 1)	-231,976
(32)	Changes in claims reserve classes 11, 12 and 13: gross amount	(see attachment 2)	34,607
(33)	Change in claims reserve: reinsurers' share	(= item 15)	-36,801
(34)	Changes in claims reserve classes 11, 12 and 13: reinsurers' share	(see attachment 2)	8,610

(1) Insert the other reserves as per item 107 excluding, for the first three years, the fund created for the expenses detailing them below:

Extraordinary reserve	63,813
Merger reserves	66,504
Share swap surplus reserve	246,649
Reserve for purchase of treasury shares	14,188
Reserve for purchase of holding company's shares	66,000

(2) Insert cumulative preference shares, as per art. 44, paragraph 3, letter a) and b) of the Insurance Code, indicating:

cumulative preference shares as per art. 44, paragraph 3, letter a)	
cumulative preference shares as per art. 44, paragraph 3, letter b)	

(3) Insert the subordinated liabilities indicating:

- fixed-term loans	60,000
- indefinite-term loans	60,000
- indefinite-term securities and other financial instruments	

(*) Indicates the total loss

cont: I - BASIS OF CALCULATION OF THE SOLVENCY MARGIN REQUESTED FOR YEAR N TAKEN FROM THE FINANCIAL STATEMENTS

Income statement accounts for the years prior to N			
(35)	Claims paid in year N -1: gross amount	(= item 8)	2,221,224
(36)	Claims paid in classes 11, 12 and 13 in year N - 1: gross amount	(from attachment 2)	150,751
(37)	Claims paid in year N -1: reinsurers' share	(= item 9)	74,856
(38)	Change in the recoveries in year N - 1: gross amount	(= item 11)	40,254
(39)	Changes in recoveries in classes 11, 12 and 13 in year N - 1: gross amount	(from attachment 2)	6,496
(40)	Change in the recoveries in year N - 1: reinsurers' share	(= item 12)	39
(41)	Change in reserve for claims in year N - 1: gross amount	(from attachment 1)	70,837
(42)	Change of the claims reserve of the classes 11, 12 and 13 in the year N - 1: gross amount	(from attachment 2)	15,633
(43)	Change in reserve for claims in year N - 1: reinsurers' share	(= item 15)	28,875
(44)	Claims paid in year N -2: gross amount	(= item 8)	2,219,851
(45)	Claims paid in classes 11, 12 and 13 in year N - 2: gross amount	(from attachment 2)	140,765
(46)	Claims paid in year N -2: reinsurers' share	(= item 9)	90,340
(47)	Change in the recoveries in year N - 2: gross amount	(= item 11)	63,700
(48)	Changes in recoveries in classes 11, 12 and 13 in year N - 2: gross amount	(from attachment 2)	6,724
(49)	Change in the recoveries in year N - 2: reinsurers' share	(= item 12)	195
(50)	Change in reserve for claims in year N - 2: gross amount	(from attachment 1)	81,847
(51)	Change of the claims reserve of the classes 11, 12 and 13 in the year N - 2: gross amount	(from attachment 2)	42,430
(52)	Change in reserve for claims in year N - 2: reinsurers' share	(= item 15)	-27,910
	Accounts to be compiled only by the companies that exercise exclusively or prevalently "particular risks" (**):		
(53)	Claims paid in year N -3: gross amount	(= item 8)	
(54)	Change in reserve for claims in year N - 3: gross amount	(from attachment 1)	
(55)	Claims paid in year N -4: gross amount	(= item 8)	
(56)	Change in reserve for claims in year N - 4: gross amount	(from attachment 1)	
(57)	Claims paid in year N -5: gross amount	(= item 8)	
(58)	Change in reserve for claims in year N - 5: gross amount	(from attachment 1)	
(59)	Claims paid in year N -6: gross amount	(= item 8)	
(60)	Change in reserve for claims in year N - 6: gross amount	(from attachment 1)	

(**) "Particular risks" refer to credit, storm, hailstorm and frost risk

II – CONSTITUTING ELEMENTS OF THE AVAILABLE SOLVENCY MARGIN

Elements A)			
(61) = (6) - (1)	Share capital or equivalent fund paid-in		274,744
	Reserves not covering specific commitments or adjusting asset items:		
(62) = (9)	legal reserve		36,686
(63)	free reserve		1,213,543
	Retained earnings:		
(64)	retained earnings not distributed (***)		
(65)	profit for the year not distributed (***)		6,351
(66)	Total cumulative preference shares and sub-ordinated liabilities within limits of article 44, paragraph 3, of the Insurance Code		120,000
	of which:		
(67)	sub-ordinated loan at fixed maturity or cumulative preference shares for fixed period (for an amount not exceeding 25% of the lower between the amount at line (105) and that indicated at line (104)	60,000	
(68)	indefinite-term loans	60,000	
(69)	indefinite-term securities and other financial instruments, including the cumulative preference shares other than those mentioned in article 44, para 3, letter a) of the Insurance Code		
(69*bis*)	Elements of the subsidiaries/other holdings		
(69 ter)	Other elements		
(70)	*Total from (61) to (69bis) and (69 ter)*		1,651,324
(71)	Acquisition commissions to be amortised and other acquisition costs		
(72) = (3)	Other intangible assets		68,673
(73) = (4) + (5)	Shares or quotas in holding companies		224,675
(74) = (13) + (14)	Loss in the year and losses carried forward		
(74 bis)	Other deductions		
(75)	*Total from (71) to (74bis)*		293,348
(76)	**Total Elements A) = (70) - (75)**		1,357,976
Elements B)			
(77)	Unrealised gains, net of losses resulting from valuations of all investments of the company		
(78)	Half of unpaid share capital or equivalent fund not paid in subscribed, on condition that at least 50% of the entire share capital or subscribed fund paid-in		
(79)	**Total Elements B) = (77)+(78)**		
(80)	*Amount of the available solvency margin (of which elements B ....%)* **Total Elements A) e B) = (76) + (79)**		1,357,976

(63)= (7) + (8) + (10) + (11) + (12)
(66) = (67) + (68) + (69) on condition that (66) <= 0.5 * [lower between (105) and (104)]
(69bis) = total column h - i - a - b of attachment 3
(71) = 0.4 * (2)
(77)= [(19) - (20)[on condition that [(19) - (20)] <= 0.20 * [lower between (105) and (104)]
(78)= 0.5 * (1) if (61) >= (6) / 2 on condition that (78) < = 0.5 *[lower between (105) and (104)]; (78) = 0 if (61) < (6) / 2
(***) The only amounts to be indicated are those that, by virtue of shareholders' resolutions, remain part of shareholders' equity

III - AMOUNT OF THE SOLVENCY MARGIN REQUESTED

(A) Calculation according to annual amount of premiums or contributions					
(81)	Gross premiums written in last year			3,003,000	
	to be divided:				
(82)	less than or equal to	53,100,000 EURO =	## x 0.18 =	9,558	
(83)	portion exceeding	53,100,000 EURO =	## x 0.16 =	471,984	
(84)	*Total a), (82) + (83)*			481,542	
(85)	Retention level (g) in relation to claims in the year borne by the company following outward reinsurance				
	(minimum 0.500)		0.966		
(86)	*Solvency margin requested a) x g), (84) x (85)*			465,170	
B) Calculated based on average claims cost in the last 3 years or in the last 7 years by the companies that exercise exclusively or prevalently "particular risks"					
(87)	Claims paid in period: gross amount…………			7,095,135	
(88)	Change in claims reserve in period: gross amount…………			-32,957	
(89)	Change of the recoveries during the period: gross amount…………			144,046	
(90)	Claims costs…………			6,918,132	
(91)	Annual average: 1/3 or 1/7 of (90) *			2,306,044	
	to be divided:				
(92)	less than or equal to	37,200,000 EURO =	37,200 x 0.26 =	9,672	
(93)	portion exceeding	37,200,000 EURO =	2,268,844 x 0.23 =	521,834	
(94)	*Total b), (92) + (93)*			531,506	
(95)	*Solvency margin requested b) x g), (94) x (85)*			513,435	

Solvency margin status and quota of guarantee			
(96) = (86)	Amount of the solvency margin requested as a percentage of the annual amount of premiums or contributions…………	465,170	
(97) = (95)	Amount of the solvency margin requested as a percentage of the average claim charges…………	513,435	
(98)	*Higher amount between (96) and (97)*..........	513,435	
(98*bis*)	Capital requested by the subsidiaries/other holdings..........		
(98*ter*)	Amount of the solvency margin requested…………	513,435	
(99)	Quota of guarantee: 1/3 of (98ter)	171,145	
(100)	Minimum guarantee as per art. 46, para. 3, of the Insurance Code…………	3,200	
(101)	*Guarantee quota (higher amount between (99) and (100)*..........	171,145	
(102)	*Amount of the solvency margin requested for year N: (higher amount between (98ter) and (101)*..........	513,435	
(103)	*Amount of the solvency margin requested for year N-1:*	514,863	
(104)	*Amount of the solvency margin requested*…………		514,863
(105) = (80)	*Amount of the solvency margin available*		1,357,976
(106) = (105) - (104)	*Surplus (deficit)*		843,113

(81) = (21) + [(0.5) * (22)]
(85) = 1-{[(25)+(37)+(46)]-[(29)+(40)+(49)]+[(33)+(43)+(52)]}/{[(23)+(35)+(44)]-[(27)+(38)+(47)]+[(31)+(41)+(50)]} (**)
(87) = (23) + (35) + (44) +(0.5) * [(24) + (36) + (45)]; for the companies that undertake "particular risks" add also: (53) + (55) + (57) + (59)
(88) = (31) + (41) + (50) +(0.5) * [(32) + (42) + (51)]; for the companies that undertake "particular risks" add also: (54) + (56) + (58) + (60)
(89) = (27) + (38) + (47) + (0.5) * [(28) + (39) + (48)]
(90) = (87) + (88) - (89)
(98bis) = total column g of attachment 3
(98ter) = (98) + (98bis)
(104) - (103)*[(113) - (59) of attachment 1 of the notes] / [(293) - (239) of attachment 1 of the notes] this cannot be > 1. if (102) < (103): if (104) =(102).

(*) For the companies operating less than 3 (7) years, the average must be calculated based on the years in effective operation.

Attachment No. 1 to the table showing the solvency margin as per article 28, paragraph 2 of the regulation

Company MILANO ASSICURAZIONI S.P.A.

Attachment to the table showing the solvency margin - non-life sector (in Euro thousands)

	Years						
	N	**N-1**	**N-2**	**N-3**	**N-4**	**N-5**	**N-6**
-1 Change in claims reserve: gross amount (item 14 of the Income Statement)	-232,390	73,741	33,863	0	0	0	0
Portfolio movements for claims reserve for the year and for previous years *:							
- costs							
-2 - risks written as direct insurance	0	0	0	0	0	0	0
-3 - risks ceded on direct insurance business	13,138	10,759	14,719	0	0	0	0
-4 - risks accepted as inward insurance	260	3,261	2,016	0	0	0	0
-5 - risks ceded on inward reinsurance business	0	0	0	0	0	0	0
- revenues							
-6 - risks written as direct insurance	0	0	0	0	0	0	0
-7 - risks ceded on direct insurance business	24,173	15,523	11,337	0	0	0	0
-8 - risks accepted as inward insurance	0	2,078	0	0	0	0	0
-9 - risks ceded on inward reinsurance business	0	0	0	0	0	0	0
Changes due to exchange rate differences on reserves at beginning of year							
- direct insurance risks							
-10 - costs	0	901	1,084	0	0	0	0
-11 - revenues	352	0	0	0	0	0	0
- risks accepted as inward insurance:							
-12 - costs	306	332	926	0	0	0	0
-13 - revenues	368	12	33	0	0	0	0
-14 total changes due to exchange-rate differences (11 + 13 - 10 - 12)	414	-1,721	-1,977	0	0	0	0

Change in claims reserve: gross amount to be used to calculate the solvency margin:

	Amount	Corresponding to the accounts of the solvency margin table
(15) year N .... (1+6+8+14)	-231,976	item 31 sec. I
(16) year N-1 .... (1-2-4+6+8+14)**	70,837	item 41 sec. I
(17) year N-2 .... (1-2-4)***	81,847	item 50 sec. I

** In the case of "particular risks" the calculation must be made also for the years N-2, N-3, N-4, N-5 (items 50, 54, 56, 58 section I)

*** In the case of "particular risks" the calculation must be made also for the year N-6 (item 60 section I)

Attachment No. 2 to the table showing the solvency margin as per article 28, paragraph 2 of the Regulation

Company MILANO ASSICURAZIONI S.P.A.

Attachment to the table showing the solvency margin -classes 11,12 and 13

		N	N-1	N-2
1	**Gross premiums written (1)**	220,295	218,246	212,284
2	- class 11	2,859	2,146	2,344
3	- class 12	3,359	3,281	3,112
4	- class 13	214,077	212,819	206,828
5	**Claims paid: gross amount (2)**	157,607	150,751	140,765
6	- class 11	755	1,370	1,404
7	- class 12	1,536	2,262	1,293
8	- class 13	155,316	147,119	138,068
9	**Claims paid: reinsurers' share (3)**	8,080	7,359	9,257
10	- class 11	530	1,291	1,369
11	- class 12	0	0	15
12	- class 13	7,550	6,068	7,873
13	**Change in recoveries: gross amount (4)**	6,834	6,496	6,724
14	- class 11	-9	1	-10
15	- class 12	7	1	4
16	- class 13	6,836	6,494	6,730
17	**Change in recoveries: reinsurers’ share (5)**	0	0	1
18	- class 11	0	0	0
19	- class 12	0	0	0
20	- class 13	0	0	1
21	**Change in claims reserve: gross amount (6)**	34,607	15,633	42,430
22	- class 11	-736	-1,115	-2,477
23	- class 12	1,532	-1,165	1,463
24	- class 13	33,811	17,913	43,444
25	**Change in claims reserve: reinsurers’ share (7)**	8,610	-6,821	-12,481
26	- class 11	419	-1,096	-2,638
27	- class 12	-9	-41	93
28	- class 13	8,200	-5,684	-9,936

(1) Included in item 1 of the income statement

(2) Included in item 8 of the income statement

(3) Included in item 9 of the income statement

(4) Included in item 11 of the income statement

(5) Included in item 12 of the income statement

(6) Indicate the amount shown in attachment 2 bis

(Attachment 2 bis – class 11 - chart showing solvency margin as per article 28, par. 2, of the Regulation)

Company MILANO ASSICURAZIONI S.P.A.

Attachment to the table showing the solvency margin - class 11 **(in Euro thousands)**

	Years		
	N	**N-1**	**N-2**
-1 Change in claims reserve: gross amount (item 14 of the Income Statement)	-819	-946	-2,477
Portfolio movements for claims reserve for the year and for previous years *:			
- costs			
-2 - risks written as direct insurance	0	0	0
-3 - risks ceded on direct insurance business	0	0	0
-4 - risks accepted as inward insurance	0	0	0
-5 - risks ceded on inward reinsurance business	0	0	0
- revenues			
-6 - risks written as direct insurance	0	0	0
-7 - risks ceded on direct insurance business	0	0	0
-8 - risks accepted as inward insurance	0	0	0
-9 - risks ceded on inward reinsurance business	0	0	0
Changes due to exchange rate differences on reserves at beginning of year			
- direct insurance risks			
-10 -costs	0	169	325
-11 - revenues	83	0	0
- risks accepted as inward insurance:			
-12 -costs	0	0	0
-13 - revenues	0	0	0
-14 total changes due to exchange-rate differences (11 + 13 - 10 - 12)	83	-169	-325

Change in claims reserve: gross amount from utilisation of the calculation of item 22 of attachment 2

	Amount
(15) year N ………………………………………. (1+6+8+14)	-736
(16) year N-1 ....……… (1-2-4+6+8+14)	-1,115
(17) year N-2 ..……........… (1-2-4)	-2,477

* Cost and revenues of portfolio movements relating to the year and previous years must be shown without off-setting between withdrawals and cessions.

(Attachment 2 bis – class 12 - chart showing solvency margin as per article 28, par. 2, of the Regulation)

Company MILANO ASSICURAZIONI S.P.A.

Attachment to the table showing the solvency margin - class 12 **(in Euro thousands)**

	Years		
	N	**N-1**	**N-2**
-1 Change in claims reserve: gross amount (item 14 of the Income Statement)	1,532	-1,165	1,463
Portfolio movements for claims reserve for the year and for previous years *:			
- costs			
-2 - risks written as direct insurance	0	0	0
-3 - risks ceded on direct insurance business	0	0	0
-4 - risks accepted as inward insurance	0	0	0
-5 - risks ceded on inward reinsurance business	0	0	0
- revenues			
-6 - risks written as direct insurance	0	0	0
-7 - risks ceded on direct insurance business	0	0	0
-8 - risks accepted as inward insurance	0	0	0
-9 - risks ceded on inward reinsurance business	0	0	0
Changes due to exchange rate differences on reserves at beginning of year			
- direct insurance risks			
-10 -costs	0	0	1
-11 - revenues	0	0	0
- risks accepted as inward insurance:			
-12 -costs	0	0	0
-13 - revenues	0	0	0
-14 total changes due to exchange-rate differences (11 + 13 - 10 - 12)	0	0	-1

Change in claims reserve: gross amount from utilisation of the calculation of item 23 of attachment 2

	Amount
(15) year N ……………………………………….. (1+6+8+14)	1,532
(16) year N-1 ....…. (1-2-4+6+8+14)	-1,165
(17) year N-2 ..…......................................…. (1-2-4)	1,463

* Cost and revenues of portfolio movements relating to the year and previous years must be shown without off-setting between withdrawals and cessions.

(Attachment 2 bis – class 13 - chart showing solvency margin as per article 28, par. 2, of the Regulation)

Company MILANO ASSICURAZIONI S.P.A.

Attachment to the table showing the solvency margin - class 13 **(in Euro thousands)**

	Years		
	N	**N-1**	**N-2**
-1 Change in claims reserve: gross amount (item 14 of the Income Statement)	33,760	18,039	43,444
Portfolio movements for claims reserve for the year and for previous years *:			
- costs			
-2 - risks written as direct insurance	0	0	0
-3 - risks ceded on direct insurance business	465	266	526
-4 - risks accepted as inward insurance	0	2,078	0
-5 - risks ceded on inward reinsurance business	0	0	0
- revenues			
-6 - risks written as direct insurance	0	0	0
-7 - risks ceded on direct insurance business	604	643	393
-8 - risks accepted as inward insurance	0	2,078	0
-9 - risks ceded on inward reinsurance business	0	0	0
Changes due to exchange rate differences on reserves at beginning of year			
- direct insurance risks			
-10 -costs	0	32	34
-11 - revenues	16	0	0
- risks accepted as inward insurance:			
-12 -costs	8	94	98
-13 - revenues	43	0	1
-14 total changes due to exchange rate differences (11 + 13 - 10 - 12)	51	-126	-131

Change in claims reserve: gross amount from utilisation of the calculation of item 24 of attachment 2

	Amount
(15) year N ………………………………………. (1+6+8+14)	33,811
(16) year N-1 ....… (1-2-4+6+8+14)	17,913
(17) year N-2 ...…...… (1-2-4)	43,444

* Cost and revenues of portfolio movements relating to the year and previous years must be shown without off-setting between withdrawals and cessions.

Attachment No. 4 chart showing solvency margin as per article 10, number 2, of the Regulation No. 28 of February 17, 2009

Company……………………………

Year …………..

Attachment to the table showing the solvency margin – undistributable reserve

(in Euro thousands)

Non Life business	
1) Non-distributable reserve equal to the difference between the values recorded in the accounts of the securities recorded pursuant to article 4, paragraph 1, of ISVAP Regulation No. 28 of February 17, 2009 and the relative market values	0
2) Value recorded in the accounts of the securities issued by companies that have been declared insolvent or against which bankruptcy proceedings have commenced	0
TOTAL	0

Instructions for compilation

For the year 2008 the accounts shown below in the solvency margin table must comply with the following restrictions:
(69ter) = (1) Attachment 4 provided that (69ter) <= 0.2 * [lower between (105) and (104)] and that (66) + (69ter) <= 0.5 * [lower between (105) and (104)]
(74bis) = (1) Attachment 4 + (2) Attachment 4

Company   Milano Assicurazioni

SCHEDULE DEMONSTRATING THE ASSETS DESIGNATED
TO COVER THE TECHNICAL RESERVES
(in accordance with art. 31, paragraph 6, of legislative decree March 17, 1995, n. 175)

2008

(in Euro)

TECHNICAL RESERVES	At close of year 2008		At close of previous year	
Technical reserves to be covered	5	4,629,670,997	6	4,269,594,937

ASSETS DESCRIPTION	Ceiling	Balance at the end of the year 2008		Balance at end of previous year	
		Values	%	Values	%
A INVESTMENTS					
A.1 ***Debt securities and equivalent assets***					
A.1.1a Securities – traded in regulated markets - issued or guaranteed by zone A countries, as per EU Directive 12/2000, or issued by local or public agencies or EU countries, or by international organisations to which one or more EU countries belong;		9 2,421,470,868	10 52.30	11 2,632,527,603	12 61.66
A.1.1b Securities – not traded in regulated markets - issued or guaranteed by zone A countries, as per EU Directive No. 12/2000, or issued by local or public agencies or EU countries, or by international organisations to which one or more EU countries belong;		13 0	14 0.00	15 0	16 0.00
A.1.2a Bonds or equivalent securities traded in regulated markets;		17 269,822,747	18 5.83	19 170,026,977	20 3.98
A.1.2b Bonds or equivalent securities – not traded in regulated markets – issued by companies or banking organisations with registered offices in a zone A country and with at least 3 years financial statements certified by duly authorised independent auditors;		21 0	22 0.00	23 0	24 0.00
A.1.3 Other bonds or equivalent securities, other than those indicated in the previous items, provided that their maturity date is within one year ;		25 0	26 0.00	27 0	28 0.00
A.1.4 Units in undertakings for collective investment in transferable securities (UCITS) ;		29 160,158,979	30 3.46	31 161,513,070	32 3.78
A.1.5 Repos, with obligation to repurchase and deposit securities with a bank ;	**20%**	33 26,706,718	34 0.58	35 0	36 0.00
A.1.6 Bankers acceptances issued by banks with registered offices in a zone A country;		37 0	38 0.00	39 0	40 0.00
A.1.7 Financial bills as per Italian law January 13, 1994, n. 43 ;		41 0	42 0.00	43 0	44 0.00
Sub-total A.1.6 + A.1.7	**10%**	45 **0**	46 **0.00**	47 **0**	48 **0.00**
A.1.8 Accrued interest on securities admissible for coverage on technical provisions ;		49 34,150,160	50 0.74	51 0	52 0.00
Total A.1		53 **2,912,309,472**	54 **62.91**	55 **2,964,067,650**	56 **69.42**
A.2 Mortgages and interest bearing loans secured by mortgages or by banking and insurance guarantees or by other suitable guarantees issued by local bodies;	**20%**	57 0	58 0.00	59 0	60 0.00
to carry forward		2,912,309,472	62.91	2,964,067,650	69.42

Item	Limit	Code	Value	Code	%	Code	Value	Code	%
Carried forward			2,912,309,472		62.91		2,964,067,650		69.42
A.3 ***Equities and equivalent assets***									
A.3.1.a Shares traded in a regulated market;		61	606,003,295	62	13.09	63	897,146,335	64	21.01
A.3.1b Shares in the bank of Italy, shares in co-operative companies, and shares – not regulated in markets – issued by companies with registered offices in zone A countries and with at least 3 years financial statements certified by duly authorised independent auditors		65	30,000,003	66	0.65	67	0	68	0.00
A.3.2 Warrants traded in regulated markets;	**3%**	69	0	70	0.00	71	0	72	0.00
A.3.3 Units in undertakings for collective investment in transferable securities (UCITS) ;		73	63,880,302	74	1.38	75	38,356,681	76	0.90
A.3.4 Units and shares in closed mutual investment funds located in EU member countries and traded in regulated markets;	**5%**	77	0	78	0.00	79	0	80	0.00
Total A.3		81	**699,883,600**	82	**15.12**	83	**935,503,016**	84	**21.91**
A.4 ***Real estate***									
A.4.1 Land, buildings and rights of beneficial use, for the portions free from markets ;		85	398,964,468	86	8.62	87	310,340,403	88	7.27
A.4.2 Leased buildings ;	**10%**	89	0	90	0.00	91	0	92	0.00
A.4.3 Shareholdings in property companies where the company owns more than 50% of share capital and whose sole purpose is the construction or management of non-luxury residential building or industrial or commercial building or buildings for agricultural use. The amounts corresponds to book value up to the buildings market value and in proportion to the shareholding owned, net of total liabilities shown in the accounts of the property companies concerned ;		93	186,218,165	94	4.02	95	0	96	0.00
A.4.4 Units in closed property mutual investment funds located in EU countries.	**10%**	97	107,434,396	98	2.32	99	66,088,309	100	1.55
Total A.4	**40%**	101	**692,617,029**	102	**14.96**	103	**376,428,712**	104	**8.82**
A.5 ***Alternative investments***									
A.5.1a Units in investment funds not as per EU Directive 611/85 that principally invests in bonds;		301	0	302	0.00	303	0	304	0.00
A.5.1b Units in investment funds not as per EU Directive 611/85 that principally invests in equities;		305	0	306	0.00	307	0	308	0.00
A.5.2a Investments in closed real estate investment funds not traded on a regulated market and in reserved funds;		309	0	310	0.00	311	0	312	0.00
A.5.2b Investments in speculative funds;		313	0	314	0.00	315	0	316	0.00
Sub-total A.5.2a + A.5.2b	**5%**	317	**0**	318	**0.00**	319	**0**	320	**0.00**
Total A.5	**10%**	321	**0**	322	**0.00**	323	**0**	324	**0.00**
Sub-total A.1 + A.5.1a	**85%**	325	**2,912,309,472**	326	**62.91**	327	**2,964,067,650**	328	**69.42**
Sub-total A.3 + A.5.1b + A.5.2a + A.5.2b	**25%**	329	**699,883,600**	330	**15.12**	331	**935,503,016**	332	**21.91**
TOTAL A		105	**4,304,810,101**	106	**92.98**	107	**4,275,999,378**	108	**100.15**
to carry forward			4,304,810,101		92.98		4,275,999,378		100.15

Carried forward		4,304,810,101	92.98	4,275,999,378	100.15
B RECEIVABLES					
B.1 Amounts receivable from reinsurers net of payables, including reinsurers shares of technical reserves, duly documented, up to 90% of their amount;		110,000,000 109	2.38 110	0 111	0.00 112
B.2 Deposits and receivables net of payables c/o cedent companies duly documented, up to 90% of their amount;		0 113	0.00 114	0 115	0.00 116
B.3.1 Amounts receivable from policyholders, net of payables, generated by direct insurance and reinsurance business, providing that they become collectable less than 3 months;		40,000,000 117	0.86 118	0 119	0.00 120
B.3.2 Amounts receivable from brokers and agents, net of payables, generated by direct insurance and reinsurers business, providing that are collectable less than 3 months;		40,000,000 121	0.86 122	0 123	0.00 124
B.4 Receivables deriving from rescue and subrogation;	**3%**	0 125	0.00 126	0 127	0.00 128
B.5 Tax credits, definitively assessed or for which the official assessment term has elapsed ;	**5%**	50,000,000 129	1.08 130	0 131	0.00 132
B.6 Amounts receivable from guarantee funds, net of payables;	**5%**	0 133	0.00 134	0 135	0.00 136
TOTAL B		**240,000,000** 137	**5.18** 138	**0** 139	**0.00** 140
C OTHER ASSETS					
C.1 Tangible fixed assets – for operational use by the company, other than land and building, for up to 30% of their value, net of relevant accrued depreciation;		0 141	0.00 142	0 143	0.00 144
C.2 Tangible fixed assets – not for the companies operational use – other than land and buildings, duly documented for up to 10% of their book value;		0 145	0.00 146	0 147	0.00 148
Sub-total C.1 + C.2	**5%**	**0** 149	**0.00** 150	**0** 151	**0.00** 152
C.3 Acquisition commissions to be amortised for up to 90% of their amount;		0 153	0.00 154	0 155	0.00 156
C.4 Accrued income from rents for up to 30% of their amounts;		0 157	0.00 158	0 159	0.00 160
TOTAL C		**0** 161	**0.00** 162	**0** 163	**0.00** 164
Total B + C – B.1	**25%**	**130,000,000** 165	**2.81** 166	**0** 167	**0.00** 168
D Bank deposits and deposits with other credit institutions or any other institution authorised by the authority;	**15%**	90,000,000 169	1.94 170	0 171	0.00 172
E Other asset categories authorised by ISVAP pursuant to art. 27, para. 5 of legs. decree 175/95;		0 173	0.00 174	0 175	0.00 176
TOTAL ASSETS COVERED		**4,634,810,101** 177	**100.11** 178	**4,275,999,378** 179	**100.15** 180
Sub-total A.1.1b+A.1.2b+A.1.3+A.3.1b+A.5.2a+A.5.2b	**10%**	30,000,003 181	0.65 182	0 183	0.00 184

Attachment A

Divided by currency, commitments and assets covered

(in Euro)

CURRENCY	EXCHANGE RATE (1)	TECHNICAL RESERVES	ASSETS COVERED
European Union			
EURO	1.000	4,629,077,991	4,620,200,253
Danish Crown	7.451	319	0
Swedish Crown		0	0
Pound Sterling	0.953	133,647	9,451,489
Cyprus Pound		0	0
Czech Crown	26.875	1,456	0
Estonian Crown		0	0
Hungarian Florin	266.700	76,188	0
Lithuanian Litas		0	0
Latvian Lats		0	0
Maltese Lira		0	0
Polish Zloty	4.154	55,612	0
Slovak Crown	30.126	1,659	0
Other countries			
Norwegian Crown		0	0
Swiss Franc	1.485	156,282	4,895,371
Icelandic Crown		0	0
US Dollar	1.392	92,417	262,988
Canadian Dollar		0	0
Australian Dollar		0	0
New Zealand Dollar		0	0
Japanese Yen		0	0
Riyal		0	0
Turkish Lira		0	0
Turkish Lira		0	0
South African Rand		0	0
Tunisian Dinar	1.826	16,402	0
Pacific Colony Franc		0	0
Ryal Oman		0	0
Hong Kong Dollar		0	0
Singapore Dollar		0	0
Arab Emirates Dirham		0	0
Kuwait Dinar		0	0
Qatar Ryal		0	0
Moroccan Dirham	11.191	59,024	0
		0	0
		0	0
TOTAL (2)		4,629,670,997	4,634,810,101

(1) The amounts of the technical reserves and assets covered are translated at the exchange rate at the balance sheet date compared to the currency with which the communication was made, including the assets acquired after that date.

(2) The total technical reserves corresponds to the amount at account 5 of the annual prospectus of the assets designated to cover the technical reserves. The total of the assets correspond to the item 177.

MODEL 1

Company   Milano Assicurazioni

SCHEDULE DEMONSTRATING THE ASSETS DESIGNATED
TO COVER THE TECHNICAL RESERVES
(in accordance with art. 31, paragraph 6, of legislative decree March 17, 1995, n. 174)

2008

(in Euro)

TECHNICAL RESERVES		End of of the year 2008		At close of previous year
Technical reserves to be covered	9	3,542,663,099	10	3,727,118,376

ASSETS DESCRIPTION	Ceiling	Balance at the end of the year 2008		Balance at end of previous year	
		Values	%	Values	%
A INVESTMENTS					
A.1 Debt securities and equivalent assets					
A.1.1a Securities – traded in regulated markets - issued or guaranteed by zone A countries, as per EU Directive 12/2000, or issued by local or public agencies or EU countries, or by international organisations to which one or more EU countries belong;		2,256,715,508 (13)	63.70 (14)	2,635,590,623 (15)	70.71 (16)
A.1.1b Securities – not traded in regulated markets - issued or guaranteed by zone A countries, as per EU Directive No. 12/2000, or issued by local or public agencies or EU countries, or by international organisations to which one or more EU countries belong;		0 (17)	0.00 (18)	5,619,489 (19)	0.15 (20)
A.1.2a Bonds or equivalent securities traded in regulated markets;		947,497,916 (21)	26.75 (22)	768,813,491 (23)	20.63 (24)
A.1.2b Bonds or equivalent securities – not traded in regulated markets – issued by companies or banking organisations with registered offices in a zone A country and with at least 3 years financial statements certified by duly authorised independent auditors;		527,720 (25)	0.01 (26)	5,261,970 (27)	0.14 (28)
A.1.3 Other bonds or equivalent securities, other than those indicated in the previous items, provided that their maturity date is within one year ;		0 (29)	0.00 (30)	0 (31)	0.00 (32)
A.1.4 Units in undertakings for collective investment in transferable security (UCITS) ;		0 (33)	0.00 (34)	4,450,354 (35)	0.12 (36)
A.1.5 Repos, with obligation to repurchase and deposit securities with a bank ;	**20%**	72,219,897 (37)	2.04 (38)	0 (39)	0.00 (40)
A.1.6 Bankers acceptances issued by banks with registered offices in a zone A country;		0 (41)	0.00 (42)	0 (43)	0.00 (44)
A.1.7 Financial bills as per Italian law January 13, 1994, n. 43 ;		0 (45)	0.00 (46)	0 (47)	0.00 (48)
Sub-total A.1.6 + A.1.7	**10%**	**0** (49)	**0.00** (50)	**0** (51)	**0.00** (52)
A.1.8 Accrued interest on securities admissible for coverage on technical provisions ;		15,237,357 (53)	0.43 (54)	0 (55)	0.00 (56)
Total A.1		**3,292,198,398** (57)	**92.93** (58)	**3,419,735,927** (59)	**91.75** (60)
A.2 Mortgages and interest bearing loans secured by mortgages or by banking and insurance guarantees or by other suitable guarantees issued by local bodies ;	**20%**	0 (61)	0.00 (62)	0 (63)	0.00 (64)
to carry forward		3,292,198,398	92.93	3,419,735,927	91.75

Carried forward		3,292,198,398	92.93	3,419,735,927	91.75
A.3 ***Equities and equivalent assets***					
A.3.1.a Shares traded in a regulated market;		254,516,967 65	7.18 66	295,186,098 67	7.92 68
A.3.1b Shares in the bank of Italy, shares in co-operative companies, and shares – not regulated in markets – issued by companies with registered offices in zone A countries and with at least 3 years financial statements certified by duly authorised independent auditors		0 69	0.00 70	0 71	0.00 72
A.3.2 Warrants traded in regulated markets;	**3%**	0 73	0.00 74	0 75	0.00 76
A.3.3 Units in undertakings for collective investment in transferable securities (UCITS) ;		0 77	0.00 78	14,535,809 79	0.39 80
A.3.4 Units and shares in closed mutual investment funds located in EU member countries and traded in regulated markets;	**5%**	0 81	0.00 82	0 83	0.00 84
Total A.3		**254,516,967** 85	**7.18** 86	**309,721,907** 87	**8.31** 88
A.4 ***Real estate***					
A.4.1 Land, buildings and rights of beneficial use, for the portions free from markets ;		0 89	0.00 90	0 91	0.00 92
A.4.2 Leased buildings ;	**10%**	0 93	0.00 94	0 95	0.00 96
A.4.3 Shareholdings in property companies where the company owns more than 50% of share capital and whose sole purpose is the construction or management of non-luxury residential building or industrial or commercial building or buildings for agricultural use. The amount corresponds to book value up to the buildings market value and in proportion to the shareholding owned, net of total liabilities shown in the accounts of the property companies concerned ;		0 97	0.00 98	0 99	0.00 100
A.4.4 Units in closed property mutual investment funds located in EU countries.	**10%**	0 101	0.00 102	0 103	0.00 104
Total A.4	**40%**	**0** 109	**0.00** 110	**0** 111	**0.00** 112
A.5 ***Alternative investments***					
A.5.1a Units in investment funds not as per EU Directive 611/85 that principally invests in bonds;		0 301	0.00 302	0 303	0.00 304
A.5.1b Units in investment funds not as per EU Directive 611/85 that principally invests in equities;		0 305	0.00 306	0 307	0.00 308
A.5.2a Investments in closed real estate investment funds not traded on a regulated market and in reserved funds;		0 309	0.00 310	0 311	0.00 312
A.5.2b Investments in speculative funds;		0 313	0.00 314	0 315	0.00 316
Sub-total A.5.2a + A.5.2b	**5%**	**0** 317	**0.00** 318	**0** 319	**0.00** 320
Total A.5	**10%**	**0** 321	**0.00** 322	**0** 323	**0.00** 324
Sub-total A.3 + A.5.1b + A.5.2a + A.5.2b	**35%**	**254,516,967** 325	**7.18** 326	**309,721,907** 327	**8.31** 328
TOTAL A		**3,546,715,365** 113	**100.11** 114	**3,729,457,834** 115	**100.06** 116
to carry forward		3,546,715,365	100.11	3,729,457,834	100.06

Carried forward		3,546,715,365	100.11	3,729,457,834	100.06
B RECEIVABLES					
B.1 Amounts receivable from reinsurers net of payables, including reinsurers shares of technical reserves, duly documented, up to 90% of their amount ;		0 117	0.00 118	0 119	0.00 120
B.2 Deposits and receivables net of payables c/o cedent companies duly documented, up to 90% of their amount;		0 121	0.00 122	0 123	0.00 124
B.3.1 Amounts receivable from policyholders, net of payables, generated by direct insurance and reinsurance business, providing that they become collectable less than 3 months ;		0 125	0.00 126	0 127	0.00 128
B.3.2 Amounts receivable from brokers and agents, net of payables, generated by direct insurance and reinsurers business, providing that they become collectable less than 3 months before ;		0 129	0.00 130	0 131	0.00 132
B.4 Advance payments on policies ;		0 133	0.00 134	0 135	0.00 136
B.5 Tax credits, definitively assessed or for which the official assessment term has elapsed ;	**5%**	0 137	0.00 138	0 139	0.00 140
B.6 Amounts receivable from guarantee funds, net of payables;	**5%**	0 141	0.00 142	0 143	0.00 144
TOTAL B		**0** 145	**0.00** 146	**0** 147	**0.00** 148
C OTHER ASSETS					
C.1 Tangible fixed assets – for operational use by the company, other than land and building, for up to 30% of their value, net of relevant accrued depreciation;		0 149	0.00 150	0 151	0.00 152
C.2 Tangible fixed assets – not for the companies operational use – other than land and buildings, duly documented for up to 10% of their book value;		0 153	0.00 154	0 155	0.00 156
Sub Total C.1 + C.2	**5%**	**0** 157	**0.00** 158	**0** 159	**0.00** 160
C.3 Acquisition commissions to be amortised for up to 90% of their amount;		2,633,766 161	0.07 162	929,700 163	0.02 164
C.4 Accrued income from rents for up to 30% of their amounts;		0 165	0.00 166	0 167	0.00 168
C.5 Reversible interest	5%	0 169	0.00 170	0 171	0.00 172
TOTAL C		**2,633,766** 173	**0.07** 174	**929,700** 175	**0.02** 176
Total B + C - C.3	**25%**	**0** 177	**0.00** 178	**0** 179	**0.00** 180
D Bank deposits and deposits with other credit institutions or any other institution authorised by the authority;	**15%**	6,500,000 181	0.18 182	0 183	0.00 184
E Other asset categories authorised by ISVAP pursuant to art. 26, para. 5 of legs. decree 174/95;		0 185	0.00 186	0 187	0.00 188
TOTAL ASSETS COVERED		**3,555,849,131** 189	**100.37** 190	**3,730,387,534** 191	**100.09** 192
Sub-total A.1.1b+A.1.2b+A.1.3+A.3.1b+A.5.2a+A.5.2b	**10%**	527,720 193	0.01 194	10,881,459 195	0.29 196

Attachment A to Model 1

Divided by currency, commitments and assets covered

(in Euro)

CURRENCY	EXCHANGE RATE (1)	TECHNICAL RESERVES	ASSETS COVERED
European Union			
EURO	1.000	3,496,357,745	3,485,215,717
Danish Crown	7.451	0	651,760
Swedish Crown	10.870	0	722,005
Pound Sterling	0.953	0	9,402,074
Cyprus Pound		0	0
Czech Crown		0	0
Estonian Crown		0	0
Hungarian Florin		0	0
Lithuanian Litas		0	0
Latvian Lats		0	0
Maltese Lira		0	0
Polish Zloty		0	0
Slovak Crown		0	0
Other countries			
Norwegian Crown	9.750	0	165,385
Swiss Franc	1.485	24,140,653	35,617,056
Icelandic Crown		0	0
US Dollar	1.392	22,164,701	24,075,134
Canadian Dollar		0	0
Australian Dollar		0	0
New Zealand Dollar		0	0
Japanese Yen		0	0
Riyal		0	0
Turkish Lira		0	0
Turkish Lira		0	0
South African Rand		0	0
Tunisian Dinar		0	0
Pacific Colony Franc		0	0
Ryal Oman		0	0
Hong Kong Dollar		0	0
Singapore Dollar		0	0
Arab Emirates Dirham		0	0
Kuwait Dinar		0	0
Qatar Ryal		0	0
Maroccan Dirham		0	0
		0	0
		0	0
TOTAL (2)		3,542,663,099	3,555,849,131

(3) The amounts of the technical reserves and assets covered are translated at the exchange rate at the balance sheet date compared to the currency with which the communication was made, including the assets acquired after that date.

(4) The total technical reserves corresponds to the amount at account 9 of the annual prospectus of the assets designated to cover the technical reserves. The total of the assets correspond to the item 189.

Assets assigned to cover the technical reserves
of contracts in accordance with art. 23, paragraph 5, of Legislative Decree March 17, 1995, No. 174

SECTION I – Single premium contracts (1)

(in Euro)

Order No.	Guaranteed interest rate *(2)*	Residual duration of contract	Technical reserves *(3)*	Covering assets at close of year 2008 *(4)*	Covering assets at close of previous year
4	4.66	11	78,676	400,000	406,307
5	5.20	65	34,991,447	35,809,425	0
6	5.20	64	36,029,963	37,086,260	0
7	5.20	65	1,198,958	1,218,579	0
8	5.20	56	5,035,540	5,149,000	0
9	5.20	64	7,007,779	7,014,380	0
		TOTAL	1 84,342,363	2 86,677,644	3 406,307

SECTION II – Immediate life annuity contracts (1)

Order No.	Guaranteed interest rate *(2)*	Technical reserves *(3)*	Covering assets at close of year 2008 *(4)*	Covering assets at close of previous year
TOTAL		5	6	7
GENERAL TOTAL (5)		8 84,342,363	9 86,677,644	10 406,307

(1) The contracts as per article 23, paragraph 5 of Legs. Decree 174/95 are considered, for which the company places specific assets to cover the technical reserves limited to the period in which an interest rate above that expected is guaranteed, for the contracts with financial guarantees, in accordance with paragraph 1 of article 23 of Legs. Decree 174/95.

(2) The contractual interest rate guaranteed by the company, in accordance with article 23, paragraph 1 of Legs. Decree 174/95, limited to the financial guarantees related to the specific assets to cover the technical reserves, are included.

(3) The entire amount of the technical reserves related to the period during which the interest rate is guaranteed under the previous note (2) is indicated. These reserves include the amount of account No. 9 of the Annual Schedule of assets held to cover the technical reserves.

(4) The amount of the assets, which must not be less than the technical reserves exposed, which guarantee the interest rate as per note (2), is indicated.

These assets include the amount of account No. 189 of the Quarterly Schedule of assets held to cover the technical reserves.

(5) The general total is the sum of the values indicated in the two sections.

MODEL 2

Company Milano Assicurazioni

SCHEDULE DEMONSTRATING THE ASSETS DESIGNATED TO COVER THE TECHNICAL RESEVES RELATING TO CLASS "D.1" OF THE BALANCE SHEET FOR THE CONTRACTS AS PER ART. 30, par. 1 and 2, of Leg. Decree of March 17, 1995, No. 174

2008

SECTION 1 – Contracts related to the value of UCITS units

(in Euro)

Order No.	Company UCITS	At close of year 2008			At close of previous year		
		Technical reserves	Financial instruments		Technical reserves	Financial instruments	
			Quota held	value		Quota held	value
1	Lyxor Summit Guaranteed Fund	12,605,848	1,214,865	12,605,849	12,866,527	1,266,516	12,866,527

	TOTAL	12,605,848 1)	1,214,865 2)	12,605,849 3)	12,866,527 4)	1,266,516 5)	12,866,527 6)

SECTION II – Contracts related to the value of internal funds

Order No.	Internal Fund	At close of year 2008		At close of previous year	
		Technical reserves	Financial instruments (1)	Technical reserves	Financial instruments
1	PREVILINK AZIONARIO	22,712,569	22,712,571	30,253,041	30,253,040
2	PREVILINK BILANCIATO	11,398,792	11,398,794	13,207,583	13,207,583
3	PREVILINK OBBLIGAZIONARIO	1,306,812	1,306,812	1,247,877	1,247,877
4	PREVILINK MONETARIO	946,110	946,111	795,277	795,277
	TOTAL	36,364,283 7)	36,364,288 8)	45,503,778 9)	45,503,777 10)

SECTION III – Contracts related to equity indices or other benchmarks

Order No.	Equity index or other benchmark	At close of year 2008		At close of previous year	
		Technical reserves	Financial instruments	Technical reserves	Financial instruments
11	Mi-III/11 -Mutual Fund (10A99)	8,411,702	8,411,702	8,163,777	8,163,779
14	Mi-III/14 -Bank World (02A00)	0	0	8,393,047	8,393,041
15	Mi-III/15 -Insurance World (02A00)	0	0	8,403,574	8,403,570
17	Mi-III/17 -Mutual Fund II (06/00)	0	0	9,141,643	9,141,646
18	Mi-III/18 -Mutual Fund III (10/00)	0	0	7,607,902	7,607,903
25	Mi-III/25 -World 15 Performance	0	0	8,659,261	8,659,261
27	Mi-III/27 -Unico World Mix	0	0	4,385,173	4,385,173
28	Mi-III/28 -World Titans 50	0	0	11,120,784	11,122,176
29	Mi-III/29 -Euro Sector 16	12,816,448	12,816,444	12,960,576	12,960,580
30	Mi-III/30 -Start Up quattro	12,183,030	12,183,021	12,158,649	12,158,639
40	Mi-III/40 -Sommaa Coupon Protetto	0	0	3,974,735	3,974,735
42	Mi-III/42 -Unico World Mix	0	0	3,668,196	3,668,196
43	Mi-III/43 -3 più 3	6,253,126	6,253,126	7,269,877	7,269,880
44	Mi-III/44-Cambio	8,557,500	8,557,501	9,666,561	9,666,565
45	Mi-III/45-Indici3	1,314,932	1,314,934	1,865,369	1,865,372
46	Mi-III/46-Podium	9,790,448	9,790,448	11,040,189	11,040,200
47	Mi-III/47 -China	12,439,303	12,439,301	12,115,045	12,115,046
48	Mi-III/48-All Star	3,984,166	3,984,166	6,963,692	6,963,692
50	Mi-III/50-Paesi Emergenti	6,544,425	6,544,424	8,521,869	8,521,869
51	Mi-III/51-Match Race	9,895,182	9,895,181	14,247,545	14,247,546
52	Mi-III/52-Global Race	8,809,852	8,810,336	11,600,395	11,600,396
53	Mi-III/53-Gran Prix	11,750,935	11,750,932	12,460,551	12,460,549
54	Mi-III/54-World Cup	11,934,402	11,934,402	0	0
55	Mi-III/55-World Cup 2	10,614,826	10,614,827	0	0
58	Mi-III/58-Level Più	4,987,131	4,987,131	0	0
59	Mi-III/59-Opzione 3	2,164,476	2,164,476	0	0
60	Mi-III/60-Memory 2004	5,719,958	5,719,958	0	0
61	Mi-III/61-Exchange	5,085,673	5,085,673	0	0
62	Mi-III/62-Quota 8	6,201,366	6,201,366	0	0
63	Mi-III/63-Basket 15	4,151,363	4,151,363	0	0
64	Mi-III/64-Metal & Oil	0	1	0	0
65	Mi-III/65-Dodici Più	6,230,833	6,230,832	0	0
66	Mi-III/66-Multiasset	4,229,773	4,229,773	0	0
67	Mi-III/67-Top Equity	5,090,562	5,090,562	0	0
68	Mi-III/68-Challenge	4,618,224	4,618,223	0	0
69	Mi-III/69-Eurotop	7,514,973	7,514,973	0	0
70	Mi-III/70-Eurotopplus	12,619,467	12,619,467	0	0
71	Mi-III/71-Best Coupon	8,399,607	8,399,607	0	0
72	Mi-III/72-Memory	11,787,472	11,787,471	0	0
	TOTAL	11) 224,101,155	12) 224,101,621	13) 194,388,410	14) 194,389,814

GENERAL TOTAL (2)	15) 273,071,286	16) 273,071,758	17) 252,758,715	18) 252,760,118

(1) Indicates total amount of the assets under management
(2) The general total is the sum of the values indicated in the three sections.

MODEL 3

Company Milano Assicurazioni

SCHUDULE OF THE INVESTMENTS DERIVING FROM THE MANAGEMENT OF THE PENSION FUNDS AS PER CLASS "D.II" OF THE BALANCE SHEET

2008

7

(in Euro)

SECTION I - Open Pension Funds

Order No. of fund	Name of fund	Investment Line (1)	(2)	At the end of the year		At close of previous year	
				Reserves	Investments (3)	Reserves	Investments (3)
1	Fondo Pensione Aperto Milano A	MILANO BOND	1	1,427,278	1,427,280	260,717	260,717
1	Fondo Pensione Aperto Milano A	MILANO EUROPA	2	494,217	494,219	98,999	99,004
1	Fondo Pensione Aperto Milano A	MILANO GEST	3	1,301,188	1,301,188	201,675	201,676
1	Fondo Pensione Aperto Milano A	MILANO GLOBAL	4	422,665	422,666	87,998	88,000
1	Fondo Pensione Aperto Milano A	MILANO MIX	5	847,850	847,852	249,850	249,850
1	Fondo Pensione Aperto Milano A	MILANO PREMIUM-TFR	6	161,716	161,717	0	0
		TOTAL		4,654,914 1	4,654,922 2	899,239 3	899,247 4

SECTION II - Closed Pension Funds

Order No. of fund	Name of fund	Investment Line (1)	(2)	At the end of the year		At close of previous year	
				Reserves	Investments (3)	Reserves	Investments (3)
		TOTAL		5	6	7	8
		GENERAL TOTAL (4)		4,654,914 9	4,654,922 10	899,239 11	899,247 12

1. *The amount of the reserves and the corresponding assets relating to each investment line must be specified within each fund.*
2. *Show the number of the order attributed to each investment line within each fund (to be maintained in subsequent communications)*
3. *The investments must be shown net of the liabilities relating to the fund*
4. *The general total is the sum of the values indicated in the two sections.*

Reconciliation of the theoretical tax charge and the actual tax charge		
IRES		
Profit before taxes	13,825	
Theoretical tax charge (27.50%)		**3,802**
Temporary differences deductible in future years (a)	226,211	
Temporary differences assessable in future years (b)	-32,208	
Reversal of temporary differences from previous years (c)	-25,593	
Non-reversing differences in future years (d)	-60,930	
Assessable income	121,305	
IRES current year		**33,359**
IRAP		
Result of the technical accounts non-life and life	40,598	
Theoretical tax charge (4.82%)		**1,957**
Temporary differences deductible in future years (a)	0	
Temporary differences assessable in future years (b)	0	
Reversal of temporary differences from previous years (c)	-43,699	
Non-reversing differences in future years (d)	195,705	
Assessable IRAP	192,604	
IRAP current year		**9,284**

Recording of deferred tax assets and liabilities and consequent effects:

(In Euro thousands)

	31/12/08			31/12/07		
Deferred tax asset:	**Amount of temporary difference**	**Fiscal rate**	**Deferred tax income /charge**	**Amount of temporary difference**	**Fiscal rate**	**Deferred tax income /charge**
Provisions for risks and charges	52,666	27.50%	14,483	39,932	27.50%	10,981
Doubtful debt provision	38,249	27.50%	10,518	20,851	27.50%	5,734
Write down of equity investments	150,745	27.50%	41,455	24,785	32.32%	8,011
Write down of receivables	307,140	29.29%	89,961	228,294	29.90%	68,258
Change in claims reserve	63,175	31.79%	20,083	39,303	32.32%	12,703
Commission on long-term contracts	5,385	32.32%	1,740	20,249	32.32%	6,544
Write-down of buildings	14,897	27.50%	4,097	14,897	27.50%	4,097
Other	111	32.32%	35	9	32.32%	3
Total	**632,368**		**182,373**	**388,320**		**116,331**

Deferred tax liability:						
Gains on non-current securities	(3,764)	27.50%	(1,035)	(4,768)	27.50%	(1,311)
Gains on residential buildings	(250)	27.50%	(69)	(2,201)	27.50%	(605)
Gains on buildings used in activities	(46,621)	28.31%	(13,198)	(28,670)	30.99%	(8,884)
Write back of equity investments	(10,812)	27.50%	(2,973)	(19,597)	27.50%	(5,389)
Tax depreciation on buildings	(27,265)	31.52%	(8,593)	(27,265)	32.32%	(8,812)
Tax amortisation on goodwill	(20,611)	32.32%	(6,662)	(20,611)	32.32%	(6,662)
Other	(159)	32.32%	(49)	(158)	32.32%	(51)
Total	**(109,482)**		**(32,580)**	**(103,270)**		**(31,715)**

Temporary differences deductible excluded from deferred tax asset calculation	**31/12/08**	**31/12/07**
Provisions for uncertain deductibility	66,739	90,365
Total	**66,739**	**90,365**

Temporary differences excluded from deferred tax liability calculation	**31/12/08**	**31/12/07**
Reserve for suspension of taxes	4,788	4,788
Total	**4,788**	**4,788**

Analysis of net equity in accordance with Article 2427, No.7 bis of the Civil Code

Nature/description	Amount	Possibility of utilisation	Quota available
	(in thousands of Euro)		
Share capital	305,851		
Reserves			
Share premium reserve	718,147	A,B,C	707,220
Revaluation reserve	1,277	A,B,C	1,277
Reserve for transfer of assets from class C to class D	216	-	-
Merger reserve	338,265	A,B,C	338,265
Legal reserve	50,243	B	-
Other reserves	4,260	B	-
Extraordinary reserve	289,826	A,B,C	289,826
Treasury shares reserve	19,638	-	-
Reserve for shares in holding companies	221,256	-	-
Reserve for purchase of treasury shares	14,188	A,B,C	14,188
Reserve for purchase of holding company's shares	66,000	A,B,C	66,000
Reserve for shares subscribed	-	-	-
Retained earnings	-	A,B,C	0
Total	2,029,167		1,416,776
Non-distributable quota			1,467
Quota distributable			1,415,309

Key:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

Information from the latest financial statements of the company that exercises direction and control of the company – in accordance with Article 2497 bis of the civil code.

FONDIARIA - SAI SPA

CONDENSED BALANCE SHEET

(EURO thousands) ASSETS	31/12/2007 parent company
Intangible assets	330,523
Investments	16,712,522
Receivables	1,827,865
Other assets	685,490
TOTAL ASSETS	19,556,400

(EURO thousands) LIABILITIES	31/12/2007 parent company
Net Equity	2,791,071
Subordinated liabilities	650,000
Technical reserves	14,168,784
Provisions for risks and charges	553,078
Deposits received from reinsurers	144,956
Payables and other liabilities	1,248,511
TOTAL LIABILITIES	19,556,400

CONDENSED INCOME STATEMENT

(EURO thousands)	31/12/2007 parent company
Result of non-life technical account	338,999
Result of life technical account	23,664
Net investment income (*)	62,924
Quota of investment income transferred from the life technical account	3,114
Other income and charges	-116,303
RESULT FROM ORDINARY ACTIVITY	312,398
Extraordinary income	143,355
Extraordinary charges	-27,680
RESULT FROM EXTRAORDINARY ACTIVITY	115,675
PROFIT BEFORE TAXES	428,073
Income taxes	-105,003
NET PROFIT	323,070

(*) relating to the statutory accounts this refers to only income of the non-life classes less the quota transferred to the technical account.

Declaration of the financial statements

in accordance with article 81 ter of the Consob Resolution No. 11971 of May 14, 1999 as supplemented

1. The undersigned Fausto MARCHIONNI (as Chief Executive Officer of Milano Assicurazioni) and Pier Giorgio BEDOGNI (as Executive responsible for the preparation of the corporate accounting documents of Milano Assicurazioni) affirm, and also in consideration of article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February, 1998:
   - the accuracy of the information on company operations and
   - the effective application of the administrative and accounting procedures for the compilation of the financial statements for the period January 1, 2008 – December 31, 2008.

2. The valuation of the adequacy of the accounting and administrative procedures for the preparation of the financial statements at December 31, 2008 is based on a Model defined by Milano Assicurazioni in accordance with the "Internal Control – Integrated Framework" and "Cobit" which represent benchmarks for internal control systems generally accepted at international level.

3. It is also noted that:

3.1. The Financial statements as at 31/12/2008:

   a) correspond to the underlying accounting documents and records;
   b) were prepared in conformity with law, making reference to the principles issued by the Italian Accounting Board for interpretative purposes and provide a true and correct representation of the economic, balance sheet and financial situation of the issuer.

3.2. The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the principal risks and uncertainties to which they are exposed.

Milan, March 20, 2009

Fausto Marchionni
(Chief Executive Officer)

Pier Giorgio Bedogni
(Executive responsible for the preparation of the corporate accounting documents)

Board of Statutory Auditors' Report

MILANO ASSICURAZIONI S.p.A.

Registered Offices in Milan - Via Senigallia 18/2

Share Capital of Euro 305,851,341.12 fully paid-in

Milan Company Registration No. and Tax Code: 00957670151

Fondiaria-SAI Group

Fondiaria-SAI S.p.A. Direction and co-ordination

***

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING ON ACTIVITIES CARRIED OUT IN 2008

Dear Shareholders,

article 153 of Legislative Decree No. 58 of February 24, 1998 states the obligation of the Board of Statutory Auditors to report to the shareholders' meeting, convened for the approval of the financial statements, on the supervisory activities carried out, on the omissions or significant censurable facts, as well as the establishing the faculty to make proposals in relation to the financial statements, their approval and related matters.

The current report was also compiled in accordance with article 2429, paragraph 2 of the Civil Code.

For the year ended December 31, 2008, we have performed our supervisory activities pursuant to Legislative Decree 58/98, art. 149, in accordance with the Code of Ethics of the Board of Statutory Auditors recommended by the Italian Accounting Profession (Consigli Nazionali dei Dottori Commercialisti e Ragionieri) and also taking into account the recommendations of Consob DEM/1025564 dated April 6, 2001.

During the year 2008, the Board of Statutory Auditors participated at the meetings of the Board of Directors and the Shareholders' Meetings and observed the compliance with law and the company by-laws, including the correct exercise of the powers conferred to the Directors.

The Board of Directors met 13 times to discuss the activities undertaken and to approve resolutions; the Executive Committee did not meet.

In particular, during the meetings, the Board of Directors were informed by the Executive Bodies periodically and in a timely manner on the management activities and on the principal ordinary and extraordinary matters, also in relation to the subsidiary companies, which permitted us to verify that the management was undertaken in accordance with the corporate objects.

The Board of Statutory Auditors met 7 times in the undertaking of its periodic verifications, in which it exchanged information with senior management and with the external auditors (pursuant to article 150, third paragraph, of Legislative Decree 58/98). No significant matters arose on the operations or on matters relating to conflicts of interest; information was also exchanged with the boards of statutory auditors of the main subsidiary companies, in accordance with article 2403 bis, second paragraph of the Civil Code and ISVAP Regulation No. 20 of March 26, 2008 and with the Boards of Statutory Auditors of the parent company Fondiaria-SAI.

The activities undertaken, in relation to the responsibilities of this Board, verified the adequacy and reliability of the organisational structure of the Company, as well as of the administrative-accounting system and the compliance with current administrative principles.

The financial statements for the year ended December 31, 2008 were audited by Deloitte & Touche S.p.A., which issued its auditors' report on April 6, 2009 without any exceptions or matters brought to the attention of the reader.

We also inform report that:

Atypical or unusual transactions

- the transactions undertaken by the Company are in compliance with law and the company by-laws and were not imprudent, risk related, in potential conflict of interest, contrary to the resolutions made by the Shareholders' Meeting or such as to compromise the integrity of the company assets;
- the company did not undertake any atypical or unusual operations with companies of

the Group, related parties or third parties;

Transactions with related parties

– the transactions undertaken with companies of the Fondiaria-SAI group and with other related parties are operations of a commercial, financial, real estate and insurance nature, of which we verified the appropriateness and the effective interest of the company; they were undertaken in compliance with the procedures approved by the Board of Directors.

The Directors have provided detailed information of these operations in the Directors' Report.

In particular, the account "Land and buildings" includes:

- Euro 47.5 million relating to the cost of the building constructed by IM.CO. S.p.A. in the Via Lancetti area of Milan following the operation begun in 2003 and concluded in 2008;
- Euro 85.2 million payment on account in the year and in previous years to Avvenimenti e Sviluppo Alberghiero S.r.l. in relation to real estate operations signed in 2003 relating to the Via Fiorentini area in Rome;
- Euro 39.3 million payments on account in the year and in previous years to IM.CO. S.p.A. in relation to the real estate operations, carried out in 2005, concerning the land at Milan, Via Confalonieri-Via de Castillia (Lunetta dell'Isola); currently, the works are suspended due to a legal dispute.

It is also reported that in December 2008:

- a preliminary contract was signed for the purchase, by Fondiaria-SAI and Milano Assicurazioni, of the entire share capital of the hotel chain Atahotels S.p.A., currently held by Sinergia Holding di Partecipazioni S.p.A. and Raggruppamento Finanziario, at a provisional price of Euro 30 million.

Within this operation Milano Assicurazioni is committed to acquire 49% of Atahotels at a provisional price of Euro 14.7 million, with a down payment of 10% of the final price; the residual amount will be paid at the execution date.

- a preliminary contract was signed for the purchase, by Sinergia Holding di Partecipazioni S.p.A., of 100% of the share capital of Società Agricola Azienda Cesarina S.r.l. at the provisional price of Euro 80 million, with a down payment of 20%; the residual will be paid at the execution date.

Both the above operations are with related parties of Milano Assicurazioni, as well as the parent company Fondiaria-SAI, in relation to the positions of some directors of the two companies in Sinergia and the fact that this latter, a subsidiary of Starlife S.A., participates in the shareholder agreement concerning the shares of Premafin Finanziaria Holding di Partecipazioni S.p.A., the parent company of Fondiaria-SAI, as per article 93 of Legislative Decree 58/98.

Considering the type of investment and the nature of operations with related parties, the Board of Directors of Milano Assicurazioni and Fondiaria-SAI, for the determination of the relative purchase prices appointed the independent expert KPMG Advisory S.p.A. requesting a fairness opinion on each of the two operations stated above; these opinions were duly sworn and confirmed the correctness of the prices paid.

The Board of Directors, in the Directors' Report, provided detailed information on the other most significant operations in the year 2008 which we summarise below:

- implementation of the corporate/industrial reorganisation project of the Fondiaria-SAI group, whose guidelines were approved by the Boards of Fondiaria-SAI and Milano Assicurazioni and which, in relation to Milano Assicurazioni, involved:

- the merger by incorporation into Milano Assicurazioni of Sasa Assicurazioni e Riassicurazioni and Sasa Vita;
- the conferment to Milano Assicurazioni, by Fondiaria-SAI, of the entire shareholding in Liguria Assicurazioni held by Fondiaria-SAI, amounting to 99.97% of the share capital, and a holding in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital.

– we have not noted the existence of any atypical and/or unusual operations, in accordance with Consob Communication DEM/6064293 of July 28, 2006, with related parties and having a significant impact on the economic, equity and financial position of the Company.

<u>Other significant operations</u>

– the Board of Directors notes also:
  – the signing, in December 2008, of agreements with Generali Group companies, regarding property operations involving:
    – the sale to a company of the Generali Group of property of the Company located in Milan, Via Broletto 44/46 at a price of Euro 64 million which realised a gain of Euro 38.9 million;
    – the purchase by the company Meridiano Eur, entirely held by Milano Assicurazioni, of the following buildings:
      – Milan, Via Caldera 21, for Euro 64 million;
      – Bologna, Via Ugo Bassi 4, for Euro 46.7 million;
      – Rome, Via in Arcione 98, for Euro 17.5 million;
      - Milano, Via Crespi 57, for Euro 55.8 million. (the purchase of this building took place in January 2009).

    Relating to the price paid, fairness opinions were obtained.
  – the incorporation by the Fondiaria-SAI Group, through Milano

Assicurazioni, and the Generali Group, in December 2008, with equal shareholdings of 49%, a new corporate vehicle called Value Immobiliare S.r.l., which purchased from the company A7 S.r.l., (incorporated in turn in equal shareholdings between Immobiliare Lombarda, Generali Properties, Alleanza Assicurazioni, Barclays and IM.CO. – as an acquisition vehicle, in December 2005, by the property portfolio of Alleanza Assicurazioni), the following properties:

- Milan, Piazza Firenze n. 6
- Milan, Via Caracciolo n. 16;
- Milan, Via Cagliero n. 3;
- Rozzano (MI), Via Montepenice n. 6-8-10.

The sales price was Euro 25.2 million, confirmed by a fairness opinion.

- in relation to the other significant events after the end of the year, the company, in order to reduce the market risk of the investment portfolio, has in January and February concluded a hedging programme through the purchase of Put options on the Eurostoxx50 index, for a period of six months and a total value of Euro 175 million, approx. 50% of the Group’s equity exposure.

Control and co-ordination activity

- the Company is subject to management and coordination by Fondiaria-SAI pursuant to article 2497 and subsequent of the Civil Code.

  The Company is subject to rules of conduct implemented by Fondiaria-SAI for the subsidiary companies, in order to ensure compliance with the management and coordination of the Group companies, as well as to guarantee the transparency obligations and those for reporting to the market required by listed issuers are complied with. These conduct rules provide, among others, specific resolutions of the Board of Directors and of the Executive Committee of Fondiaria-SAI on some operations relating to the Company, considered significant based on the nature of the operation or the amount. Pursuant to article 2497, paragraph 4, the Notes to the financial statements include a summary of the results from the last financial statements of the parent company Fondiaria-SAI.

Instructions to the subsidiaries

– the instruction by your Company to the subsidiaries, in accordance with article 114, second paragraph of the CFA were considered adequate.

Disclosure – accounting system

– also in view of the information obtained from the Executive Responsible and from various senior management and the control procedures put in place also through specialised external consultants, we believe that the accounting and administrative system is adequate, reliable and appropriate to represent the economic, equity and financial situation and disclosure necessary for a correct management.

Internal Control System

– the internal control system, constantly updated and under continual observation for the improvement and the efficiency of the controls, is structured and co-ordinated at group level;

– our valuation regarding the adequacy of the internal control system is positive, which verified that the internal procedures were respected, both operating and administrative, and a correct and efficient management was adopted in order to safeguard the assets of the company, as well as the identification, the prevention and the management of risks of a financial and operating nature and any possible fraud.

  In relation to this, the Internal Audit activity had the objective to verify the adequacy of the internal control system; checks were also carried out in relation to the fulfilment of the ISVAP regulation.

– the Internal Control Committee met 9 times for the undertaking of its duties attributed by the Board; the Board of Statutory Auditors participated at the meetings.

Compliance Function

- the Company instituted a compliance function, in accordance with ISVAP Regulation No. 20 of March 26, 2008, outsourcing it to the Parent Company Fondiaria-SAI and appointing an internal reference person.

Legislative Decree 231 of June 8, 2001

- the Company has implemented an organisational structure so as to prevent the execution of offences in contravention of Leg. Decree No. 231 of June 8, 2001 and has also adopted an Ethical Code, which recalls the fact that, in the undertaking of its activities, the company believes fully in the criteria of transparency and correctness, in compliance with law and in the interests of all stakeholders.

- in its meetings with the Board, the Supervision Board, created in accordance with Legislative Decree No. 231 of June 8, 2001 did not report any braches.

Risk management

- The Risk Management activity, carried out by the structures of the Group, involved the company within the quantitative impact study regarding the introduction of the new regime Solvency II, within which the principal risks to which the Company is exposed are evaluated, and also in order to develop an efficient Enterprise Risk Management system.

  The Directors' Report describes the principal risks which the company is exposed to and the methods adopted for their management.

  The Board of Directors of the Parent Company adopted unitary guidelines in relation to the management of risks which provides specific operating methods, based on the level of exposure to financial risks, which will be adopted by Milano Assicurazioni.

- The analysis carried out by the Risk Management department verified the solidity of the Company also in conditions of market turbulence.

Self-Governance Code and Corporate Governance

- the Company, in turn, adhered to the Self-Governance Code prepared by the

Corporate Governance Committee of Italian listed companies; adherence to the regulations set out by the above Code was carried out in full and formed the subject, in the various aspects, of the Corporate Governance report which the Board of Directors makes available and to which reference should be made for a more complete disclosure in this regard.

- there are 7 independent directors on the Board of Directors, in accordance with the Self-Governance Code, of a total of 19 directors, of which 15 non executive; in accordance with article 148, paragraph 3 of the CFA, 8 of the non executive directors are independent.

  This number is considered adequate for the composition of the Board.

  The Board verified the independence in accordance with article 147 ter, fourth paragraph of the CFA and the correct application of the assessment criteria adopted by the Board of Directors to evaluate the independence of its members, in accordance with point 3.C.5 of the Self-Governance Code.

  In accordance with point 10.C.2 of the same Self-Governance Code, the Board verified their independence.

- A nomination committee or a remuneration committee were not set up, as described in the "Corporate Governance" report approved by the Board of Directors.

Other information

- the disclosures as per article 149 of the Consob Issuers' Regulation are shown under "Other information" of the Directors' Report which illustrates the information on the assignments conferred to the Audit Firm.

  No other assignments were given to this company for the year 2008 other than those indicated in the above-mentioned point.

  We report however that the independent audit company requested and obtained an addition to the amount, already approved by the Shareholders' Meeting, which was due essentially to the necessity, evidenced also by the same company, to carry out additional verification following the corporate operations and the introduction of the Amendment to IAS 39, described in greater detail in the Directors' Report and the Notes; the Board of Statutory Auditors believes the requests valid.

- in addition, for the year 2008, there were no other assignments appointed to parties related to the network of the audit firm.

Opinions issued by the Board of Statutory Auditors

- during the year, the Board of Statutory Auditors provided the following opinions:
  - favourable on the remuneration of the Directors with specific offices, pursuant to article 2389, second paragraph, of the civil code;
  - favourable, in accordance with article 154 bis of Legs. Decree 58/98 to the appointment of the Executive Responsible for the preparation of the corporate accounting documents;
  - Favourable, to the Shareholders' Meeting of April 21, 2008, on the proposal to purchase treasury shares, shares of the direct parent company Fondiaria-SAI S.p.A. and shares of the indirect parent company Premafin Finanziaria.

Other communications of the Board of Statutory Auditors

- the Board also:
  - has constantly monitored the adequacy of the solvency margin.
  - has noted that the elements making up the Solvency Margin are significantly greater than the minimum required by law;
  - has noted that the Actuary for the Life Division did not formulate observations with reference to the reserves related to it;
    has noted that the Actuary for the Non-Life Division, on March 10, 2009, issued a declaration on the correctness of the procedures and the method of calculation utilised for the calculation of the technical reserves of the Motor TPL class, the Land Vehicle class, the

Maritime TPL class, and the correct determination of the relative estimates considered sufficient for the commitments derived from the contracts;

- noted, in relation to ISVAP measure No. 893 of June 18, 1998, in relation to the classification and valuation of the securities portfolio, that the assignment of the securities to the non-current investment segment at December 31, 2008 and the operations on these securities were made in accordance with the guidelines established by the Board of Directors of the Company;

- verified that the operations on derivative financial instruments undertaken by the company during 2008 were in accordance with the deliberations made by the Board of Directors of the company and they were regularly communicated to ISVAP.

- declared no claims or petitions were received as per article 2408 of the Civil Code;

- did not note any censorable, omissions or irregularities to report to the Shareholders' Meeting;

- reviewed the quarterly reports on the claims, the 2008 annual report and the work plan for the year 2009 of the Internal Audit;

- took notice that the Company complied with the obligations of law 197/1991 and the provisions of the Bank of Italy and of the U.I.F. in relation to money laundering (currently within Legs. Decree 231/2001 of November 2007);

- reports that the Company prepared the Security Programming Document in compliance with the provisions of article 34 of Legislative Decree 196 of June 30, 2003.

Financial Statements at December 31, 2008

Disclosures

- the Board of Directors Report provided detailed information on the performance in 2008, underlining the principal factors which characterised the year; this was exhaustively disclosed under information relating to operating and development activities of the Company and strategies and transactions among companies;

- the review of the Directors' Report illustrates the correspondence with the financial statements;
- The notes to the financial statements illustrate the accounting principles adopted, which are adequate in relation to the activities and the operations undertaken by the Company and the other information required by law, including those relating to derivative financial instruments;

- as per IFRS 7 and the Bank of Italy – Consob – Isvap document No. 2 of February 6, 2009, in the Directors' Report and in the Notes, the risks deriving from the utilisation of financial instruments were adequately illustrated. In particular, the information which allows the evaluation of the impact of financial instruments with reference to the balance sheet, financial position and the results of the company as well as the nature of the risks deriving from the financial instruments to which the company is exposed at the balance sheet date, are reported

Accounting principles

- the Board has adequately illustrated the individual accounts in the financial statements, the changes compared to the previous year and the reasons behind such, as well as the valuation criteria and the accounting principles adopted, which are in line with the legal provisions and take account of the documents issued by the Italian Accounting Profession;

- the company did not utilise the option permitted by Legislative Decree No. 185 of November 29, 2008 and the consequent ISVAP Regulation No. 28 of February 17, 2009 which, in consideration of the exceptional turbulence on the financial markets, introduced the option to value current securities based on the carrying value in the last half year report instead of the market values, except in the case of permanent loss in value. The specific notes specify in an analytical manner the valuation criteria adopted for the various security categories.

- In relation to the accounting principles utilised for the preparation of the financial statements, reference should be made to the auditors' report prepared pursuant to article 156 of Legislative Decree No. 58 pf February 24, 1998 and article 102 of Legislative Decree No. 209 of September 7, 2005;

– we verified that no exceptions were applied under article 2423, paragraph 4 of the Civil Code.

Accounting data

– the Board, without replacing the activities of the independent audit company, reviewed the general preparation of the parent company financial statements, excluding each and every analytical control on its content, and verified the observance with regulatory procedures regarding the formation of the financial statements; the Board evaluated the adequacy of the information provided in the Directors' Report, as well as with reference to the operations with subsidiary companies and with other Group companies, which are considered, together with that provided in the Notes, to form a fair representation on the qualitative and quantitative characteristics of these operations;

- the financial statements at December 31, 2008 report a **profit of Euro 15,389 thousand** and were prepared in conformity with law and the by-laws; based on the controls carried out directly, on the information exchanged with the independent audit company and taking account of the report issued on April 6, 2009 by Deloitte & Touche S.p.A., which expressed an opinion without reservation on the financial statements, we have no objections in approving the financial statements at December 31, 2008 as proposed by the Board of Directors and the proposal of a distribution of the profit as follows:

Net profit	**€**	**15,389,475.89**
to the legal reserve – Non-Life division	€	769,473.79
to 30,739,882 savings shares: gross dividend of Euro 0.026, equal to 5% of the nominal value	€	799,236.93
	€	13,820,765.17
to 550,670,914 ordinary shares: gross dividend of Euro 0.15	€	8,260,063.7 1
to 30,739,882 savings shares: further gross dividend of Euro 0.0046 and therefore a total of Euro 0.0306 equal (in order to guarantee the savings shareholders a dividend higher than the ordinary shares of 3% of the nominal value of the shares)	€	141,403.46
	€	5,419,298.00
To the extraordinary reserve – Non-Life division	€	5,419,298.00

Transfer from the extraordinary reserve:		
Non-Life Division *(net of the profits allocated the amounted transferred is Euro 64,995,316.36)*	**€**	**70,414,614.36**
Life Division	**€**	**8,075,843.10**
to 30,739,882 savings shares: further gross dividend of Euro 0.135 and therefore Euro 0.1656 in total	€	4,149,884.07
to 550,670,914 ordinary shares:		

further gross dividend of Euro 0.135 and therefore
Euro 0.15 total € 74,340,573.39

Consolidated financial statements

The consolidated financial statements of the Milano Assicurazioni Group, reporting a Group net profit of Euro 167,916 thousand was prepared based on IAS/IFRS international accounting principles.

In particular, the financial statements and notes thereto were prepared in accordance with the provisions of Legislative Decree 38/2 (1) 5 and adopting the formats required by ISVAP Regulation No. 7 of July 13, 2007.

The audit firm issued its audit report on April 6, 2009 without any exceptions or matters brought to the attention of the reader.

Turin, April 6,

2009

Mr. Giovanni Ossola

Ms Maria Luisa Mosconi

Mr Alessandro Rayneri

Attachments (in accordance with article 148 bis – paragraph 2 CFA and article 144.5 of the Consob Issuers' Regulations)

A list of the offices of direction and control held by the members of the Board of Statutory Auditors in other companies at December 31, 2008 is provided below (Attachment as per article 144.15 of the Issuers' Regulations – Attachment 5 bis – Schedule 4) – the expiry date for the mandate is shown in brackets.

Mr. Giovanni Ossola

1. Offices held in other listed companies on regulated Italian markets:

Company	*Office*
I.P.I. S.p.A.	Director (2009)

2. Offices held in insurance companies:

Company	*Office*
LIGURIA ASSICURAZIONI S.p.A. (subsidiary of MILANO ASSICURAZIONI S.p.A.)	Chair - Board of Stat. Auditors (2008)
LIGURIA VITA S.p.A. (subsidiary of LIGURIA ASSICURAZIONI S.p.A.)	Chair - Board of Stat. Auditors (2008)

3. Offices held in other companies of significant size:

Company	*Office*

ATIVA S.p.A.	Chairman Board of Directors (2008)
COMITAL S.p.A.	Chair - Board of Stat. Auditors (2008)

4. Offices held in other companies:

Company	*Office*
Giletti S.p.A.	Standing Auditor (2009)
Pegaso Investimenti – Campioni d'Impresa S.p.A.	Standing Auditor (2009) .
F.T.S. S.p.A.	Standing Auditor (2008)
Salchi Metalcoat S.r.l.	Chair - Board of Stat. Auditors (2010)
Corso Marche S.r.l.	Director (revoked or resigned)
COMITAL BRANDS S.p.A. (subsidiary of COMITAL S.p.A.)	Chair - Board of Stat. Auditors (2008) .
Scintilla S.r.l. .	Vice Chairman and CEO (revoked or resigned)
ISVEIMER S.p.A. in liquidation	Standing Auditor (2010)
Bregliano SIM S.p.A. in l.c.a.	Chairman - Supervisory Board
DARMA S.G.R. S.p.A. in a.s.	Chairman - Supervisory Board

5. Number of offices held in issuing company: 2

Milano Assicurazioni S.p.A. I.P.I. S.p.A.	Chair - Board of Stat. Auditors (2010) Director (2009)

5. Total number of offices held: 16

Ms. Maria Luisa Mosconi

1. Offices held in other listed companies on regulated Italian markets:

Company	*Office*

PREMAFIN FINANZIARIA S.p.A. Holding di Partecipazioni	Standing Auditor (2010)

1. Offices held in other companies of significant size:

Company	*Office*
IMMOBILIARE LOMBARDA S.p.A.	Standing Auditor (2010)
SEA – Società Esercizi Aeroportuali SpA	Standing Auditor (2009)
SEA Handling S.p.A.	Standing Auditor (2010)
S.A.C.B.O. S.p.A.	Standing Auditor (2010)
The Walt Disney Company Italia S.p.A.	Standing Auditor (2009)
Regina Catene Calibrate S.p.A.	Chair - Board of Stat. Auditors (2009)
Metal Work S.p.A.	Standing Auditor (2009)

3. Officers held in medium-sized companies:

Company	*Office*
SAIAGRICOLA S.p.A.	Standing Auditor (2010)
Malpensa Energia S.p.A.	Chair - Board of Stat. Auditors (2008)
Malpensa Logistica Europa S.p.A.	Standing Auditor (2010)
Agricar S.p.A.	Standing Auditor (2008)
SAI HOLDING S.p.A.	Chair - Board of Stat. Auditors (2009)

4. Offices held in small companies:

Company	*Office*

Finadin S.p.A. Campo Carlo Magno S.p.A. Meridiano Quinto S.p.A. ITA S.r.l. Agenzia Mobilità e Ambiente S.r.l. Metro Engineering S.r.l. Napoli Metro Engineering S.r.l DOC POINT S.r.l. - director	Standing Auditor (2009) Standing Auditor (2010) Chair - Board of Stat. Auditors (2009) Chair - Board of Stat. Auditors (2008) Standing Auditor (2008) Chair - Board of Stat. Auditors (2011) Standing Auditor (2011) Director (2008)

5. Number of offices held in issuing company: 2

Milano Assicurazioni S.p.A.	Standing Auditor (2010)
Premafin Finanziaria S.p.A. Holding di partecipazioni	Standing Auditor (2010)

6. Total number of offices held: 22

Mr. Alessandro Rayneri

1. Offices held in banking and insurance companies:

Company	Office
Societa Reale Mutua di Assicurazioni Eurizon Vita S.p.A.	Chair - Board of Stat. Auditors (2009) Chair - Board of Stat. Auditors (2009)

Banca Sella Holding S.p.A. Banca Sella S.p.A. Banca Reale S.p.A.	Chair - Board of Stat. Auditors (2008) Chair - Board of Stat. Auditors (2010) Chair - Board of Stat. Auditors (2010)

2. Offices held in other companies of significant size:

Company	Office
Reale Immobili S.p.A.	Chair - Board of Stat. Auditors (2010)

3. Offices held in other companies:

Company	Office
Sire S.p.A. Loescher Editore Srl Bia Spa Blue Assistance Spa Con.To.P Srl Cert.To Srl Ecas Spa Finanziaria Centrale del Latte di Torino SpA Mustad Spa Aksia Group Spa	Chair - Board of Stat. Auditors (2008) Chair - Board of Stat. Auditors (2009) Chair - Board of Stat. Auditors (2010) Chair - Board of Stat. Auditors (2010) Chair - Board of Stat. Auditors (2010) Standing Auditor (2010) Standing Auditor (2010) Standing Auditor (2009) Standing Auditor (2010) Chairman of the Board of Directors (2009)

4. Number of offices held in issuing company: 1

Milano Assicurazioni S.p.A.	Standing Auditor (2010)

5. Total number of offices held: 17

MILANO ASSICURAZIONI S.p.A.

Registered Offices in Milan - Via Senigallia 18/2

Share Capital of Euro 305,851,341.12 fully paid-in

Milan Company Registration No. and Tax Code: 00957670151

Fondiaria-SAI Group

Fondiaria-SAI S.p.A. Direction and co-ordination

* * *

OPINION OF THE BOARD OF STATUTORY AUDITORS ON THE PROPOSAL TO PURCHASE TREASURY SHARES, SHARES OF THE DIRECT PARENT COMPANY FONDIARIA-SAI S.P.A. AND SHARES OF THE INDIRECT PARENT COMPANY PREMAFIN FINANZIARIA S.P.A. - HOLDING DI PARTECIPAZIONI.

* * *

Dear Shareholders,

The Board of Directors illustrates, with a report prepared pursuant to the provisions of law and the requirements of Consob Regulation No. 11971/1999 as supplemented, the reasons for the authorisation for the purchase and sale of a) treasury shares, b) shares of the direct parent company Fondiaria-Sai S.p.A. and c) shares of the indirect parent company Premafin Finanziaria S.p.A. - Holding di partecipazioni.

a) In relation to the purchase of treasury shares, the Board of Directors recalls that, in compliance with Your previous deliberations, Your Company, at the date of approval of the Financial Statements, held 6,764,860 treasury shares, equal to 1.21% ordinary share capital and 1.15% of the entire share capital.
The Company does not hold any savings shares.

The average unit carrying value of the ordinary shares held by the Company is Euro 2.90. The official market price of the share at March 19, 2009 was Euro 1.5597.

On April 21, 2009, the twelve-month period fixed by the Shareholders' Meeting of the Company of April 21, 2008 for the purchase and sale of treasury shares will expire.

The Board of Directors proposes to authorise, in accordance with articles 2357 of the civil code, further purchases of ordinary and/or savings treasury shares, in one or more tranches for a period of twelve months from the date of the resolution, in accordance with the programme illustrated below.

They also propose to authorise the sale, where required, of the treasury shares currently held in portfolio, as well as those which will be purchased following the Shareholders' Meeting resolution.

The request of renewal of the authorisation to purchase and sell treasury shares has the objective, with relation to the purchase, to avail of further opportunities of investments relating to the liquidity from time to time of the share and of the trend in the share price and the market and with regard to the sale, the achievement of positive results.

In accordance with article 144-*bis* of Consob Resolution No. 11971/1999, the purchases and sales will be made exclusively in accordance with the procedures pursuant to paragraph 1 sub letter b) of the same article and, therefore, on the regulated markets in accordance with the operating procedures established by Borsa Italiana S.p.A., which does not permit the direct joint proposal to purchase with predetermined proposals to sell.

Blocking sales are also excluded.

The Board of Directors therefore proposes to authorise the making, only in accordance with the previous paragraph, further purchases of treasury shares and/or saving shares, for a maximum number, taking into account any sales in the mean time, of 5,000,000 ordinary and/or saving shares of a nominal amount of Euro 0.52 each, within the maximum amount of Euro 10 million, and in accordance with the limits as per article 2357 of the civil code.

The maximum number of treasury shares which may be acquired above is the difference between the treasury shares acquired and those sold as authorised by the Shareholders' Meeting and therefore must refer to the additional number of treasury shares which the company can hold at any particular time.

The Board of Directors also proposes that each purchase is made for a unit payment not above 5% of the average reference price recorded on the Borsa Italiana system in the three previous trading days before each single operation and the sales are made at a price which must not be lower than 5% of the average reference price recorded on the Borsa Italiana system in the three trading prior days to each operation.

A total number of share may not be acquired or sold above 25% of the average daily share volume traded on the regulated market in which the operation is made, calculated on the basis of the average daily volumes traded in the month prior to the month in which the programme is communicated to the market and fixed, on this basis, for the duration of the programme.

In any case, in accordance with article 2357, paragraph 3 of the civil code, the total nominal value of the treasury shares, also taking into account those already acquired in accordance with previous shareholders' meetings resolutions held by subsidiary companies, may not exceed 10% of the share capital. All the purchase and/or sales operations, in addition, will be made in accordance with all other regulations applicable.

To carry out the above-mentioned purchases, the Board of Directors proposes to you to eliminate the amount outstanding at April 21, 2009 (date of expiry of the previous authorisation) of the "Reserves for treasury shares to be purchased" with a corresponding increase in the "Extraordinary reserve" - to make a provision of Euro 10 million to the "Reserve of treasury shares to be purchased", from the "Extraordinary reserve", from which we also propose to transfer the necessary amounts for the reconstitution of the reserve pursuant to article 2357 of the civil code in the case of revaluation of the treasury shares after any write-down.

Where the Shareholders' Meeting approves the above-mentioned programme, before the commencement of the buyback programme, all the details of the programme will be communicated to the market, with an indication of the objective of the programme, with the total maximum value, of the maximum quantity of shares to be purchased and the duration for which the programme is authorised.

At the end of the authorisation period by the Shareholders' Meeting, the Company will also communicate to the market information on the outcome of the programme.

b) In compliance with Your previous resolutions, Your Company, at the date of the approval of the financial statements, holds 9,982,557 ordinary shares of the parent company Fondiaria-SAI S.p.A., equal to 8.02% of the ordinary share capital of this latter.

The unit carrying value of the ordinary shares of the direct parent company Fondiaria-SAI held by the Company was Euro 22.97. The official market price of the share at March 19, 2009 was Euro 8.7108.

On April 21, 2009, the twelve-month period fixed by the Shareholders' Meeting of the Company of April 21, 2008 for the purchase and sale of shares of the direct holding company Fondiaria-SAI S.p.A will expire.

The Board of Directors proposes to authorise, in accordance with article 2359 bis of the civil code, further purchases of ordinary and/or savings shares of the direct holding company Fondiaria-SAI, in one or more tranches for a period of twelve months from the date of the resolution by the Shareholders' Meeting, in accordance with the programme illustrated below.

They also propose to authorise the sale, where required, of the ordinary and/or savings shares of the direct holding company Fondiaria-SAI currently held in portfolio, as well as those which will be purchased following the Shareholders' Meeting resolution.

The request of renewal of the authorisation to purchase and sell shares of the direct holding company Fondiaria-SAI has the objective, with relation to the purchase, to avail of further opportunities of investments relating to the liquidity from time to time of the share and of the trend in the share price and the market and with regard to the sale, the achievement of positive results.

In accordance with article 144-*bis* of Consob Resolution No. 11971/1999, the purchases and sales will be made exclusively in accordance with the procedures pursuant to paragraph 1 sub letter b) of the same article and, therefore, on the regulated markets in accordance with the operating procedures established by Borsa Italiana S.p.A., which does not permit the direct joint proposal to purchase with predetermined proposals to sell.

Blocking sales are also excluded.

The Board of Directors therefore proposes to authorise the making, only in accordance with the previous paragraph, further purchases of shares of the direct holding company Fondiaria-SAI, for a maximum increase, taking into account any sales in the meantime, of 250,000 ordinary and/ or savings shares of a nominal amount of Euro 1 each, within the maximum amount of Euro 3,750,000, and in accordance with the limits as per article 2359 of the civil code.

The maximum number of Fondiaria-SAI shares which may be acquired above is the difference between the Fondiaria-SAI shares acquired and those sold as authorised by the Shareholders' Meeting and therefore must refer to the additional number of Fondiaria-SAI shares which the company can hold at any particular time.

The Board of Directors also proposes that each purchase is made for a unit payment not above 5% of the average reference price recorded on the Borsa Italiana system in the three previous trading days before each single operation and the sales are made at a price which must not be lower than 5% of the average reference price recorded on the Borsa Italiana system in the three trading prior days to each operation.

A total number of share may not be acquired or sold above 25% of the average daily share volume traded on the regulated market in which the operation is made, calculated on the basis of the average daily volumes traded in the month prior to the month in which the programme is communicated to the market and fixed, on this basis, for the duration of the programme.

In any case, in accordance with article 2359 bis, paragraph 3 of the civil code, the total nominal value of the shares of the holding company Fondiaria-Sai, also taking into account those held by the same company and its subsidiary companies, may not exceed 10% of the share capital of the same Fondiaria-Sai; all of the purchase and/or sales operations are carried out in compliance with every other supervisory provision applicable.

To undertake these purchases the Board of Directors proposes - with prior elimination, for the amount that at April 21, 2009 will mature from the previous authorisation, of the "Reserves for holding company shares to be purchased" with a corresponding increase in the "Extraordinary reserve" - to make a provision of Euro 3,750.000 to the "Reserve of holding company shares to be purchased", from the "Extraordinary reserve", from which We also propose to transfer the necessary amounts for the reconstitution of the reserve pursuant to article 2359 of the civil code in the case of the revaluation of the shares of the direct parent company Fondiaria-Sai after any write-downs.

Where the Shareholders' Meeting approves the above-mentioned programme, before the commencement of the buyback programme, all the details of the programme will be communicated to the market, with an indication of the objective of the programme, with the total maximum value, of the maximum quantity of shares to be purchased and the duration for which the programme is authorised.

At the end of the authorisation period by the Shareholders' Meeting, the Company will also communicate to the market information on the outcome of the programme.

c) In compliance with previous resolutions, Your Company, at the date of the approval of the financial statements, holds 9,157,710 ordinary shares of the indirect parent company Premafin Finanziaria S.p.A. (hereafter Premafin), equal to 2.23% of the share capital.

The average unitary carrying value of the ordinary shares of the indirect parent company Premafin held by the Company is Euro 1.24. The official price of the share at March 19, 2009 was Euro 0.9995.

On April 21, 2009, the twelve-month period fixed by the Shareholders' Meeting of the Company of April 21, 2008 for the purchase and sale of the shares of the indirect parent company Premafin will expire.

The Board of Directors proposes to authorise, in accordance with article 2359 bis of the civil code, further purchases of shares of the indirect parent company Premafin, in one or more tranches for a period of twelve months from the date of the resolution by the Shareholders' Meeting, in accordance with the programme illustrated below; We propose, moreover, the authorisation of the sale of shares of the indirect holding company Premafin, currently in portfolio, as well as those that will be purchased based on the resolution by the Shareholders' Meeting.

The request for renewal of the authorisation to purchase and sell shares of the indirect holding company Premafin has the objective, with relation to the purchase, to avail of further opportunities of investments relating to the liquidity from time to time of the share and of the trend in the share price and the market and with regard to the sale, the achievement of positive results.

In accordance with article 144-*bis* of Consob Resolution No. 11971/1999, the purchases and sales will be made exclusively in accordance with the procedures pursuant to paragraph 1 sub letter b) of the same article and, therefore, on the regulated markets in accordance with the operating procedures established by Borsa

Italiana S.p.A., which does not permit the direct joint proposal to purchase with predetermined proposals to sell.

Blocking sales are also excluded.

We therefore propose the authorisation to make, only in accordance with the previous paragraph, further purchases of shares of the indirect holding company Premafin, for a maximum increase, taking into account any sales in the meantime, of 500,000 shares of a nominal amount of Euro 1 each, within the maximum amount of Euro 750,000, and in accordance with the limits as per article 2359 of the civil code.

The maximum number of shares of the indirect holding company Premafin acquired as above is determined as the difference between the treasury shares acquired and those sold authorised by the Shareholders' Meeting and therefore must refer to the additional number of treasury shares which the company can hold at any particular time.

We propose to the Board of Directors that each purchase is made for a unit payment not above 5% compared to the average reference price recorded on the Borsa Italiana system in the three previous trading days before each single operation and the sales are made at a price which must not be lower than 5% lower than the average reference price recorded on the Borsa Italiana system in the three trading prior days to each operation.

A total number of share may not be acquired or sold above 25% of the average daily share volume traded on the regulated market in which the operation is made, calculated on the basis of the average daily volumes traded in the month prior to the month in which the programme is communicated to the market and fixed, on this basis, for the duration of the programme.

In any case, in accordance with article 2359 bis, paragraph 3 of the civil code, the total nominal value of the shares of the indirect holding company Premafin, also taking into account those held by the same company and its subsidiary companies, may not exceed 10% of the share capital of the same Premafin. All the purchase and/or sales operations, in addition, will be made in accordance with all other regulations applicable.

To undertake these purchases the Board of Directors proposes - with prior elimination, for the amount that at April 21, 2009 will mature from the previous authorisation, of the "Reserves for holding company shares to be purchased" with a corresponding increase in the "Extraordinary reserve" - to make a provision of Euro 750,000 to the

"Reserve of holding company shares to be purchased", from the "Extraordinary reserve", from which We also propose to transfer the necessary amounts for the reconstitution of the reserve pursuant to article 2359 of the civil code in the case of the revaluation of the shares of the indirect parent company Premafin after any write-down.

Where the Shareholders' Meeting approves the above-mentioned programme, before the commencement of the buyback programme, all the details of the programme will be communicated to the market, with an indication of the objective of the programme, of the total maximum value, of the maximum quantity of shares to be purchased and the duration for which the programme is authorised.

At the end of the authorisation period by the Shareholders' Meeting, the Company will also communicate to the market information on the outcome of the programme.

The Board of Statutory Auditors is in agreement with the proposals made by the Board of Directors.

Milan, April 4, 2009

THE BOARD OF STATUTORY AUDITORS

Independent Auditors' Report To the financial statements as at December 31, 2008

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Italia

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RELAZIONE DELLA SOCIETA' DI REVISIONE AI SENSI DELL'ART. 156 DEL D.LGS. 24.2.1998, N. 58 E DELL'ART. 102 DEL D.LGS. 7.9.2005, N. 209

Agli Azionisti di
MILANO ASSICURAZIONI S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio di Milano Assicurazioni S.p.A. chiuso al 31 dicembre 2008. La responsabilità della redazione del bilancio in conformità alle norme che ne disciplinano i criteri di redazione compete agli amministratori di Milano Assicurazioni S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale. Secondo quanto previsto dall'art. 102 del D.Lgs. n. 209/2005 e dall'art. 24 del Regolamento ISVAP n. 22/2008, nell'espletamento del nostro incarico ci siamo avvalsi dell'attuario revisore che si è espresso sulla sufficienza delle riserve tecniche iscritte nel passivo dello Stato Patrimoniale di Milano Assicurazioni S.p.A. tramite le relazioni qui allegate.

   Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 4 aprile 2008.

   La Società, nell'ambito del più ampio progetto di riassetto societario e industriale del gruppo Fondiaria-Sai descritto dagli amministratori nella relazione sulla gestione e nella nota integrativa, ha incorporato a fine esercizio 2008 Sasa Assicurazioni e Riassicurazioni S.p.A. e Sasa Vita S.p.A., con effetti contabili decorrenti dal 1 gennaio 2008. Al fine di una migliore rappresentazione, la Società espone, in nota integrativa ed in allegato alla stessa, i dati pro-forma di Stato Patrimoniale e di Conto Economico al 31 dicembre 2007 delle tre società unitariamente considerate, elaborati per riflettere retroattivamente gli effetti dell'operazione di fusione, nonché i dati contabili patrimoniali ed economici alla stessa data di Sasa Assicurazioni e Riassicurazioni S.p.A. e Sasa Vita S.p.A..
   I suddetti dati pro-forma relativi all'esercizio precedente non sono stati da noi esaminati e, pertanto, il nostro giudizio non si estende a tali dati. I dati al 31 dicembre 2007 di Sasa Assicurazioni e Riassicurazioni S.p.A. e Sasa Vita S.p.A. sono stati esaminati da altro revisore.

3. A nostro giudizio, il bilancio d'esercizio di Milano Assicurazioni S.p.A. al 31 dicembre 2008 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria ed il risultato economico della società.

4. La responsabilità della redazione della relazione sulla gestione, in conformità a quanto previsto dalle norme di legge e dai regolamenti, compete agli amministratori di Milano Assicurazioni S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione con il bilancio, come richiesto dall'art. 156, comma 4-bis, lettera d), del D.Lgs. n. 58/1998. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n. 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione è coerente con il bilancio d'esercizio di Milano Assicurazioni S.p.A. al 31 dicembre 2008.

DELOITTE & TOUCHE S.p.A.

Enrico Ciai
Socio

Milano, 6 aprile 2009

Dott. LUIGI FRANCAVILLA
ATTUARIO

RELAZIONE DELL'ATTUARIO

AI SENSI DEGLI ARTICOLI 102 e 103
DEL DECRETO LEGISLATIVO 7 SETTEMBRE 2005, N. 209

Spett.le
Deloitte & Touche Spa
Via Tortona, 25
20144 Milano

OGGETTO: IMPRESA MILANO ASSICURAZIONI S.p.A: - BILANCIO DELL'ESERCIZIO 2008

1. In esecuzione dell'incarico conferitomi ho sottoposto a revisione attuariale le voci relative alle riserve tecniche dei "rami danni", iscritte nel passivo dello stato patrimoniale del bilancio di esercizio della Milano Assicurazioni S.p.A. chiuso al 31 dicembre 2008.
2. A mio giudizio nel loro complesso le suddette riserve tecniche, iscritte nel passivo dello stato patrimoniale, sono sufficienti in conformità alle vigenti disposizioni di legge e regolamentari e a corrette tecniche attuariali, nel rispetto dei principi di cui all'articolo 26, comma 1, del Regolamento ISVAP n. 22 del 4 aprile 2008

Roma 3 aprile 2009

L'attuario

Studio Via Raffaele Aversa, 50 - 00128 Roma - tel. 06/5084722
P.IVA 06519240581 C.F. FRNLGU48B09H501Y

Dott. LUIGI FRANCAVILLA
ATTUARIO

RELAZIONE DELL'ATTUARIO

AI SENSI DEGLI ARTICOLI 102 e 103
DEL DECRETO LEGISLATIVO 7 SETTEMBRE 2005, N. 209

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Deloitte & Touche Spa
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20144 Milano

OGGETTO: IMPRESA MILANO ASSICURAZIONI S.p.A: - BILANCIO DELL'ESERCIZIO 2008

1. In esecuzione dell'incarico conferitomi ho sottoposto a revisione attuariale le voci relative alle riserve tecniche dei "rami vita", iscritte nel passivo dello stato patrimoniale del bilancio di esercizio della Milano Assicurazioni S.p.A. chiuso al 31 dicembre 2008.
2. A mio giudizio nel loro complesso le suddette riserve tecniche, iscritte nel passivo dello stato patrimoniale, sono sufficienti in conformità alle vigenti disposizioni di legge e regolamentari e a corrette tecniche attuariali, nel rispetto dei principi di cui all'articolo 26, comma 1, del Regolamento ISVAP n. 22 del 4 aprile 2008

Roma 3 aprile 2009

L'attuario

ORDINE NAZIONALE ATTUARI N. 637 ROMA DR. LUIGI FRANCAVILLA

Studio Via Raffaele Aversa, 50 - 00128 Roma - tel. 06/5084722
P.IVA 06519240581 C.F. FRNLGU48B09H501Y

2008 Consolidated Financial Statements

5 YEAR OVERVIEW - CONSOLIDATED

	2004 (*)		2005		2006		2007		2008	
TOTAL PREMIUMS		%		%		%		%		%
MOTOR TPL	1,698,169	52.99	1,725,112	51.87	1,741,470	50.97	1,619,520	45.02	1,729,077	42.20
NON-LIFE DIVISION	982,737	30.67	1,014,221	30.50	1,033,811	30.26	1,040,567	28.92	1,198,918	29.26
LIFE DIVISION	523,724	16.34	586,426	17.63	641,175	18.77	937,597	26.06	1,169,672	28.54
TOTAL	**3,204,630**	**100.00**	**3,325,759**	**100.00**	**3,416,456**	**100.00**	**3,597,684**	**100.00**	**4,097,667**	**100.00**
CLAIMS PAID ***and related charges***	**2,263,343**		**2,428,525**		**2,576,370**		**2,798,919**		**3,733,703**	
GROSS TECHNICAL RESERVES										
PREMIUM RESERVE	972,049		982,854		958,933		930,999		1,166,756	
CLAIMS RESERVE	3,258,229		3,340,651		3,402,204		3,362,626		3,780,404	
OTHER NON-LIFE TECHNICAL RESERV	7,714		2,084		2,750		3,700		4,523	
LIFE TECHNICAL RESERVES	3,848,100		4,143,201		4,717,223		5,548,872		5,821,790	
TOTAL	**8,086,092**		**8,468,790**		**9,081,110**		**9,846,197**		**10,773,473**	
TECHNICAL RESERVES/PREMIUMS	**252.33%**		**254.64%**		**265.80%**		**273.68%**		**262.92%**	
SHAREHOLDERS' EQUITY										
SHARE CAPITAL AND RESERVES	1,107,425		1,434,062		1,737,650		1,765,750		1,814,603	
NET PROFIT	264,432		283,522		247,854		252,104		167,916	
TOTAL	**1,371,857**		**1,717,584**		**1,985,504**		**2,017,854**		**1,982,519**	
INVESTMENTS	**8,303,076**		**9,044,687**		**11,291,660**		**12,800,654**		**12,562,830**	
AVERAGE NUMBER OF EMPLOYEE	**1,709**		**1,680**		**1,658**		**1,644**		**2,087**	

* The data relating to the year 2004 refers to the financial statements prepared in accordance with IAS/IFRS with the exclusion of IAS 32, 39 and IFRS 4 which were applied from 1/1/2005.

Directors' Report

In 2008 a significant corporate and industrial restructuring of the Fondiaria-Sai Group was completed, whose guidelines were approved at the beginning of the year by the Board of Directors of Fondiaria-Sai and of Milano Assicurazioni and which, for Milano Assicurazioni, included:

- the merger by incorporation into Milano Assicurazioni of Sasa Assicurazioni e Riassicurazioni and Sasa Vita;
- the conferment to Milano Assicurazioni, by Fondiaria-Sai, of the entire shareholding in Liguria Assicurazioni held by Fondiaria-Sai, amounting to 99.97% of the share capital, and a holding in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital.

The conferment deed in the investments of Liguria Assicurazioni and in Immobiliare Lombarda was signed on October 30 with effect as of December 31, while on December 16 the merger deeds were signed. The legal effects of the merger are as of December 31, 2008 with accounting and fiscal effects retrospectively to January 1, 2008.

In accordance with IAS/IFRS International Accounting Standards, Liguria Assicurazioni, Liguria Vita (wholly owned by Liguria Assicurazioni) and Immobiliare Lombarda were only consolidated at balance sheet level. The income statements will be consolidated from the year 2009.

Taking into account the above-mentioned operations, the data in the present report will also be shown on like-for-like terms and appropriate information will be provided in relation to the data of the previous year deriving from the above-mentioned operations.

Operational Performance

Premiums

The gross premiums and accessories of direct and indirect business totalled Euro 4,097.7 million, an increase, at like-for-like terms, of 0.6% compared to the previous year.

The direct premiums written – comprising almost the total portfolio, amounted to Euro 4,088.5 million (+0.5%), of which Euro 2,918.9 million were in the Non-Life Division (-4.1%) and Euro 1,169.6 million in the Life Division, with growth of 14.1%.

The non-life division was affected by the performance of the motor premiums (-6.6%), caused by the contraction in new motor registrations (which decreased by 13.4% in 2008), by strong price competition and by the effects of the so-called Bersani bis Law in terms of rules of the assignment of the bonus-malus classes.

The other non-life classes however reported an increase of 2.1%, substantially in line with the previous year.

In the life division the increase of 14.1% on 2007 principally derives from the change in the consolidation method of Bipiemme Vita (50% proportional until first half year of 2007 and full consolidation thereafter, following an increase in the holding to 51% in July 2007). On a like-for-like basis, and therefore simulating the full consolidation of Bipiemme Vita also for the first half of 2007, the increase was 0.1%.

In the indirect business, the premiums amounted to Euro 9.2 million compared to Euro 4.5 million written in the previous year. The increase is principally due to the greater volumes of premiums accepted by the Group company Lawrence Re. The premiums accepted from companies not belonging to the Fondiaria-SAI Group remain limited as, following the decision taken in the past to terminate the underwriting in the inward reinsurance market, the agreements relate almost exclusively to pools and market agreements.

The details of the premiums written with the changes to the previous year are shown in the table below:

(in Euro thousands)	**31/12/2008**	**31/12/2007** Pro-forma	**Change %**	**31/12/2007**
DIRECT PREMIUMS				
Non-Life Division	2,918,856	3,043,638	-4.1	2,655,765
Life Division	1,169,601	1,025,028	+14.1	937,510
Total direct premiums	**4,088,457**	**4,068,666**	**+0.5**	**3,593,275**
INDIRECT PREMIUMS				
Non-Life Division	9,139	4,376	+108.8	4,322
Life Division	71	87	-18.4	87
Total indirect premiums	**9,210**	**4,463**	**+106.4**	**4,409**
TOTAL	**4,097,667**	**4,073,129**	**+0.6**	**3,597,684**
of which:				
Non-Life Division	2,927,995	3,048,014	-3.9	2,660,087
Life Division	1,169,672	1,025,115	+14.1	937,597

Consolidated Income Statement

The net profit for 2008 was Euro 167.9 million compared to Euro 252.1 million in the previous year (Euro 269.9 million like-for-like).

The key events in 2008 which contributed to this result are summarised below:

- The non-life sector recorded a pre tax profit of Euro 193.7 million, compared to Euro 313.2 million in the previous year. The decrease is principally due to the deterioration of the technical performance which was impacted by the current economic crisis, from pressure on market prices in difficult market conditions and a greater negative impact from reinsurance compared to the previous year, which, among other issues, had benefited from the recovery from reinsurers of claims higher than the coverage in the excess claims.
  In relation to direct business, premiums in the Motor TPL class were affected by the drop in new vehicle registrations, strong competition following increased price flexibility and from the penalising effects of the so-called Bersani bis Law in terms of bonus-malus class application.
  The Land vehicle class recorded a positive technical result but down on 2007, due to the increased competition, which reduced profit margins and an increase in the number of claims reported, also due to the effects of adverse atmospheric events.
  The other non-life classes reported a performance substantially in line with the previous year;

- The life sector recorded a pre-tax profit of Euro 32.2 million, compared to Euro 77.2 million in 2007. The decrease is principally due to the current financial market crisis - among the worst post-war - which has caused a significant adjustment in the value of the investment portfolio. The higher amortisation charges of VOBA (Value of Business Acquired) relating to the Bipiemme Vita portfolio following the higher amounts of redemptions, stemming from the strong financial market turbulence and the uncertainty in the prospects of the principal economic variables also contributed to this result.

- The asset and financial management contributed net income from financial instruments and investment property of Euro 389.8 million, a decrease of 3.3% compared to the previous year (-7.4% on like-for-like terms). In particular, the income deriving from other financial instruments and property investments amounted to Euro 355.5 million (-15% on like-for-like terms), while the net income deriving from fair value financial instruments recorded through the income statement amounted to Euro 33.9 million, compared to Euro 3.5 million in 2007. The decrease in the overall level of income is principally due to the financial market crisis which saw a strong and exceptional fall in bond and equity prices, especially in the corporate segment, resulting in the recording of significant valuation losses. The increase in net income from financial instruments at fair value recorded through profit and loss derives from the significant gains following the closure of combined options (purchase put-sell call) undertaken to cover the non realised gains on equity securities in portfolio.

The income statement also benefited from the transfer of some types of financial instruments from the Fair value through the profit and loss category to the Available for sale category, with consequent recording of the relative value adjustments matured in the second half year (Euro 57.4 million) as a decrease in equity rather than as an income statement charge. However, taking into account the different impact of the shadow accounting, or rather the portion of these adjustments borne by the life policyholders, and the relative fiscal charge, the effective net benefit to the income statement is Euro 30.6 million.

- The management expenses in the non-life insurance sector amounted to Euro 591.4 million, with a percentage on net premiums of 21% (19% in 2007). In the life division, the management expenses amounted to Euro 61.1 million, with a percentage on the premiums of 5.3% (4.8% in 2007);

- The income taxes in the year amounted to Euro 67.1 million and the tax rate was 29.3%, compared to 35.8% in 2007. The tax rate is lower than the nominal rate principally due to the dividends received, of which almost all are not taxable. The change on the previous year is due to the reduction of the tax rates in 2008, which decreased from 33% to 27.5% for IRES and from 5.25% to 4.82% for IRAP.

The result for the year was not impacted by unusual or atypical events or operations compared to the normal operations of the company.

The key figures in the 2008 income statement compared to the previous year are shown below:

(in Euro thousands)	**31/12/2008**	**31/12/2007 Pro-forma**	**Changes %**	**31/12/2007**
Net premiums	3,962,518	3,932,534	+0.8	3,518,877
Net charges relating to claims	-3,325,934	-3,165,045	+5.1	-2,849,073
Net commission	13,590	3,356	+304.9	3,356
Income and charges from financial instruments at fair value through profit or loss statement	33,885	1,634	n.s.	3,545
Net income from subsidiary and associated	380	859	-55.8	859
Net income from other financial instruments and property investments	355,493	418,276	-15.0	398,596
Management expenses	-652,602	-619,521	+5.3	-538,015
Other costs, net of other revenues	-157,951	-157,910	-	-145,470
Profit before taxes	**229,379**	**414,183**	**-44.6**	**392,675**
Income taxes	-67,118	-144,371	-53.5	-140,648
Net profit for the year	**162,261**	**269,812**	**-39.9**	**252,027**
Profit from discontinued operations	-	1,080	-100.0	1,080
Consolidated profit	**162,261**	**270,892**	**-40.1**	**253,107**
Minority interest profit	-5,655	1,003	n.s.	1,003
Group net profit	**167,916**	**269,889**	**-37.8**	**252,104**

The table below shows the profit before taxes in each sector. The real estate sector includes the subsidiary real estate companies (Meridiano Eur, Meridiano Orizzonti, Campo Carlo Magno), while the Other Activities include Sogeint, 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.

(in Euro thousands)	**Non-Life**	**Life**	**Real Estate**	**Other Activity**	**Total**
Net premiums	2,810,110	1,152,408	-	-	3,962,518
Net charges relating to claims	-2,129,482	-1,196,452	-	-	-3,325,934
Net commission	-	13,590	-	-	13,590
Net Income from financial instruments recorded at fair value through profit or loss	74,778	-40,893	-	-	33,885
Net income from subsidiary and associated companies	380	-	-	-	380
Net income from other financial instruments and property investments	136,019	214,820	4,654	-	355,493
Management expenses	-591,392	-61,118	-92	-	-652,602
Other net costs and revenues	-106,700	-50,177	-1,172	98	-157,951
Profit before taxes	**193,713**	**32,178**	**3,390**	**98**	**229,379**
Profit before taxes in previous year	**313,217**	**77,167**	**2,788**	**-497**	**392,675**

Non-Life Insurance Sector

The premiums of the direct and indirect business totalled Euro 2,928 million (-3.9 % on 2007, reclassified on like-for-like terms).
The direct premiums written, which represent almost all of the portfolio, amounted to Euro 2,918.9 million (-4.1%) of which, Euro 2,014.7 million relating to the motor classes, a decrease of 6.6% compared to 2007 and Euro 904.1 million relating to the other non-life classes, which recorded growth of 2.1%.

The reasons for these trends, already described in the interim accounts, are summarised below:

- in relation to the Motor Vehicle TPL class, premiums were affected by the significant contraction in the registration of new motor vehicles, which in 2008 decreased by 13.4%, by the strong competitive pressures following the customisation of products, the diversification of tariffs and the greater application of discounts.
  The negative impacts continue of Law No. 40 of April 2, 2007 (so-called Bersani bis), which requires the assignment to further vehicles insured by a customer or a co-habiting family member to the same class as the first vehicle, instead of the entry class indicated by the company. The effects also continue of the restructuring of the multi-claim portfolio, undertaken in the previous year in accordance with the industrial plan.
- the negative trend of new motor registrations also had a strong impact on the Land Vehicle class (-5.1% on like-for-like terms), where the good profitability in recent years within the market has for some time seen increased price competition, with the application of ever greater discounts;
- the increase in the other non life classes, in spite of the current economic environment, reflects the development initiatives which, in line with the objectives of the industrial plan, are concentrated in the retail sector which has greater profitability opportunities, while, the corporate sector requires the application of a prudent underwriting policy especially in those categories such as Public Entities which in previous years recorded high levels of claims.

In the indirect business, the premiums amounted to Euro 9.1 million compared to Euro 4.4 million written in the previous year. The increase is principally due to the greater volumes of premiums accepted by the Group company Lawrence Re.
The premiums accepted from companies not belonging to the Fondiaria-SAI Group remain limited as, following the decision taken in the past to terminate the underwriting in the inward reinsurance market, the agreements relate almost exclusively to pools and market agreements.

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

(in Euro thousands)	**2008**	**2007** Pro-forma	**Change %**	**2007**
Accident & health	254,291	258,995	-1.8	231,901
Marine, aviation and transport	37,503	24,923	+50.5	10,108
Fire and other property damage	325,999	318,657	+2.3	289,178
General TPL	212,908	211,594	+0.6	191,108
Credit & Bonds	32,788	33,682	-2.7	23,438
General pecuniary losses	10,224	12,359	-17.3	7,280
Legal expenses	7,634	6,874	+11.1	6,517
Assistance	22,771	18,602	+22.4	13,707
Total Division – Non Motor	**904,118**	**885,686**	**+2.1**	**773,237**
Land Motor TPL	1,728,931	1,856,933	-6.9	1,621,304
Land vehicles	285,807	301,019	-5.1	261,224
Total Division – Motor	**2,014,738**	**2,157,952**	**-6.6**	**1,882,528**
TOTAL	**2,918,856**	**3,043,638**	**-4.1**	**2,655,765**

The gross technical reserves amount to Euro 4,951.7 million and the ratio with the premiums issued was 169.1% (161.5 % in 2007).

The gross claims paid amounted to Euro 2,406.7 million, compared to Euro 2,185.8 million in the previous year (+10.1%). The table below shows the breakdown of the number of claims reported and the amount, including the expenses, of the claims paid on direct Italian business:

	Claim reported Number			Claims paid (in Euro thousands)		
	2008	**2007 Pro-forma**	**Cge. %**	**2008**	**2007 Pro-forma**	**Cge. %**
Accident & health	82,101	85,368	-3.8	135,093	127,411	+6.0
Marine, aviation and transport	1,346	1,975	-31.8	31,870	20,219	+57.6
Fire and other property damage	95,437	80,379	+18.7	214,559	189,689	+13.1
General TPL	46,532	44,972	+3.5	154,204	146,430	+5.3
Credit & Bonds	575	644	-10.7	20,882	21,504	-2.9
General pecuniary losses	2,619	2,802	-6.5	6,859	4,380	+56.6
Legal expenses	722	635	+13.7	750	612	+22.5
Assistance	51,077	46,644	+9.5	8,879	9,214	-3.6
Total Division – Non Motor	**280,409**	**263,419**	**+6.4**	**573,096**	**519,459**	**+10.3**
Land Motor TPL	402,960	448,114	-10.1	1,661,730	1,515,398	+9.7
Motor vehicles – other classes	120,931	109,244	+10.7	171,854	150,955	+13.8
Total Division – Motor	**523,891**	**557,358**	**-6.0**	**1,833,584**	**1,666,353**	**+10.0**
TOTAL	**804,300**	**820,777**	**-2.0**	**2,406,680**	**2,185,812**	**+10.1**

The principal technical indicators in the last four years, relating to the non-life sector, are summarised in the table below:

TECHNICAL RATIOS (%)	**2008**	**2007**
Loss ratio (*)	75.8%	71.4%
Combined ratio (**)	99.2%	93.4%
Reserve ratio (**)	169.1%	161.5%

(*) earned claims / premiums, net of reinsurance
(**) loss ratio + expense ratio + technical charges margin. For 2008 the amortisation of the long-term commissions capitalised in the previous years was deducted from the expense ratio.
(***) gross technical reserves

In relation to the Motor TPL class, the trend of the claims reported is also due to the actions taken on the multiclaim portfolio in previous years, in line with the industrial plan.
The technical performance decreased on the previous year due to the price pressures within a difficult economic scenario and to previous year claims, in which a particularly prudent reservation policy was adopted.

From March 1, 2008 a unique new motor product is available to all the sales network, created based on the joint experiences of all the insurance companies of the Fondiaria-Sai Group.
The strength of the new product - Nuova Prima Global - provides for the most complete and up-to-date coverage in terms of flexibility, content and price, as well as for the clarity of the contracts and the inclusion of the most recent regulatory developments.

From a regulatory viewpoint, in compliance with Isvap Regulation No. 2590, new regulations were introduced on merit assignment class, defined based on the number of claims with principal responsibility paid and the number of times that the "cumulative" equal responsibility for the claims paid reached at least 51%. Over the long-term period this provision will result in lower premium rises for the policyholders involved in claims with non principal responsibility.

We also report that on June 30 the "Contract for young drivers" was underwritten by ANIA, the Highway Police and the Association of Consumers. The initiative has the objective of engendering a culture of road safety within young people, through an agreement which awards responsible driving behaviour with the offer of special policies for policyholders between 18 and 26 years. Milano Assicurazioni added to the "Contract for young drivers" with their own initiative: drivers possessing a motor vehicle with a GPRS device with an accelerometre (black box) recognised by the Company, may obtain a discount on the price of the Motor TPL guarantee.

In relation to the CARD claims system, a new direct compensation procedure is in place which, in the case of road accidents resulting in non-serious injuries, permits non-responsible claimants, or those only partly responsible, to be compensated directly by their insurance company; we highlight that, from January 1, 2008, significant changes were made to the regulations for the calculation of flat rate payments. In particular, the single flat rate for the direct compensation convention was replaced by two separate flat rates, separately applied for material damage and for any personal injury to the driver.
Shortly after the start-up of the new settlement procedures, a further element was introduced, which contributes to the difference in the historical data of the management indicators and requires further caution in expressing a definitive opinion on the economic impacts deriving from the new settlement regime.

The land vehicle class recorded a positive technical result but down on 2007, due to the increased competition, which reduced profit margins and an increase in the number of claims reported, also due to the effects of adverse atmospheric events.

The other non-life classes reported a performance substantially in line with the previous year.

In relation to the distribution of contracts through the telephone and internet channel, Dialogo Assicurazioni (99.85% subsidiary of Milano Assicurazioni) undertook numerous initiatives aimed at developing and supporting the placement activities, in line with the Fondiaria-Sai Group industrial plan.

In particular, in May a new advertising campaign was launched with creative aspects different from that of the previous year. In 2008 the advertising campaign again utilised the press, radio and television, although in a selective manner. The total cost of the new campaign for the full year amounted to Euro 7 million, entirely expensed in the income statement.
At the same time, significant investments in the IT sector were carried out in order to bolster the existing structure to facilitate the development of the company.
As a result of the above-mentioned actions, total premiums written amounted to Euro 21.1 million, growth of 48.6% on Euro 14.2 million in 2007.
The contribution of Dialogo Assicurazioni to the consolidated income statement was a loss of Euro 10.6 million (loss of Euro 5.9 million in 2007), principally due to the already mentioned advertising and management costs in the period.

In relation to the contracts issued through partner banks, Systema Compagnia di Assicurazioni S.p.A. (wholly owned by Milano Assicurazioni) recorded premiums in 2008 of Euro 11.4 million, an increase of 5.5% on 2007. Relating to the individual sectors, there was a decrease in the motor premiums written (-9.9% compared to 2007) while the non motor sector recorded strong growth (+53.9%) principally due to the business from the new banking partners from the Banco Popolare di Milano Group, with whom an agreement was signed last year in the bancassurance sector.
The contribution of Systema Assicurazioni to the consolidated income statement was Euro 1.1 million (Euro 2.1 million in 2007).

Reinsurance

The premiums ceded in the non-life division amount to Euro 151.6 million (5.2% of gross premiums written), compared to Euro 95.2 million in the previous year (3.6% of gross premiums).
The higher percentage of premiums ceded in 2008 is principally due to the portfolio of Sasa Assicurazioni, with a greater percentage of Transport and Aviation insurance, which typically have high exposure levels of capital insured.
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 Group 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.

The reinsurance undertaken has not incurred significant variations compared to previous years, as it has demonstrated to be efficient in relation to the needs of the Company; despite the increased yet controlled exposure, the structures described above have allowed a progressive containment of costs in the presence of stable and adequate coverage.

Life Insurance Sector

The table below shows the breakdown of direct premiums by class as well as the percentage change compared to the previous year on a like-for-like basis (pro-forma) and therefore including Sasa Vita:

(in Euro thousands)	**31/12/2008**	**31/12/2007 Pro-forma**	**Change %**	**31/12/2007**
Insurance on human life expectancy	934,059	545,878	+71.1	492,717
Insurance relating to investment funds and market indices	129,530	296,391	-56.3	263,458
Health insurance	275	97	+183.5	97
Securitisation operations	105,737	182,662	-42.1	181,238
TOTAL	**1,169,601**	**1,025,028**	**+14.1**	**937,510**

The pro-forma increase on 2007 is principally due to the change in the consolidation method of Bipiemme Vita (50% proportional until first half year of 2007 and full consolidation thereafter, following an increase in the holding to 51% in July 2007). On a like-for-like basis, and therefore simulating the full consolidation of Bipiemme Vita also for the first half of 2007, the increase was 0.1%.

Contracts of a financial nature were also written for a value of Euro 23.9 million (of which Euro 14.1 million related to Bipiemme Vita). In accordance with IFRS 4, these contracts were recorded under the deposit accounting method, which provides for recognition in the income statement, under the account commission income, of only the profit margins.

Overall, the technical reserves amounted to Euro 5,821.8 million (Euro 5,919.3 million in 2007 on like-for-like terms).

The gross sums paid amounted to Euro 1,279.4 million (Euro 883.8 million in 2007 on like-for-like terms), an increase of 44.8%, principally due to the increase in redemptions caused by the current turbulence on the financial markets and the uncertainties on the future trend of the principal economic and financial variables.

On an indicative basis, the data relating to new premiums, determined according to the Supervision Authority, and compared at like-for-like terms, are shown below: contracts with a non-significant insurance risk are included, which are not included within the application of IFRS 4.

(in Euro thousands)	**31/12/2008**	**31/12/2007 Pro-forma**	**Change %**
Class I	687,317	341,498	+101.3
Class III	140,468	382,299	-63.3
Class IV	106	-	n.s.
Class V	64,599	164,152	-60.6
TOTAL	**892,490**	**887,949**	**+0.5**

The table illustrates the strong increase of new business in class I, which includes the traditional type products, with higher profit margins, and which engender greater loyalty among clients.

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:

(in Euro thousands)	**2008**	**2007 Pro-forma**	**Change %**
Class I	90,740	59,987	+51.3
Class III	14,228	38,257	-62.8
Class IV	106	0	n.s.
Class V	6,460	16,648	-61.2
TOTAL	**111,534**	**114,892**	**-2.9**

The table below summarises the returns from the principal Internal Separated Managements:

	2008	2007
Viva	4.22%	4.43%
Valuta Viva	4.63%	4.83%
Gepre	4.17%	4.59%
Geprecoll	5.06%	4.88%
3A	4.21%	4.51%
Sasariv	4.24%	4.23%
Bpm Gest (BPMVita)	3.21%	3.02%
Sicurgest (BPM Vita)	3.59%	4.71%

The pre-tax profit of the life sector amounted to Euro 32.2 million, compared to Euro 77.2 million in 2007. The decrease is principally due to the current crisis in the financial markets, which impacted the financial management result with the recording of net value adjustments in the income statement of Euro 43.6 million, of which Euro 18 million relating to impairment on securities classified in the financial assets available-for-sale. The higher amortisation charges of VOBA (Value of Business Acquired) relating to the Bipiemme Vita portfolio following the higher amounts of redemptions, stemming from the strong financial market turbulence and the uncertainty in the prospects of the principal economic variables also contributed to this result.

Individual Insurance

In 2008, the underwriting of individual contracts was orientated largely towards products related to the Separated Management, better regarded by the clientele in the current market turbulences of providing minimum guaranteed returns and investment protection. Commercial initiatives were also undertaken in the Index-Linked policies - the March WORLD CUP edition and the June WORLD CUP 2 edition were well received by the clientele, with very satisfactory results. In the first quarter, the new Term-Life insurance tariff DEDICATA was launched which introduced the differentiation of the policyholders according to their smoking behaviour and the marketing began in the second quarter – which was met with success - of a new revaluable constant single premium product OPEN PIU', featuring a bonus related to the loyalty of clients. In the final quarter of the year, policies with fixed yields with coverage of contractual commitments for specific activities were launched, provided through two distinct versions of the product called CERTAIN VALUE, and achieved high levels of business.

The subsidiary Bipiemme Vita continued to focus its activity on the rationalisation of the product portfolio, renewed and simplified to better meet the needs of the customers, while maintaining particular attention on the guaranteed capital and annuity policies. In relation to this, the average return in the last five years of the principal separated management funds of the Company BPM Sicurgest was 5.05%.

In relation to Lehman Brothers, on September 15, 2008, the investment bank filed for "Chapter 11" bankruptcy at the New York Bankruptcy Court. At year-end, there were no technical reserves in relation to contracts with risk borne by the policyholder concerning the financial instruments issued by Lehman Brothers.

Finally, in relation to the financial difficulties related to the Icelandic banks, we report that:

- Sasa Vita, incorporated into Milano Assicurazioni at the year-end, has the Metal Oil index-linked product in portfolio, issued on November 28, 2005 with expiry on November 28, 2011. This product has underlying financial instruments issued by Glitnir Bank hf, for a nominal value of Euro 6.5 million.

- Bipiemme Vita has the following index-linked products in portfolio:

    - *Single Best*, issued on July 26, 2005 with expiry on July 26, 2012 having, as underlying securities, financial instruments issued by Glitnir Bank hf, for a nominal value of Euro 44.6 million;
    - *Crescita Più Minimo*, issued on November 30, 2005 with expiry on November 30, 2010 having, as underlying securities, financial instruments issued by Kaupthing Bank hf, for a nominal value of Euro 59.8 million.

It is recalled that on the issue of the products the rating attributed to **Islandbanki hf** (subsequently Glitnir Bank hf) by Moody's and by Fitch were respectively A1 and A and the ratings attributable to Kaupthing Bank hf by Moody's and by Fitch were respectively A1 and A.

Currently, the ratings attributable to the above-mentioned banks by the principal agencies have worsened considerably and are as follows:

	Moody's	S&P	Fitch
Glitnir Bank hf	Caa1	CC	D
Kaupthing Bank hf	Baa3	- -	D

As previously reported, on November 24, 2008 Glitnir Banki and Kaupthing Bank were subject to a Moratorium procedure by the Reykjavik Court.

This procedure prohibits third parties from undertaking actions of any kind as creditors of the two banks, and blocks bankruptcy proceedings of the companies. During the moratorium, in addition, the two institutions are subject to restrictions on the availability of their assets and the utilisation of liquidity.

The duration of the moratorium was initially fixed until February 13, 2009 while Icelandic law permits the period to be extended for 24 months.

On the request of the Liquidation Committee of the two banks, the Court of Reykjavik approved the extension of the moratorium period until November 13, 2009.

It is understood that the reasons for the request of the Committees is the protection of the interests of the creditors, which could incur economic damage if the activities of Glitnir Banki and Kaupthing Bank were liquidated at a significantly reduced value due to the current crisis in the markets. The extension of the moratorium should therefore allow the Committees to liquidate the assets of the banks when the market conditions are more favourable.

It is recalled that during the moratorium period no formal judicial procedures may be taken against the two banks.

Therefore the information necessary to value the underlying assets of the products *Single Best* and *Crescita Più Minimo*, are not currently available and, consequently, it is not currently possible to publish the relative values.

Until the judicial and balance sheet position of Glitnir Bank and Kaupthing Bank are known, it will therefore not be possible to accept redemptions or provide information in relation to the reimbursable value matured on the above-mentioned index-linked policies.

As these policies do not guarantee minimum yields or repayment of the capital, the investment risk connected to the solvency of the issuers is contractually borne by the policyholder. The payment of the services is in fact subordinated to the capital solidity of the issuers and their repayment capacity of the underlying debt securities.
The Companies therefore wrote down the values of the assets and liabilities related to these policies, while continuing to attentively follow the situation relating to Glitnir Bank hf and Kaupthing Bank hf in order to monitor the impact on the positions of the policyholders as well as evaluate possible solutions.

Collective Insurance

During the year, the corporate segment continued its activity in the “pre-existing” pension funds with insurance management.
In consideration of the fact that the employee has the right to confer the employee leaving indemnity to a complementary pension even if he/she had initially decided to place it with the employer, we maintained contacts with our clients which, together with targeted actions on the cost structure applied on the renewal of single conventions, allowed us to achieve strong improvements quantitatively in terms of premiums written in this sector.
In relation to products connected to employee leaving indemnity (ELI VALUE), the forecasted contraction in distribution from the impact of the new regulation continued, which not only incentivises the allocation of the annual portion of the indemnity to the complementary pension, but also affects the ELI insurance coverage in businesses with at least 50 employees. The drop however has been largely contained due to the success in marketing the product to small businesses, which has allowed a good performance in this sector to be maintained.

New issues of securitisation products were also contracted, mainly in relation to institutional clients.

The risk coverage segment recorded good results in the institutional sector of insurance deriving from collective negotiations as well as from the accessory coverage typical of the Pension Funds, which reports an increased interest among subscribers to complete pension programmes with this type of coverage.

Reinsurance

The premiums ceded amounted to Euro 17.3 million compared to Euro 11.9 million in the previous year.
The reinsurance structure of the Parent Company Milano Assicurazioni is unchanged compared to 2007, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re. On the Sasa Vita portfolio, quota coverage were applied (both on commercial premiums and on risk premium) and excess coverage on the risk premium.
On the Bipiemme Vita portfolio, the reinsurance structure is principally centred on quota coverage.

Real Estate Sector

The real estate sector comprises Meridiano Eur, Meridiano Orizzonti and Campo Carlo Magno, all wholly owned by Milano Assicurazioni.

MERIDIANO EUR – Milan

In December 2008 the company acquired 3 buildings for a total price of Euro 128.2 million, utilising the liquidity deriving from a share capital increase for these acquisitions from the parent company Milano Assicurazioni. This relates to the following properties:

- property located in Milan, Via Caldera 21: a building located near the Meazza stadium, on Via Novara, in a residential and business complex. It consists of 7 floors and three underground floors. Allocated for hotel use, hosting the Hotel Brun (a 4 star hotel) with a total of 313 rooms, 2 restaurants as well as a banqueting room, a wellness centre and 14 meeting rooms and underground parking for a total of 114 vehicles, with a total surface area of 34,093 sq.m. The price agreed was Euro 64 million;
- property located in Bologna, Via Ugo Bassi 4: located in the historic centre of Bologna, in the architectural prestige of Piazza Maggiore. It consists of 7 floors and one underground floor, destined for residential, accommodation, commercial and office use, for a total surface area of 7,979 sq.m. The price agreed was Euro 46.7 million;
- property located in Rome, Via in Arcione 98: the building is located in the centre of the city, close to Piazza Barberini. It consists of 4 floors and one underground floor for office use and car parking spaces, covering a surface area of 3,219 sq.m.. The price agreed was Euro 17.5 million;

The purchase is within a larger real estate operation undertaken by the Fondiaria-Sai Group and the Generali Group. Also as part of this operation, in January 2009 Meridiano Eur acquired from Generali Group an additional building. The property is located in Milan, Via Crespi 57, near Piazzale Maciachini. It consists of an underground floor and six floors, prevalently for office use for a total surface area of 27,139 sq.m. The price agreed was Euro 55.8 million.

For all of the buildings subject to purchase/sale, expert opinions on the prices agreed were obtained.

The company also holds a share in the Common Real Estate Fund “Tikal R.E. Fund”, with a carrying value of Euro 92.7 million, deriving from the conferment to this Fund, in 2004, of the building located at Rome - Piazzale dell’Industria.

The contribution to consolidated profit in the year was Euro 2.4 million (Euro 1.7 million in 2007).

MERIDIANO ORIZZONTI – Milan

The Company owns a building in Milan, Piazza S.M. Beltrade, No. 1 for a carrying value of Euro 55.2 million. The contribution to the consolidated profit was Euro 0.4 million (Euro 0.6 million in 2007).

CAMPO CARLO MAGNO S.p.A. - Madonna di Campiglio

The Company, acquired by Milano Assicurazioni in December 2005, is owner of a hotel real estate complex at Madonna di Campiglio and of a Golf Hotel. The company signed a rental contract with Atahotels S.p.A. which provides for a fee of 20% of the net annual revenues, with a minimum guaranteed fee. The operation guarantees the company an adequate return on the division rented, in line with market values for similar operations.
The company is currently undertaking a large restructuring and modernisation project of the hotel real estate complex. A share capital increase of Euro 8 million was approved in the previous year for this project, fully subscribed and paid-in by Milano Assicurazioni and in 2008 the Company made share capital payments of Euro 6.5 million.
The net contribution to the consolidated result in 2008 was a loss of Euro 0.3 million (a loss of Euro 0.4 million in 2007).

The "Garibaldi Repubblica" real estate project

During 2008, the development of the real estate project continued relating to the "Garibaldi Repubblica" area in Milan involving Garibaldi S.c.s. and in which Milano Assicurazioni holds 47.95% of the share capital. We recall that the involvement of Milano Assicurazioni in the project arose following the agreements signed in the first half of 2005 with the American real estate group HINES, with the purpose of creating a joint venture with the Fondiaria-SAI Group – and, specifically, with Milano Assicurazioni.

Within this project, it is planned that Garibaldi s.c.s. will undertake the development of approx. 90 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. 10 thousand sq. m. for residential use and approx. 20 thousand sq. m. for exhibition use.

Also in 2008:
- the planning process of the real estate project continued;
- the executive design was further developed;
- the various sites, which have commenced, are operating on schedule.

The net result in 2008 of the company Garibaldi was a loss of Euro 0.8 million, with a net equity deficit of Euro 4 million. These results, attributable to the financial component, are related to the start-up phase of the initiative, also due to the fact that the project is largely financed by loans provided by the shareholders.

Within this project, the total funding commitment is expected at approx. Euro 117 million. The loans provided to the company Garibaldi by Milano Assicurazioni amounted to Euro 31.1 million at December 31, 2008.

Other Sectors

The diversified activities sector includes the companies SOGEINT and PRONTO ASSISTANCE SERVIZI, acquired during the year.

SOGEINT (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At December 31, 2008, the company had 43 employees and 23 agencies. The company recorded a breakeven result in 2008.

PRONTO ASSISTANCE SERVIZI (Milano Assicurazioni holding of 54.51%) provides guarantees in the assistance class present in the insurance contracts marketed by the group companies. The result in 2008 was a profit of Euro 1.5 million.

Asset and financial management

In relation to the bond markets, the year 2008 can be divided into two parts, which saw a major shift during the summer period.

In the first six months of the year, the bond markets suffered heavily due to inflationary fears, primarily due to high levels of price growth in raw materials and by the weakening of the Dollar - the reference currency for oil and commodities.
This scenario, which in fact led the ECB to increase interest rates to 4.25% in July, changed drastically in a deep and worrying global recession which forced all the Central Banks to cut interest rates sharply and the National Governments to quickly implement neo-Keynesian fiscal stimulus policies.

The credit crunch following the global financial crisis, originating from the American real estate crisis which spread across the world due to the high debt levels of American households, brought prestigious financial institutions such as Lehman Brothers to their knees, which went bankrupt in September, and also the disappearance of others such as Merrill Lynch, which was acquired by Bank of America.

In the face of the deteriorating financial situation and the consequent effect on economic growth, with the worst global crisis since the Second World War, the Fed and ECB repeatedly cut interest rates, which at the end of 2008 were 0.25% and 2.5% respectively and, similarly, the other principal Monetary Authorities across the world implemented strong monetary expansion policies to confront the contraction in credit, arising from the growing crisis in confidence.

National Governments implemented fiscal stimulus policies, aimed at sustaining internal demand and public investments, to offset the reduction in private consumption. This therefore results in the risk of growing public debt in the medium term period, with greater concerns for those states with higher debt, while the excessive expansion monetary policies could give rise to new rounds of inflation.

The expansive monetary and fiscal policies are however necessary to counter the recession and to lay the foundations, during 2009 and more probably 2010, for the seeds for new growth, based less on leverage and on finance and more centred on real activity and financial equilibrium.
Obviously the price of bonds benefited from the “fly to quality” and the fact that, since the summer, interest rates lowered significantly, in particular the short-term maturities.
In this scenario, the financial management of the parent company undertook, through a close analysis of the macroeconomic issues, a careful and targeted approach to increasing the total Corporate component, indicated as the asset class which best satisfies the diverse needs of the Portfolios.
In particular, the Corporate component, which increased principally in the Life Portfolios in consideration of the trade off between risk and additional yield at parity of duration compared to the other investment categories, reported constant growth throughout the year, from a particularly low share even in comparison to the competition, to a more balanced level based

on the profitability of the single separated management in comparison to the insurance system.

The choice to lengthen the duration of some Life Portfolios, taking also into consideration the requirements of Asset Liability Management, permitted an ordinary return above that recorded in 2007. The Corporate equities component, as expected, also contributes to this result which through a careful selection policy on the quality of the issuer and the average maturity provided significant yields.

In the Non-Life Division, the profitability of the portfolio decreased on 2007 due to the significant presence of variable rates, whose yields are related to the performance of markets, which is in a negative cycle.
The decrease in the yield of securities at variable interest rates was in part offset by the strong presence of short-term fixed rates which performed better than the long-term fixed rates in that the increase of the risk premium related to the global financial crisis caused a strong increase in the yield curve, in particular in those with short-term maturities up to 3 years, which is seen as a secure approach toward liquidity in a time of great uncertainty.

In relation to the equity markets, in 2008 there was a significant drop in share prices with average losses of around 40% which hit all sectors, but principally the financial, industrial and cyclical sectors.
In the first part of the year, the market was particularly impacted by macroeconomic issues, initially by inflationary worries and thereafter strong concern for the crisis in the real economy. This caused global share prices to fall heavily in the first half-year.
The downward trend since the beginning of the year continued into the second half of the year, with October probably one of the worst months on record for international stock markets.

In Europe, the losses were significant, from 44% on the Eurostoxx50 to 49% on the S&P MIB. The US stock exchanges also performed poorly, which as well as hitting the financial sector, also hit the most resistant sectors traditionally – such as primary goods and utilities. The Japanese market was also negative, with the slowdown in the global economy and the revaluation of the yen having a serious impact on the motor sector.

In relation to the non strategic equity portfolio, the activities saw a reduction in the percentage holding of equity, undertaken at the beginning of January, and the shift from sectors more closely related to the economic cycle and to the financial crisis towards more defensive sectors. Since the beginning of the year, the best sector choice was particularly the underweight of financial securities.
Considering the continued uncertainties on the markets, it was decided to seek benefits from the high levels of volatility through a strategic management policy of investments, also through the sale of call options on securities in portfolio, thus supporting ordinary yields of separated management; these operations related to approx. 15/20% of the portfolio.

In relation to the strategic portfolio, in the second half of 2008 the partial release from favourable hedges in previous years and the simultaneous reduction of underlying securities was carried out.
Currently the overall view on Equity still remains prudent in the short-term period given the recent downward trend and the strongly negative outlook of investors, but with a view to the progressive increase of investments in the medium-long term period.

Relating to BPM Vita, the financial management is concentrated largely in the bond segment: the percentage of the bonds in the class C portfolio is equal to 98.2% of the total investments, with a large majority having high credit ratings: 95.99% of the above-mentioned investments have a Moody’s rating above or equal to A3.

The principal investment methods utilised are summarised as follows:

- “Free Capital”: the portfolio is balanced between equity, medium-long term bonds and monetary market instruments and has the objective to maximise the return with contained volatility. The investment is made only in securities denominated in Euro; the exposure in equity can vary between 0 and 10%; exposure in bonds can vary between a minimum of 90% and a maximum of 100% of the portfolio, and the duration of the entire portfolio can range from 6 months to 3 years;
- BPM Gest Lire: For the total of the portfolio, the management is balanced between medium-long term bonds, shares and money market instruments, with the objective to create value for the portfolio and generate income flows which permit the realisation of guaranteed average returns, maintaining a duration in line with the liability; the maximum exposure for the equity component is 10%;
- BPM Gest valute: The management is aimed at the creation of value for the portfolio and to generate income flows which permit a guaranteed average return, maintaining a duration in line with the liability; the portfolio is invested 100% in bond securities and money market instruments;
- BPM SICURGEST - For the equity component, a dynamic management is utilised, with a time horizon of 12 months, which results in a balanced exposure of shares in the Euro area between zero and a maximum of 15% of the portfolio. For the bond component, the management has the objective to create value for the portfolio and generate income flows which permit the maximisation of the average return, with a duration correlated to the liability; the exposure in bonds and money market instruments in the Euro zone may vary between a minimum of 80% and a maximum of 100% of the portfolio;
- BPM CONSOLIDA - The management has the objective to create value for the portfolio and generate constant income flow which permits a positive net return each month. The portfolio is principally invested in medium-long term bond securities and money market instruments in the Euro zone and government issuers; the exposure to the equity market is a maximum of 10% of the portfolio.
- UNIT LINKED Products: the Asset Allocation of the previous year was maintained taking into account the subscription of new funds.

The securities portfolio relating to the Separated Management and the Free Capital was undertaken by Bipiemme Gestioni SGR, while the unit-linked products are undertaken through a consultancy contract with BPM Gestioni SGR.

The investments at December 31, 2008 compared to the previous year are shown below.
The table also shows the tangible fixed assets, for the significant presence of the real estate component for direct use, as well as the liquidity, which is important for the correct structure of the balance sheet for an insurance group.

(in Euro thousands)	**31/12/2008**	**31/12/2007 Pro-forma**	**Change %**	**31/12/2007**
INVESTMENTS				
Investment property	561,055	399,536	+40.4	388,425
Investments in subsidiaries, associates and joint ventures	282,457	276,468	+2.2	12,787
Investments held to maturity	174,946	-	n.s.	-
Loans and receivables	273,159	148,345	+84.1	145,187
Financial assets available-for-sale	9,240,074	10,277,061	-10.1	9,417,289
Financial assets at fair value through profit or loss	2,031,139	2,967,977	-31.6	2,836,966
Total investments	**12,562,830**	**14,069,387**	**-10.7**	**12,800,654**
Tangible fixed assets: buildings and other fixed assets	175,585	198,564	-11.6	183,267
Total non-current assets	**12,738,415**	**14,267,951**	**-10.7**	**12,983,921**
Cash and cash equivalents	220,824	197,789	+11.6	164,564
Total non-current assets and cash and cash equivalents	**12,959,239**	**14,465,740**	**-10.4**	**13,148,485**

Investment property

The increase in the investment property principally relates to the sale-purchase operations made at the end of the year with companies of the Generali Group.

The operation in question relates primarily to the sale to the companies of the Generali Group of a property complex, as described in more detail elsewhere and the successive acquisition by Fondiaria-SAI and Milano Assicurazioni through the 100% subsidiary Meridiano Eur S.r.l., of various property complexes, belonging to the Generali Group, as described in greater detail elsewhere.

The building located at Via Broletto 44/46 Milan was sold to the Generali Group by Milano Assicurazioni: relates to an entire building, comprising six floors with frontal access from via Broletto 44/46, and a second adjacent building, on the corner of via del Lauro, this latter part of the building has separate origins from number 9 and has two floor levels, allocated for office, shops, banks and parking space use for a total surface area of 9,005 sq.m.. The sales price of Euro 64 million resulted in a gain of Euro 41.2 million.

The overall operation resulted in the purchase, through Meridiano Eur, of various building complexes, and in particular:

- Property located in Milan, Via Caldera 21: a building located near the Meazza stadium, on Via Novara, in a residential and business complex. It consists of 7 floors and three underground floors. Allocated for hotel use, hosting the Hotel Brun (a 4 star hotel) with a total of 313 rooms, 2 restaurants as well as a banqueting room, a wellness centre and 14 meeting rooms and underground parking for a total of 114 vehicles, with a total surface area of 34,093 sq.m. The price agreed was Euro 64,000,000.
- Property located in Bologna, Via Ugo Bassi 4: located in the historic centre of Bologna, in the architectural prestige of Piazza Maggiore. It consists of 7 floors and one underground floor, destined for residential, accommodation, commercial and office use, for a total surface area of 7,979 sq.m. The price agreed was Euro 46,700,000.
- Property located in Rome, Via in Arcione 98: the building is located in the centre of the city, close to Piazza Barberini. It consists of 4 floors and one underground floor for office use and car parking spaces, covering a surface area of 3,219 sq.m.. The price agreed was Euro 17,500,000.
- Property located in Milan, Via Crespi 57: a property located in the north zone of Milan, near Piazzale Maciachini. It consists of an underground floor and six floors, prevalently for office use for a total surface area of 27,139 sq.m. The price agreed was Euro 55,800,000.

The purchase of the building in Milan, Via Crespi, took place in January 2009.

In relation to the operations stated above the pre-emptive right was not exercised by those possessing such right.

For all of the buildings subject to purchase/sale, expert opinions on the prices agreed were obtained.

Investments in subsidiaries, associates and joint ventures

The account Investments in subsidiaries, associated companies and joint ventures refers for Euro 253.6 million to the net equity valuation of the investment, equal to 39.03%, in Immobiliare Lombarda. This account also includes Euro 12.8 million relating to the 49% investment in the company “Valore Immobiliare S.r.l.”. In fact, the Fondiaria-Sai Group, through Milano Assicurazioni, and the Generali Group in December 2008 incorporated, with equal shareholdings of 49%, a new corporate vehicle called Value Immobiliare S.r.l. which purchased property from the company A7 S.r.l., incorporated in turn in equal shareholdings between Immobiliare Lombarda, Generali Properties, Alleanza Assicurazioni, Barclays and IM.CO. – as an acquisition vehicle, in December 2005, by the property portfolio of Alleanza Assicurazioni.

The company A7 in fact, in order to fulfil its economic objectives and in the time period for the sale of its property portfolio, stated the intention to sell in block all unsold properties.

The above-mentioned vehicle company purchased three buildings – located in Milan, Piazza Firenze No. 6 – Via Caracciolo No. 16 and Via Cagliero No. 3 and in Rozzano (MI), Via Montepenice No. 6-8-10 – at a total price of Euro 25,200,000, which was confirmed by expert opinions.

Investments held to maturity

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

Available-for-sale financial assets and Financial assets valued at fair value through profit or loss

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

(in Euro thousands)	**31/12/2008**	**31/12/2007 Pro-forma**	**Change %**	**31/12/2007**
Financial assets available-for-sale	**9,240,074**	**10,277,061**	**-10.1**	**9,417,289**
Equity securities and investment funds	1,198,904	1,913,147	-37.3	1,943,881
Debt securities	8,041,170	8,363,914	-3.9	7,473,408
Financial assets at fair value through profit or loss	**2,031,139**	**2,967,977**	**-31.6**	**2,836,966**
Equity securities and investment funds	563,139	946,353	-40.5	938,664
Debt securities	1,435,471	1,996,495	-28.1	1,877,744
Other financial investments	32,529	25,129	+29.4	20,558

Financial assets available-for-sale

This includes 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 reduction compared to the previous year is principally due to the adjustments to the carrying value of market prices.

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

For the corporate bonds with subordination clauses the fair value was determined using alternative valuation models, developed internally on the basis of parameters commonly utilised by the operators, taking into account that the relative trading markets do not express, at the end of the year for trading volumes and reliability, sufficiently reliable prices.

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, net of the shadow accounting and fiscal effect, amounts to Euro 281.5 million.

Impairment on available-for-sale financial assets

In relation to the recording of losses for the reduction in value, we report that paragraph 59 of IAS 39 lists indicators of a possible reduction in qualitative factors such as:
- significant financial difficulties of the issuer;
- non contractual compliance or non payment of interest or capital;
- the risk of commencement or the commencement of receivership of the issuer;
- the elimination of an active market for the financial assets subject to valuation;
- data which indicates the existence of a significant decrease in the future financial cash flows estimated for a group of financial assets, including:
  - unfavourable changes in the payments of the beneficiaries in the group;
  - local or national economic conditions which are related to the non compliance of the activities within the group.

Paragraph 61 of IAS 39 also states that the reduction of value of an instrument represented by capital includes information on important changes with an adverse effect on the technological, market, economic or legal environment in which the issuer operates.

Finally, paragraph 61 of IAS 39 also defines impairment as a prolonged or significant reduction in market value of an equity instrument below original purchase cost.

And therefore, it is noted that:
- the IAS/IFRS standards are "principle based" and therefore application is subject to reasonable and prudent choices by the enterprise;
- there are no official interpretations by the Iasb board on the subject;
- in particular there are no quantitative regulations or "mechanisms" to determine the notion of "significant or prolonged" as cited above;
- the only certain principle, which becomes a clear applicable regulation, is that in the presence of clear impairment, the entire negative reserve recorded under net equity must be fully recorded in the income statement.

Therefore for the purposes of the recording of the reduction of value, the Group has defined as prolonged and significant a reduction of fair value defined alternatively as follows:
1. a reduction of the market value of at least 20% for a continued period of one year;
2. a reduction of the market value of 80% at the reporting date of the accounts;
3. a reduction of the market value for a continual period of two years.

The above thresholds cover the exceptional nature of the financial market crisis, which induces a normal recovery. It is also recalled that the recording of a loss in value requires, although in the presence of exceeding one of the above-mentioned thresholds, a further analysis which considers, in addition to the reduction of value, all other qualitative factors.
In this context, it is therefore considered appropriate to take into account, for the purposes of the effective reduction in value of the AFS assets, also factors of a qualitative or fundamental nature which cannot be treated automatically. This presumes that the current price of a share is the best forecast of the current value of the future price in an efficient market, but not in a

turbulent market such as the current market which reports extraordinary daily variations compared to the historic trend.

In relation to the investments which report a significant decrease in fair value (generally between 20% and 80% and therefore not within the tests described above), the analysis of the existence of an impairment was made on the basis of a mixed valuation approach, differentiated by the quality and the size of the holding.
In particular:

1. Strategy and/or significant investments (in terms of carrying value and losses) such as:
    - Fondiaria-Sai
    - Assicurazioni Generali;
    - Monte dei Paschi di Siena;
    - RCS Mediagroup;
    - Unicredit;

    Although there is no impairment under the automatic test policies as described above and without qualitative impairment factors, they were subject to analytical valuations, carried out internally and with the assistance of independent experts. With the exception of RCS Mediagroup (as further described below), this analysis illustrated a value in use of the investments generally above the book value, therefore confirming the recording of the difference between the same and the market value of the AFS reserve, not relating therefore to an impairment. This analysis, based on methods commonly utilised by the operators, took account of the published information (annual/interim accounts, industrial plans, presentation of data to the financial community, reports of financial analysts), subject to a desk review procedure.

2. Other investments: given their fragmentation and the lower amount of the related losses, an impairment test was only made in the presence of one of the qualitative factors as per paragraphs 59 and 61 of IAS 39, confirmed by further analytical evaluations.

In relation to the debt financial instruments, there is evidence of impairment if only one of the qualitative factors exists of the above-mentioned paragraph 59. For the debt securities with a significant reduction in fair value at the date of the preparation of the financial statements the same criteria was adopted as described above, taking into account that any analytical valuations carried out are principally based on the probability of default of the issuer.

Based on the methods described above, the reduction in value for impairment relating to the AFS assets amounts to Euro 56 million and are summarised in the following table:
(in Euro millions)

Investment in RCS Mediagroup	33.7
Other equity investments	17.0
Bonds	5.3
Total	56.0

The investment in RCS Mediagroup was written down to the stock market value at the end of the year recording in the income statement the adjustment in 2008 and the entire negative AFS reserve existing at the beginning of the year, as required by paragraph 68 of Ias 39.

Financial assets at fair value through profit or loss

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 year, with allocation of the difference with the carrying value to the income statement. The reduction compared to the previous year is due, in addition to the above-mentioned adjustment to the current market prices, to the transfer made to the available-for-sale category.

The broadness, depth and exceptional nature of the crisis involving all the main financial markets have led the principal world Standard Setters to issue accounting amendments in order to avoid the application of rigid accounting standards to the current market context distorting asset values and the income capacity of the enterprises.

In this context IASB (International Accounting Standard Board) issued, in October 2008, an amendment to IAS 39 (Financial instruments: recognition and measurement) and to IFRS 7 (Financial instruments: disclosures) which permitted, among others, possible transfer, at the prices of July 1, 2008, of some types of financial instruments from the fair value through profit and loss category to the other investment categories, with a consequent different impact on the relative valuations.

In this regulatory context, the Milano Assicurazioni Group transferred from the category fair value through profit and loss to the category available-for-sale financial instruments Euro 520 million, of which Euro 94.8 million relating to equity securities and Euro 425.2 million to debt securities.

The relative adjustments to the market prices for the part relating to the second half of 2008, equal to Euro 57.4 million, were therefore recorded under equity rather than as an income statement expense. However, taking into account the different impact of the shadow accounting, or rather the portion of these adjustments borne by the life policyholders, and the relative fiscal charge, the effective net benefit to the income statement is Euro 30.6 million.

Income from financial instruments and property investments

The key results of the financial and real estate activities for the last two years are shown below:

(in Euro thousands)	**31/12/2008**	**31/12/2007 pro-forma**	**Changes %**	**31/12/2007**
Net income from financial instruments recorded at fair value through profit or loss	33,885	1,634	n.s.	3,545
Income from subsidiary and associated companies and joint ventures	528	1,005	-47.5	1,005
Income from other financial instruments and property investments of which:	*537,064*	*504,201*	*+6.5*	*480,018*
Interest income	359,762	326,096	+10.3	303,547
Other income	94,410	74,854	+26.1	74,395
Profits realised	82,892	103,251	-19.7	102,076
Valuation gains	-	-	-	-
Total income	**571,477**	**506,840**	**+12.8**	**484,568**
Charges from investments in subsidiaries, associates and joint ventures	148	146	+1.4	146
Charges from other financial instruments and property investments of which:	*181,571*	*85,925*	*+111.3*	*81,422*
Interest expense	19,473	20,365	-4.4	17,449
Other charges	9,166	8,587	+6.7	8,180
Losses realised	87,103	46,586	+87.0	45,572
Valuation losses	65,829	10,387	+533.8	10,221
Total charges	**181,719**	**86,071**	**+111.1**	**81,568**
TOTAL NET INCOME	**389,758**	**420,769**	**-7.4**	**403,000**

Financial instruments issued by Lehman Brothers

As widely reported, Lehman Brothers Holdings Inc. filed for “Chapter 11” bankruptcy on 15/9/2008 at the New York Bankruptcy Court.
The “Chapter 11”procedure, also known as the reorganisation procedure, 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.
Similar administration procedures - in accordance with current national legislation where Lehman Brothers operates - were undertaken for locally registered companies.

The bond securities issued by Lehman Brothers were valued at 20% of the reimbursable value and therefore based on prudent indications and information currently available in relation to the presumable recovery rate. The total value adjustment in the income statement was Euro 14.3 million, of which Euro 2.9 million relating to securities classified under financial assets available-for-sale and Euro 11.4 million financial instruments recorded in the category fair value through profit and loss (including Euro 1.3 million relating to the total write-down of the carrying value of a derivative financial instrument).

Bernard Madoff

At the end of 2008, the collapse of hedge funds valued at USD 50 billion managed by Bernie Madoff also affected the European market.

In this regard, Milano Assicurazioni and its subsidiaries does not hold in portfolio any investments, directly or indirectly, as issuer, guarantor or underlying funds, related to Bernard L. Madoff and to Bernard L. Madoff Investment Securities LLC.

Icelandic Banks

In relation to the financial difficulties recently concerning some Icelandic banking institutions, reference should be made to the information provided in the life sector.

Treasury shares and shares of holding companies

At December 31, 2008, the parent company Milano Assicurazioni held treasury shares of the direct parent company Fondiaria-SAI and of the indirect parent company Premafin as shown in the table below:

(in Euro thousands)	**Number**	**Amount**
Treasury shares	6,764,860	31,353
Fondiaria-SAI shares	8,382,557	108,390
Premafin shares	9,157,710	11,356
TOTAL		**151,099**

In 2008, 3,345,000 treasury shares were purchased for an amount of Euro 11.8 million. The purchases were made on the market in accordance with the procedures established by the Shareholders' Meeting Resolutions.

Fondiaria-Sai Group corporate/industrial restructuring project

The Board of Directors' meeting of January 30, 2008 of Milano Assicurazioni reviewed and approved the guidelines for an industrial/corporate reorganisation of the FONDIARIA-SAI Group relating to the activities of some insurance companies belonging to the Group and the real estate assets managed by Immobiliare Lombarda, in which Milano Assicurazioni holds 11.15% of the share capital.

In particular, a project was begun, among others and in the direct interest of Milano Assicurazioni, involving a restructuring of the non-listed companies of the Fondiaria-Sai Group that have a direct commercial presence on the market, concentrating the activities undertaken by SASA Assicurazioni e Riassicurazioni S.p.A., SASA Vita S.p.A. and Liguria Assicurazioni into Milano Assicurazioni through the merger/conferment of these companies.

Specifically, the project provides:

1. The merger by incorporation into Milano Assicurazioni of SASA, held 99.9% by Fondiaria-SAI, and of Sasa Vita, held 50% by Sasa and the residual 50% by Fondiaria-Sai;

2. A share capital increase of Milano Assicurazioni with exclusion of the pre-emption right,

in accordance with article 2441 of the civil code, fourth paragraph, reserved to the parent company Fondiaria-SAI, to be paid through conferment in kind of the entire holding held by this latter in Liguria, equal to 99.97% of the share capital;

3. A share capital increase of Milano Assicurazioni with exclusion of the pre-emption right, in accordance with article 2441 of the civil code, fourth paragraph, for the parent company Fondiaria-Sai, to be paid through conferment in kind of the investments held by Fondiaria-Sai in excess of the 51% of the direct share capital held in Immobiliare Lombarda.

The above operations were approved by the Board of Directors of the companies concerned, on April 23, on the basis of the financial statements as at December 31, 2007 and approved by the relative extraordinary shareholders' meetings on October 8, 2008.

Isvap authorised the merger by incorporation into Milano Assicurazioni of SASA and SASA Vita and the purchase by Milano Assicurazioni of control of Liguria and Liguria Vita, as well as all of the by-law amendments following the share capital increase.

The Shareholders' Meeting of Milano Assicurazioni, held on October 8, 2008 resolved:

1) a paid-in share capital increase, without pre-emptive rights:
- for a nominal value of Euro 13,151,493.16 through the issue of 25,291,333 ordinary shares of a nominal value of Euro 0.52 each, with a total share premium of Euro 137,901,231.84, reserved to Fondiaria-Sai S.p.A., to be paid through conferment in kind of 22,992,121 Liguria shares held, equal to 99.97% of the share capital;
- for a nominal value of Euro 17,503,268.64 through the issue of 33,660,132 ordinary shares of a nominal value of Euro 0.52 each, with a total share premium of Euro 154,872,652.36, reserved to Fondiaria-Sai S.p.A., to be paid through conferment in kind of 1,144,444.487 Immobiliare Lombarda S.p.A. shares held, equal to 27.88% of the share capital;

2) approval of the merger by incorporation of Sasa and Sasa Vita into Milano Assicurazioni, through cancellation without share swap of all the shares of Sasa Vita held by Sasa and the share capital increase of Milano Assicurazioni for Euro 23,979,115.68, through the issue of 46,113,684 ordinary shares of a nominal value of Euro 0.52 each to be assigned to the shareholders of Sasa (99.99% subsidiary of Fondiaria-Sai) and to the only shareholder of Sasa Vita other than Sasa, that is Fondiaria-SAI.

The merger was also approved, on the same date, by the shareholders' meetings of Sasa and Sasa Vita.

The conferment deeds of the above-mentioned investments were signed on October 30, 2008. The merger deed was signed on December 16, 2008. All of the agreements have legal effect from December 31, 2008.
The operations of the companies incorporated were recorded in the accounts of Milano Assicurazioni as of January 1, 2008 in accordance with the provisions of article 2504, paragraph 3, of the civil code. The fiscal effects are effective as of the same date.

The industrial advantages which these operations will create are as follows:

- Rationalise the commercial presence of the entire Group in the market, in view of the numerous acquisitions made in recent years and the increased level of competition in the marketplace, also due to regulatory amendments introduced, with the final objective to more efficiently achieve the strategy of creation of value which will permit growth in the coming years;
- Identify a specific mission for the two listed companies:
  - Fondiaria-SAI, as insurance parent company, with strategic and operational functions of the networks which belong to the two historic brands Fondiaria and SAI;
  - Milano Assicurazioni, as holder of the assets from the strong acquisition expansion realised by the Group in recent years.

Within Milano Assicurazioni, there will be an even greater concentration of the coordination of the brands of the distribution networks of non-listed companies, with a direct commercial presence on the market in order to combine:
- The benefits deriving from the synergies/optimisation of the costs expected from the merger of Sasa and Sasa Vita and from the conferment of Liguria. With regard to Liguria, a conferment is preferable to a merger, due also to the conditions contained in the purchase contract of this latter by Fondiaria-Sai agreed around two years ago;
- The competitive/organisational benefits from the application of Sasa and Liguria of the know-how within Milano Assicurazioni in valuing the agency networks of the Group connected to matters in terms of brand and/or agency mandate and/or territorial presence;
- The maintaining of the commercial identity of the company subject to merger/conferment and of the appropriate autonomous operations in order to preserve the typical flexible approaches to the markets which characterises these companies and which has permitted a loyal agency network and achievement of excellent results in terms of premium growth.

From a financial viewpoint, the operation permits Milano Assicurazioni to undertake the following additional opportunities:
- Significant increase in the capitalisation of Milano Assicurazioni following the merger/conferment, with consequent improvement in the liquidity of the share and the re-rating of the share within the Midex;
- Increase of the consolidated premiums written by Milano Assicurazioni of approx. Euro 700 million without any financial investment by the Company and shareholders.

The operations relating to Sasa, Sasa Vita and Liguria therefore took place with the integration of the further conferment into Milano Assicurazioni of the direct investments held by Fondiaria-SAI in Immobiliare Lombarda in excess of 51% of the share capital. The realisation of this operation, as well as the objective of delisting Immobiliare Lombarda on the successful outcome of the Public Purchase and Exchange Offer proposed by Fondaria-Sai on the shares of Immobiliare Lombarda, permits the Fondiaria-Sai Group to achieve greater efficiency compared to the current situation in the internal allocation of capital and of the risks and returns of the three principal business areas of Immobiliare Lombarda: *facility management, property management and project development.*

We recall that, on the completion of the Purchase and Exchange Offer, concluded on April 17, 2008, the holding in Immobiliare Lombarda subject to conferment amounted to 27.88%.

The Board of Directors' meeting of Milano Assicurazioni on February 26, 2008 appointed Morgan Stanley and Credit Suisse as advisors to the Company for the operation, in order to undertake an evaluation of the share swap ratio of the merger by incorporation of Sasa and Sasa Vita into Milano Assicurazioni and the value of Liguria and of Immobiliare Lombarda for the conferment to Milano Assicurazioni, by Fondiaria-Sai, of investments in Liguria and Immobiliare Lombarda, in accordance with the project described previously.

In particular, the company Morgan Stanley was appointed on the proposal of the independent directors and during the assignment the advisor chosen by them met with the management and the advisor and discussed in detail the activities undertaken. This activity was undertaken in order to guarantee not only adequate and complete information, which could have been undertaken by only one advisor, but in particular so that the independent directors, in the interests of the Company and in accordance with best market practices, may have a detailed exchange of opinion with their chosen advisor, including during the preparation of the opinion.

In accordance with the operations contained in the merger project and from December 31, 2008, the by-laws of the incorporating company report the share capital up to the amount of the increase which was made as a consequence of the execution of the two above-mentioned share capital increases of Milano Assicurazioni, in accordance with article 2441, paragraph 4, of the civil code, reserved to Fondiaria-SAI, to be paid through conferment in kind of the investments in Liguria and Immobiliare Lombarda.

In relation to the ordinary shares of Milano Assicurazioni issued for the share swap, they have the same rights as the ordinary shares outstanding at the effective date of the merger.
The merger equity value for all of participating companies was that recorded in the financial statements as at December 31, 2007.

The merger resulted in the cancellation without share swap of the ordinary shares of Sasa Vita held by Sasa as well as the cancellation without share swap of the ordinary shares of Sasa and Sasa Vita held by Milano Assicurazioni, and also for any treasury shares held by the companies incorporated.
The Milano Assicurazioni Board of Directors' meeting of April 23, 2008 decided to share the results of the advisors Morgan Stanley and Credit Suisse and in particular the conclusions in relation to:

(i) the range of the share swap ratios between the shares of Milano Assicurazioni and Sasa and Sasa Vita shares, expressing therefore a favourable opinion on the following share swap ratio:
    - 0.82 ordinary shares of Milano Assicurazioni for every Sasa share;
    - 0.42 ordinary shares of Milano Assicurazioni for every Sasa Vita share,

which are within the ranges presented by the advisors;

(ii) the identification of the number of newly issued ordinary shares of Milano Assicurazioni for the conferment operation, in particular:
   - 25,291,333 Milano Assicurazioni ordinary shares for the conferment in kind of 22,992,121 Liguria shares (corresponding to 99.97% of the share capital);
   - 33,660,132 Milano Assicurazioni ordinary shares for the conferment in kind of 1,144,444,487 Immobiliare Lombarda shares (corresponding to 27.88% of the share capital),

which are within the ranges presented by the advisors.

The share swap relating to the merger results in a share capital increase of Milano Assicurazioni for the merger of Euro 23,979,115.68.

The number, as reported above, of newly issued ordinary shares of Milano Assicurazioni for the conferment operation resulted in:

- A share capital increase of Milano Assicurazioni, without the pre-emption rights, to be paid through the conferment by Fondiaria-Sai of the above-mentioned investment in Liguria, for a nominal amount of Euro 13,151,493.16, in addition to a total share premium of Euro 137,901,231.84, and thus for a total amount of Euro 151,052,725;
- A share capital increase of Milano Assicurazioni, without the pre-emption rights, to be paid through the conferment by Fondiaria-Sai of the above-mentioned investment in Immobiliare Lombarda, for a nominal amount of Euro 17,503,268.64, in addition to a total share premium of Euro 154,872,652.36, and thus for a total amount of Euro 172,375,921.

The Board of Directors of Sasa and Sasa Vita on April 23, 2008 decided to share the results of the advisors KPMG Advisory S.p.A. and Mediobanca (chosen by Fondiaria-Sai for its subsidiaries Sasa and Sasa Vita) and, in particular, the conclusions made by these in relation to the estimate of the share swap ratios between the shares of Milano Assicurazioni and Sasa and Sasa Vita, expressing a favourable opinion of the following share swap ratios:

- 0.82 ordinary shares of Milano Assicurazioni for every Sasa share;

- 0.42 ordinary shares of Milano Assicurazioni for every Sasa Vita share,

which are included in the ranges presented by the advisors and corresponding to the central values from the application of the principal methods as set out by KPMG Advisory S.p.A.

All the valuations were communicated to the market on April 23, 2008.

Milano Assicurazioni, Sasa and Sasa Vita, in the persons of their respective legal representatives, through the Milan Court requested the appointment of a common expert pursuant to article 2501 of the civil code for the preparation of the fairness report of the share swap as well as, where necessary, the appointment of an expert for the preparation of the estimate of the assets of the company incorporated as per article 2343 of the civil code in relation to the share capital increase for the share swap.

The Court of Milan appointed Reconta Ernst & Young as expert in accordance with both regulations above.

The Milan Court also appointed Reconta Ernst & Young as experts to prepare the sworn estimate of the investments conferred pursuant to articles 2440 and 2343 of the civil code.

Finally, in accordance with the combined provisions of article 2441, paragraph 6, of the civil code and article 158, paragraph 1, of Legislative Decree No. 58/98, the audit company Deloitte & Touche S.p.A. provided an opinion on the appropriateness of the issue price of the new shares of Milano Assicurazioni for the above-mentioned conferment.

Other Information

Stock option plans on shares of the parent company fondiaria-sai

On July 14, 2006, the Board of Directors of Fondiaria-Sai approved the assignment of options of the Fondiaria-Sai 2006-2011 stock option plan for executive directors and management of Fondiaria-Sai, of its subsidiaries and of the parent company for the purchase of Fondiaria-SAI saving shares.

The assignment by the Board is an execution of the Extraordinary Shareholders' Meeting's resolution of Fondiaria-Sai of April 28, 2006.

The subscription price for the shares was determined by the Board, applying the determination criteria of the subscription price decided by the Shareholders' Meeting of Euro 21.546 per share equal to the average arithmetic reference price of the savings share of Fondiaria-Sai recorded on the market in the preceding thirty days to the assignment date of the rights.

The modifications made to the regulations of the plan by the Board of Directors of Fondiaria-SAI on June 20, 2007 do not permit the options to be exercised before the expiry of the vesting period, in accordance with the following procedure:
- 40% of the options are exercisable from July 14, 2007 (12 months from the assignment date);
- 30% of the options may not be exercised within 24 months of the assignment date;
- 30% of the options may not be exercised within 36 months of the assignment date.

On the expiry of the vesting period, the beneficiaries may alternatively:
- maintain the options until their maturity;
- exercise the options, subscribing to the shares and maintaining them in portfolio;
- exercise the options, subscribing to the shares and selling them on the market.

The exercise of the options is subject to the reaching of the principal objectives in the 2006-2008 industrial plan of the Fondiaria-SAI Group.
In any case, the options not exercised within 5 years from the date of the Shareholders' Meeting are automatically void.

In this context, the stock options assigned to the executive directors and to senior management of Milano Assicurazioni amounted to 2,637,920, for a total value estimated of Euro 7.3 million to be recorded over the vesting periods of the various tranches. The 2008 income statement includes a cost of Euro 1.5 million. The total amount recorded in the income statement from the approval of the plan at December 31, 2008 amounts to Euro 6.8 million.

Litigation

At December 31, 2008, there were 28,469 claims open, of which 20,094 related to the Motor TPL class. During the year, 13,899 cases were defined, of which 11,847 relating to the Motor TPL class.

The disputes from civil cases brought by policyholders which requested a partial repayment of the Motor TPL premium for alleged anti-competitive activities which were allegedly undertaken, together with the other principal insurance Companies in the insurance sector, in the Motor TPL class, continues to rise, although at notably reduced levels.

There was a decrease with the entry into force of Legislative Decree No. 18 of February 8, 2003, converted into Law No. 63 of April 7, 2003, which subjected this type of litigation to the rules of legal process, and to the sentence No. 2207/05 of the Cassation Court, according to which these cases should be brought before the Appeals Court and not the Justice of the Peace, pursuant to article 33 of Law 287/1990.

There are 997 cases pending at December 31, 2008. The payments incurred up to the present amounted to approx. Euro 6.4 million (average of Euro 964 per case).

We recall finally that the Unit Sections of the Cassation pronounced on the case rejecting the appeals filed by the Companies sanctioned and therefore rendering the sanction of the Competition Authority definitive as well as the decisions of the Lazio Regional Administrative Court and of the Counsel of State which had in turn rejected the appeals by the Companies.

Performance of Milano Assicurazioni shares

At December 31, 2008, 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. During the year 2007 the share capital increased by Euro 54.6 million following the subscription of 105,065,149 ordinary shares, of which:
- 42,640,000 deriving from the share capital increase to service the merger by incorporation of Sasa S.p.A.;
- 3,473,684 deriving from the share capital increase to service the merger by incorporation of Sasa Vita S.p.A.;
- 25,291,333 following the conferment of the investment in Liguria S.p.A.;
- 33,660,132 following the conferment of the investment in Immobiliare Lombarda S.p.A..

In 2008, the price of the shares was between a minimum of Euro 2.189 (at 19/12/2008) and a maximum of Euro 5.313 (at 2/01/2008) for the ordinary shares, and between a minimum of Euro 2.219 (at 29/12/2008) and a maximum of Euro 5.269 (at 2/01/2008) for the saving shares.

At the year-end, the stock exchange share prices were as follows:

(in Euro)	**30/12/2008**	**28/12/2007**	**Change %**
Milano Assicurazioni ord.	2.2166	5.3120	-58.3
Milano Assicurazioni sav.	2.2495	5.3130	-57.7

The corresponding stock exchange capitalisation at the year-end was Euro 1,304.8 million (Euro 2,566.3 million at 31/12/2007).

The market capitalisation, based on the share price at March 16, 2009 of Euro 1.420 for the ordinary shares and of Euro 1.505 for the saving shares, was Euro 838 million.

Outlook

The current serious economic crisis, arising from a financial market crisis which rapidly transferred to the real economy, is one of the worst since World War II and necessitates a prudent approach with regard to the forecast for the current year.
It is widely believed that the recovery from the crisis is still a long way off and the first indications for 2009 from the insurance market are still negative and affected by the difficulties encountered by households and businesses in this current difficult climate.

In this context, non-life insurance operations will focus on the maximum satisfaction of the needs of the clientele, focusing on the quality of the services offered. The application of correct technical parameters and a careful selection of risks will also permit the achievement of adequate margins and the recovery of the best combined ratio levels reached in the recent past.

In the life division, the objective is to create long-term value, favouring the products based on insurance risk and progressively reducing the distribution of products of an exclusively financial nature, which are not suited, among other matters, to the needs of the clientele in a period of strong uncertainty in relation to economic forecasts.

The continued strong turbulence on the financial markets does not permit, at the current moment, a forecast on the contribution to the result from the asset and financial management. In any event, the solidity of the company, the quality of investments undertaken and the prudent management policy allows the company to look to the future with confidence and to create the foundation to avail of development opportunities and growth upon the easing of the crisis.

Consolidated Financial Statements

In accordance with IAS 1.8 (Presentation on Financial Statements), the Financial Statements consist of:

- Balance Sheet
- Income statement
- Statement of change in shareholders' equity
- Cash flow statement
- Notes to the financial statements which contain, among others, the accounting policies and the evaluation criteria adopted.

The balance sheet, income statement, the statement of changes in shareholders' equity and the cash flow statement are prepared according to the format approved by Isvap with Regulation No. 7 of July 13, 2007.

The notes to the financial statements take account of the information explicitly requested by the above-stated Isvap Regulation and contain additional information which are considered best practice, particularly in relation to some illustrative examples contained in some IAS standards.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

BALANCE SHEET - ASSETS

		2008	2007
1	**INTANGIBLE ASSETS**	**388,809**	**317,107**
1.1	Goodwill	264,976	196,183
1.2	Other intangible assets	123,833	120,924
2	**PROPERTY, PLANT & EQUIPMENT**	**175,585**	**183,267**
2.1	Buildings	43,323	30,022
2.2	Other tangible assets	132,262	153,245
3	**TECHNICAL RESERVES - REINSURANCE AMOUNT**	**481,436**	**350,438**
4	**INVESTMENTS**	**12,562,830**	**12,800,654**
4.1	Investment property	561,055	388,425
4.2	Investments in subsidiaries, associates and joint ventures	282,457	12,787
4.3	Investments held to maturity	174,946	0
4.4	Loans and receivables	273,159	145,187
4.5	Available-for-sale financial assets	9,240,074	9,417,289
4.6	Financial assets at fair value through profit or loss	2,031,139	2,836,966
5	**OTHER RECEIVABLES**	**1,165,466**	**856,618**
5.1	Receivables from direct insurance operations	717,234	562,589
5.2	Receivables from reinsurance operations	105,521	27,551
5.3	Other receivables	342,711	266,478
6	**OTHER ASSETS**	**299,848**	**239,626**
6.1	Non-current assets or of a discontinued group held for sale	1,366	
6.2	Deferred acquisition costs	53,963	76,658
6.3	Deferred tax assets	68,172	20,127
6.4	Current tax assets	71,892	57,363
6.5	Other assets	104,455	85,478
7	**CASH AND CASH EQUIVALENTS**	**220,824**	**164,564**
	TOTAL ASSETS	**15,294,798**	**14,912,274**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

BALANCE SHEET - SHAREHOLDERS' EQUITY & LIABILITIES

		2008	2007
1	**SHAREHOLDERS' EQUITY**	**2,084,638**	**2,110,592**
1.1	**Group**	**1,982,519**	**2,017,854**
1.1.1	Share capital	305,851	251,217
1.1.2	Other equity instruments		
1.1.3	Capital reserves	718,147	425,373
1.1.4	Retained earnings and other reserves	1,103,937	945,647
1.1.5	(Treasury shares)	-31,353	-19,579
1.1.6	Translation reserve		
1.1.7	Profit or loss on available-for-sale financial assets	-281,502	163,406
1.1.8	Other gains and losses recorded directly in equity	-477	-314
1.1.9	Group net profit for the period	167,916	252,104
1.2	**minority interest equity**	**102,119**	**92,738**
1.2.1	Minority capital and reserves	109,067	92,592
1.2.2	Gains and losses recorded directly in equity	-1,293	-857
1.2.3	Minority interest profit	-5,655	1,003
2	**PROVISIONS**	**81,828**	**76,012**
3	**TECHNICAL RESERVES**	**10,773,473**	**9,846,197**
4	**FINANCIAL LIABILITIES**	**1,792,402**	**2,265,538**
4.1	Financial liabilities at fair value through profit or loss	1,415,231	1,949,416
4.2	Other financial liabilities	377,171	316,122
5	**PAYABLES**	**264,612**	**375,054**
5.1	Payables from direct insurance operations	33,858	40,641
5.2	Payables from reinsurance operations	16,849	11,884
5.3	Other payables	213,905	322,529
6	**OTHER LIABILITIES**	**297,845**	**238,881**
6.1	Liabilities in a discontinued group held for sale		
6.2	Deferred tax liabilities	82,788	77,577
6.3	Current tax liabilities	480	164
6.4	Other liabilities	214,577	161,140
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**15,294,798**	**14,912,274**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

INCOME STATEMENT

		2008	2007
1.1	Net premiums	3,962,518	3,518,877
1.1.1	*Gross premiums*	*4,129,434*	*3,625,351*
1.1.2	*Premiums ceded to re-insurers*	*-166,916*	*-106,474*
1.2	Commission income	25,626	23,724
1.3	Income and charges from financial instruments at fair value through profit and loss	33,885	3,545
1.4	Income from investments in subsidiaries, associates and joint ventures	528	1,005
1.5	Income from other financial instruments and property investments	537,064	480,018
1.5.1	*Interest income*	*359,762*	*303,547*
1.5.2	*Other income*	*94,410*	*74,395*
1.5.3	*Profits realised*	*82,892*	*102,076*
1.5.4	*Valuation gains*		
1.6	Other revenues	88,331	78,250
1	**TOTAL REVENUES AND INCOME**	**4,647,952**	**4,105,419**
2.1	Net charges relating to claims	3,325,934	2,849,073
2.1.1	*Amounts paid and changes in technical reserves*	*3,401,582*	*2,924,463*
2.1.2	*Reinsurers' share*	*-75,648*	*-75,390*
2.2	Commission expenses	12,036	20,368
2.3	Charges from investments in subsidiaries, associates and joint ventures	148	146
2.4	Charges from other financial instruments and property investments	181,571	81,422
2.4.1	*Interest expense*	*19,473*	*17,449*
2.4.2	*Other charges*	*9,166*	*8,180*
2.4.3	*Losses realised*	*87,103*	*45,572*
2.4.4	*Valuation losses*	*65,829*	*10,221*
2.5	Management expenses	652,602	538,015
2.5.1	*Commissions and other acquisition expenses*	*531,378*	*454,801*
2.5.2	*Investment management charges*	*12,091*	*9,363*
2.5.3	*Other administration expenses*	*109,133*	*73,851*
2.6	Other costs	246,282	223,720
2	**TOTAL COSTS AND CHARGES**	**4,418,573**	**3,712,744**
	PROFIT BEFORE TAXES	**229,379**	**392,675**
3	Income taxes	67,118	140,648
	NET PROFIT	**162,261**	**252,027**
4	**PROFIT/LOSS FROM DISCONTINUED OPERATIONS**		**1,080**
	CONSOLIDATED PROFIT	**162,261**	**253,107**
	Group share	**167,916**	**252,104**
	Minority share	**-5,655**	**1,003**

Statement of changes in Consolidated Shareholders’ Equity for the year ended December 31, 2008

Relating to the statement of change in shareholders' equity, the Isvap Regulation No. 7 of July 13, 2007, which satisfies the disclosures of IAS 1, is shown below.

In particular, the account “Profit or loss on available-for-sale financial assets” refers to the recording of effects of the valuation of the related financial instruments net of those attributable to the policyholders and recorded as a deferred liability to policyholders.

The column *allocation* relates to 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 *transfers to the income statement* includes the gains and losses previously recorded directly in equity in accordance with international accounting standards.

The other transfers reports the ordinary distribution of dividends and the decrease of capital and other reserves, among which the purchase of treasury shares and the attribution to the policyholders of the profits deriving from valuations of available-for-sale financial assets against insurance liabilities.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

			Balance at 31-12-06	Change in opening balances	Allocation
Group shareholders' equity	Share capital		242,981		8,236
	Other equity instruments		0		
	Capital reserves		360,041		65,332
	Retained earnings and other reserves		838,567		107,080
	(Treasury shares)		-8,271		
	Translation reserve		0		
	Profit or loss on available-for-sale financial assets		306,681		-170,499
	Other gains and losses recorded directly in equity	Profit or loss on cash flow hedges	0		
		Profit or loss on a net foreign investment hedge	0		
		Reserve on net equity changes in investments	0		
		Revaluation reserve of intangible assets	0		
		Revaluation reserve of tangible assets	0		
		Income/(charges) on non-current assets or of a discontinued group held for sale	0		
		Other reserves	-2,349		2,035
	Profit/(loss) for the year		247,854		146,021
	Total Group		**1,985,504**	**0**	**158,205**
Shareholders' equity – minority interest	Minority capital and reserves		3,572		89,020
	Gains and losses recorded directly in equity		-6		-851
	Profit/(loss) for the year		81		922
	Minority share		**3,647**	**0**	**89,091**
Total			**1,989,151**	**0**	**247,296**

Transfer to Income Statement	Other transfers	Balance at 31-12-07	Change in opening balances	Allocation	Transfer to Income Statement	Other transfers	Balance at 31-12-08
		251,217		54,634			305,851
		0					0
		425,373		292,774			718,147
		945,647		188,437		-30,147	1,103,937
	-11,308	-19,579				-11,774	-31,353
		0					0
-26,450	53,674	163,406		-442,422	-38,040	35,554	-281,502
		0		763			763
		0					0
		0					0
		0					0
		0					0
		0					0
		-314		-926			-1,240
	-141,771	252,104		79,455		-163,643	167,916
-26,450	**-99,405**	**2,017,854**	**0**	**172,715**	**-38,040**	**-170,010**	**1,982,519**
		92,592		16,475			109,067
		-857		1,043	-1,479		-1,293
		1,003		-6,658			-5,655
0	**0**	**92,738**	**0**	**10,860**	**-1,479**	**0**	**102,119**
-26,450	**-99,405**	**2,110,592**	**0**	**183,575**	**-39,519**	**-170,010**	**2,084,638**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

CASH FLOW STATEMENT (indirect method)

	2008	2007
Profit before taxes	**229,379**	**392,675**
Non-cash adjustments	**-28,448**	**316,814**
Change in non-life unearned premium reserve	-19,059	-28,399
Change in claims reserve and other non-life technical reserves	-154,669	-55,199
Change in actuarial reserves and other life technical reserves	-31,256	330,744
Change in deferred acquisition costs	7,847	-14,988
Change in provisions	4,641	-3,259
Non-cash income/charges from financial instruments, property investments and holdings	198,142	85,039
Other movements	-34,094	2,876
Change in payables and receivables from operating activities	**-241,029**	**-3,969**
Change in payables and receivables from direct insurance operations and reinsurance	-30,906	50,038
Change in other payables and receivables	-210,123	-54,007
Income taxes paid	**-45,374**	**-137,617**
Net liquidity generated/absorbed from cash items relating to investing and financing activities	**-116,545**	**-222,788**
Liabilities from financial contracts issued by insurance companies	-552,515	-396,799
Bank and interbank payables		
Loans and receivables from banks and interbank		
Other financial instruments at fair value recorded to the income statement	435,970	174,011
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	-202,017	345,115
Net cash generated/absorbed from property investments	-171,372	-22,126
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-5,989	682
Net cash generated/absorbed from loans and receivables	-124,626	3,536
Net cash generated/absorbed from investments held to maturity	-173,273	
Net cash generated/absorbed from available-for-sale financial assets	871,257	-227,775
Net cash generated/absorbed from intangible and tangible fixed assets	27,238	-31,224
Net cash generated/absorbed from investing activities	0	10
TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES	423,235	-276,897
Net cash generated/absorbed from Group equity instruments	-24,778	74,438
Net cash generated/absorbed from treasury shares	-11,774	-11,308
Distribution of Dividends relating to the Group	-163,643	-141,771
Net cash generated/absorbed from minority interest capital and reserves	15,019	5,366
Net cash generated/absorbed from sub-ordinated liabilities and financial instruments in holdings	-9,576	9,818
Net cash generated/absorbed from other financial liabilities	-3,431	-16,466
TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES	-198,183	-79,923
Exchange difference effect on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	197,789	176,269
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23,035	-11,705
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	220,824	164,564

N.B.: Cash flow statement in 2008 on like-for-like consolidation scope. The cash position at the beginning of 2008 does not coincide with the cash position at the end of 2007 as the first also includes Sasa Assicurazioni, Sasa Vita, Liguria Assicurazioni and Liguria Vita.

Explanatory Notes

Information on the group and activities carried out

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 4 billion and a sales network of over 2,000 agencies spread throughout the country.

The registered office of the company is Via Senigallia 18/2, Milan.

In recent years, Milano Assicurazioni has strengthened its position on the domestic market, including through merger operations. In particular we recall the incorporation of Nuova Maa and Maa Vita, in 2003; the incorporation of SIS, Compagnia di Assicurazioni, in 2004 and, lastly, the incorporation of First Life, on December 31, 2005, which permits Milano Assicurazioni to operate directly in the open pension fund sector.

At December 31, 2008, Milano Assicurazioni also holds 51% of the share capital of Bipiemme Vita, acquired through agreements with Banco Popolare di Milano for the joint and exclusive development of the bancassurance activities of the BPM Group in the life division.
Based on these agreements, Milano Assicurazioni initially acquired, in June 2006, a 46% share in the share capital of Bipiemme Vita followed by a further acquisition of 4% in September 2006 and an additional 1% in June 2007.

In 2008, a significant corporate and industrial restructuring of the Fondiaria-Sai Group was also completed, whose guidelines were approved at the beginning of the year by the Board of Directors of Fondiaria-Sai and of Milano Assicurazioni and which, for Milano Assicurazioni, included:

- the merger by incorporation into Milano Assicurazioni of Sasa Assicurazioni e Riassicurazioni and Sasa Vita;
- the conferment to Milano Assicurazioni, by Fondiaria-Sai, of the entire shareholding in Liguria Assicurazioni held by Fondiaria-Sai, amounting to 99.97% of the share capital, and a holding in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital.

The conferment deed in the investments of Liguria Assicurazioni and in Immobiliare Lombarda was signed on October 30 with effect as of December 31, while on December 16 the merger deeds were signed. The legal effects of the merger are as of December 31, 2008 with accounting and fiscal effects retrospectively to January 1, 2008;

This operation further enhances the value of Milano Assicurazioni, significantly strengthening its presence on the market and as holder of the assets from the strong acquisition expansion realised by the Fondiaria-Sai Group in recent years. In particular, within Milano Assicurazioni there will be an even greater concentration of the coordination of the brands of the distribution networks of non-listed companies, with a direct commercial presence on the market in order to combine:

- the benefits deriving from the synergies of the costs expected from the merger of Sasa and Sasa Vita and from the conferment of Liguria;
- the competitive and organisational benefits from the application of Sasa and Liguria of the know-how within Milano Assicurazioni in valuing the agency networks of the Group connected to matters in terms of brand and/or agency mandate and/or territorial presence;
- The maintaining of the commercial identity of the company subject to merger/conferment and of the appropriate autonomous operations in order to preserve the typical flexible approaches to the markets which characterises these companies and which has permitted a loyal agency network and achievement of excellent results in terms of premium growth.

From a financial viewpoint the operation will also permit Milano Assicurazioni to benefit from opportunities deriving from a significant increase in capitalisation, with consequent improvement in the liquidity of the security and re-rating within the Midex, as well as an increase in premiums written, equal to approx. Euro 700 million on a consolidated basis, without any financial investment by the Company and the shareholders.

Finally, the conferment of 27.88% of the share capital of Immobiliare Lombarda, on the successful outcome of the Public Purchase and Exchange Offer proposed by Fondaria-Sai on the shares of Immobiliare Lombarda and the subsequent delisting, will permit the Fondiaria-Sai Group, and therefore also Milano Assicurazioni (whose share following the conferment increases from 11.15% to 39.03%) to achieve greater efficiency in the internal allocation of capital and of the risks and returns of the three principal business areas of Immobiliare Lombarda: *facility management, property management and project development.*

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

PART A - Accounting Principles

Section 1 - Declaration of compliance with international accounting standards and general preparation principles

The present consolidated financial statements were prepared in accordance with International Accounting Standards IAS/IFRS issued by the IASB (International Accounting Standard Board), approved by the European Union, and on the current interpretation by the official organisations.

The format for the financial statements schedules are those contained in the ISVAP Regulation No. 7 of July 13, 2007 and compiled based on the attached instructions.

The accounts also include additional information which are considered best practice, particularly in relation to some illustrative examples contained in some IAS standards.

The financial statements were prepared on the going concern principle. There are no uncertainties or events or conditions which could give rise to doubts on the capacity to continue to operate as a functioning entity.

Section 2 - Consolidation scope and consolidation methods

CONSOLIDATION PRINCIPLES

The consolidation procedure is in accordance with the provisions of IAS 27 (Consolidated and Separated Financial Statements), of IAS 28 (Accounting of associated investments) and IAS 31 (Investments in joint ventures).

They include in the consolidation scope, the Parent Company and all of the subsidiary companies. IAS 27 defines control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. For the verification of the existence of control, reference was made to paragraph 13 of IAS 27.

In compliance with IAS 28, the subsidiary companies are accounted under the equity method.

FINANCIAL STATEMENTS UTILISED FOR THE CONSOLIDATION

For the preparation of the Consolidated Financial Statements, the balance sheets of the companies of the Group approved by the respective Boards of Directors were utilised. The financial statements were adjusted, where necessary, to standardise them with the group accounting principles.

CONSOLIDATION METHOD

Line-by-line

The consolidated financial statements includes the financial statements of the Parent Company and those companies in which, directly or indirectly, Milano Assicurazioni S.p.A. holds the majority of the voting rights exercisable in an ordinary shareholders' meeting or in any case a sufficient amount to exercise control, in accordance with IAS 27.13.
Under the line-by-line consolidated method, the book value of the investments is eliminated against the relative net equity, recording the total assets and liabilities as well as income and charges of the investing company.
The share of net equity and result for the period relating to third party shareholders are recorded in specific accounts in the balance sheet and income statement.

The difference between the carrying value of the investments and the respective share of the net equity, which emerges at the date of acquisition of the investment, are allocated to the assets where the higher cost reflects an effective higher value of these assets, or to the Goodwill account, where the higher price paid reflects the expected value of the future economic results.

Accounting under the Net Equity method

The equity method was utilised for the associated companies, or rather those companies in which the parent company exercises a significant influence, having the power to determine the financial and operational policies of the company, without having control or joint control. In accordance with IAS 28.6, significant influence is presumed where the investment held, directly or indirectly, amounts to at least 20% of the voting rights in the shareholders' meeting.

Under the equity method, the investment in an associated company is initially recognised at cost and the carrying amount is increased or decreased to recognise the associated company's share of the profit or loss after the date of acquisition through the income statement.
The consolidated financial statements therefore only include the share of book net equity and result of the investment for the year, but not the individual accounts of the financial statements.

Consolidation adjustments

In order that the consolidated financial statements present financial information on the group as that of a single economic entity, the following adjustments were made:

- The dividends received from consolidated companies or valued under the equity method were eliminated;
- The significant inter-group balances and transactions were eliminated with the exception of those relating to operations with companies valued under the equity method;
- The profits from sales/purchase operations made between Companies of the Group were eliminated, even if valued under the equity method. Similarly, the losses deriving from operations between Companies of the Group were eliminated, unless such losses reflect a permanent loss in value of the assets transferred.

The merger deficits generated following mergers between companies within the group and recorded in the statutory financial statements of the Parent Company, increasing the value of asset accounts, were eliminated in the consolidated financial statements, in that in these latter the consolidation differences were maintained deriving from the elimination of the carrying value of the individual investments incorporated against the relative share of net equity, allocated to the assets or recorded in the Goodwill account.
The merger operations, in fact, only produce the legal effects of that expressed in the consolidated financial statements; where the merger deficits were not eliminated this would result in a duplication of the pre-existing values within the consolidated financial statements.

Date of the consolidated financial statements

The Consolidated Financial Statements are as of December 31, 2008, a date coinciding with that of the financial statements of the line-by-line consolidated companies.

Currency

The present financial statements are expressed in Euro as this is the currency in which the majority of the operations of the Group are carried out. It is also reported in the accounts whether the amounts are in thousands or millions of Euro. Where applicable, the conversion of the balance sheet accounts expressed in currencies other than the Euro is made applying the exchange rates at the balance sheet date.

Section 3 - Accounting principles

The main accounting principles utilised in the financial statements are shown below:

1. INTANGIBLE ASSETS

Goodwill

The account includes the goodwill deriving from business combinations; in accordance with appendix B of IFRS 1 (first time adoption of IAS), the company opted not to apply IFRS 3 to the business combinations before the transition date to the IAS/IFRS. The goodwill resulting from the financial statements prepared in accordance with Italian GAAP were maintained for the amount already recorded, with prior verification of their value.

In particular, the amount includes:

- the goodwill recorded following the merger by incorporation of Lloyd Internazionale S.p.A. in 1991;
- the goodwill recorded in 1992 following the acquisition of the insurance portfolio Card S.p.A.;
- the goodwill deriving from the acquisition of the insurance portfolio of Latina Assicurazioni in 1992;
- the goodwill relating to the life portfolio of La Previdente Assicurazioni, originally acquired from La Previdente Vita (formerly Latina Vita) in 1993;
- the goodwill relating to the acquisition of the insurance activity Maa Assicurazioni S.p.A. in 1995 and from the accounts of the incorporated Nuova Maa;
- the goodwill deriving from the acquisition of the portfolio of insurance contracts of Profilo Life, in 2001 and from the accounts of the incorporated Maa Vita;
- the goodwill accorded in 2003 following the merger by incorporation of Maa Vita, corresponding to the difference between the carrying value of the investment and the net equity book value.

In accordance with IAS 38 (Intangible assets), goodwill, having an indefinite useful life, is not systematically amortised, but subject to an impairment test, made at least annually, in order to identify the existence of a permanent loss in value.

In summary:

- The Cash Generating Unit – CGU relating to the goodwill recorded is identified;
- The recoverable value of the CGU is identified, which is the higher between the fair value less costs to sell and its value in use, equal to the current value of the future cash flows for the CGU.
- The book value of the CGU is compared with the recoverable value in order to verify the existence of any loss in value.

The impairment tests made on the goodwill confirmed the values recorded and therefore exclude the necessity for any write-down.

Based on the options permitted by IFRS 1, the data relating to the business combinations already recorded in the financial statements before the transition date to the IAS (January 1, 2004) were not restated in accordance with IFRS 3.

Other intangible assets

They relate to non-physical assets, recorded in accordance with IAS 38 as they have the following characteristics:
- Identifiable;
- Control of the resources by the enterprise;
- Existence of future economic benefits.

In accordance with IAS 38 the set-up and formation costs and research and publicity costs are not recorded in this account.

On initial recognition, this asset is recorded at cost, including the directly attributable charges. Further amounts are recorded at cost, net of accumulated amortisation and any loss in value. The amortisation is charged to the income statement on a straight-line basis, taking into consideration the asset’s estimated useful life as 3 or 5 years.
The assets with indefinite useful life are not amortised but subject annually to an impairment test, in accordance with IAS 36, in order to identify any permanent loss in value.

The account comprises in particular:
- the VOBA (value of business acquired) deriving from the acquisition, progressively acquired during the years of 2006 and 2007, of 51% of Bipiemme Vita;
- the VOBA relating to Liguria Assicurazioni, conferred in 2008 by Fondiaria-Sai to Milano Assicurazioni, within the industrial and corporate restructuring project of the Group, already described in detail.

These intangible assets were amortised in line with the relative insurance portfolios.

2. PROPERTY, PLANT & EQUIPMENT

Buildings

This account includes the buildings utilised directly in the business activities.
IAS 16 (Property, plant and equipment) provides that, on initial inscription, the buildings for use by the enterprise are recorded at cost; subsequent recognition may be made based on the cost model (paragraph 30) or based on the revaluation model (paragraph 31).

The Company decided to utilise cost as the valuation principle. In the first-time application, as permitted by IFRS 1 (First time adoption of the International Financial Reporting Standards),

the value re-determined in accordance with the previous accounting principles was utilised as a replacement of the cost.
In particular, concerning the revaluations of the buildings made in previous years, they were not removed in the re-determination process of the costs, as it was considered that utilising the amortised cost reflected the change in the price indices.

In accordance with IAS 16 the value of the buildings is subject to depreciation on the basis of the estimated useful life of the asset. For the buildings wholly owned, the depreciation was made separately on the building construction values and of the plant excluding the value of the land on which the assets are located.

Properties are subject to an impairment test through comparison of the book value with the estimate of the fair value.

Other tangible assets

The account includes furniture and fittings, plant and equipment, office equipment and motor vehicles utilised directly by the enterprise in the business activities.
They are recorded at cost and depreciated based on the estimated useful life. In order to calculate the depreciation, the residual value of the asset, or rather the value of the asset at the end of the useful life, is estimated as zero. The amortisation rates used are as follows: furniture and fittings 12%, plant and equipment 15%, office machinery 12% and motor vehicles 25%.

The account also includes the payments on account made in relation to buildings under construction or development.

3. TECHNICAL RESERVES – REINSURANCE AMOUNT

The technical reserves relating to the reinsurers are calculated applying the same criteria adopted for direct premiums, taking account of the reinsurance contractual clauses.
The reserves attributable to the reinsurance companies are determined with the same criteria utilised for the formation of the reserves of the underwritten risks and represent the share, attributable to them, of the contractual commitments undertaken.

4. INVESTMENTS

Fair value policy

For the financial instruments, valued in the accounts at fair value, a “fair value policy” is utilised which attributes the maximum priority to official prices available on the active markets (mark to market) and lower priority to the utilisation of non observable input, as they are more discretional (mark to model).

Mark to Market

In the determination of the fair value, the Company, whenever it is available, bases its calculations on information provided from market data obtained from independent sources as such are 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 – or without modifications or re-compositions of the same instrument - taken from quotations on an active market. A market is defined 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” exchange;
- the organised exchange systems;
- some OTC electronic trading circuits (e.g. Bloomberg), where based on some qualitative and quantitative conditions (presence of a certain number of contributors, with a bid/ask spread contained between a determined tolerance threshold);
- the secondary market of the OICR units, expressed by the official NAV (Net Asset Value) based on which the SGR issuer must settle the units. This NAV can be duly adjusted to take account of the scarce liquidity of the listed fund, or of the time interval between the request date of repayment and that of the actual repayments, as well as any exit commissions.

Mark to Model

When Mark to Market is not applicable (in the absence of observable direct market prices on markets considered active) technical valuations must be utilised which maximise the recourse to the information available on the market, based on the following valuation approaches:
1. 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, adjusted to take account of the differences in the instruments and in the market conditions;
2. 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; this model must be proven to be reliable in estimating "operating" prices and therefore widely accepted by market operators.

In particular:
- 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, exchange risk, price 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 listed companies and, secondarily, through financial, profitability and asset valuation methods.

On the basis of the "fair value policy" described above, a triplicate hierarchy of fair value is derived, based on the observation of market parameters:
1. Quotations taken from active markets (Level 1):
   The valuation is the market price of the same financial instrument subject to valuation, taken from quotations on an active market.
2. Valuation methods based on observable market parameters (Level 2):
   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. This method implies discretionary elements in the valuation, in that all the parameters utilised relate to the market (for the same security or for similar securities) and the calculation methods replicate quotations on active markets.
3. Valuation methods based on non-observable market parameters (Level 3):
   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.

Investment property

IAS 40 (Investment properties), which governs the properties held by the enterprise for investment purposes, provides that at the moment of the acquisition of the buildings, they should be recorded at cost, while in subsequent evaluations the entity can choose between the cost valuation or the fair value.
The fair value is the price at which the ownership of the building can be exchanged between knowledgeable and willing parties at an arm's length transaction, which is normally referred to as the market price.

The Company chose to utilise the cost as the valuation principle of the buildings held for investment and, as such, utilised by third parties.

In the first-time application, as permitted by IFRS 1 (First time adoption of the International Financial Reporting Standards), the value re-determined in accordance with the previous accounting principles were utilised as a replacement of the cost. In particular, concerning the revaluations of the buildings made in previous years, they were not removed in the re-determination process of the costs, as it was considered that utilising the amortised cost reflected the change in the price indices.

In accordance with IAS 40 the value of the buildings is subject to depreciation on the basis of the estimated useful life of the asset. For the buildings wholly owned the depreciation was made separately on the building construction values (with depreciation rates between 1.7% and 3.3%) and of the plant (depreciation rates between 6% and 8%) excluding the value of the land on which the assets are located.
The investment properties are subject to an impairment test through comparison of the book value with the estimate of the fair value.

Investments in subsidiaries, associates and joint ventures

The account includes the non-consolidated investments, defined and governed by IAS 27, 28 and 31, valued under the equity method.

Loans and receivables

The account includes the loans as per IAS 39, with exclusion of the trade receivables, the reinsurance deposits held at the reinsurers, as well as the receivables from agents for sub entering agencies terminated.
On first recognition they are recorded at fair value increased by any transaction costs directly attributable. Subsequently, they are recorded at amortised costs which is, in summary, the amount in which the asset is initially valued increased or decreased by the amortisation, determined with the effective interest rate, of any difference between the initial value and the repayment value.

Investments held to maturity

The account includes non-derivative financial instruments with fixed or determinable payments, with a fixed maturity date, which the company has the full intention and capacity to maintain until maturity.

In accordance with IAS 39 (Financial instruments: recognition and measurement), the initial recognition of these financial instruments is made at fair value inclusive of the transaction costs directly attributable to the purchase.
The fair value is the amount at which an asset can be exchanged between knowledgeable and expert counterparties at arm's length and generally corresponds to the transaction price.
On subsequent valuations, the financial instruments included in this category are valued at amortised cost, calculated utilising the effective interest rate method.
The amortised cost of a financial asset is the value in which this asset was measured at the initial recognition less any repayments of capital, increased or decreased by the total amortisation of the difference between the initial value and that on maturity, calculated utilising the effective interest rate method.
The effective interest rate is that which equates the current value of a financial asset to the contractual payments and future receipts of cash at the maturity date.
In substance, the logic of the amortised cost is to accrue over the duration of the contract the economic components which otherwise would be recorded as a charge or as income on the moment of collection or payment.

Financial assets available-for-sale

This includes all the financial assets not otherwise classified.
On first recognition, these assets are recorded at fair value which generally corresponds to the price paid for their acquisition, to which the directly attributable transaction costs are added.

Subsequently, the available-for-sale financial instruments are valued at fair value, with recording to net equity of the differences from the initial value. The fair value is determined based on the following:
- For the financial instruments quoted on active markets: This is the market price at the reference date;
- For the non-listed financial instruments, this is the price determined based on adequate valuation techniques.

For the corporate bonds with subordination clauses the fair value was determined using alternative valuation models, developed internally on the basis of parameters commonly utilised by the operators, taking into account that the relative trading markets do not express, at the end of the year for trading volumes and reliability, sufficiently reliable prices.

Specifically, the credit default pricing model was utilised. A further haircut, in a prudent manner, was applied – principally for the issuing banks - to the price obtained in consideration of the tensions which were created recently in the sector from the bankruptcy of Lehman Brothers.

The amounts related to the adjustment to fair value are maintained in net equity until the relative financial assets remain in the balance sheet of the company and are recorded in the income statement on sale.

Any permanent reductions in value are also recorded in the income statement.

Impairment on financial instruments belonging to the Available for sale segment

In relation to the recording of losses for the reduction in value, we report that paragraph 59 of IAS 39 lists indicators of a possible reduction in qualitative factors such as:
- significant financial difficulties of the issuer;
- non contractual compliance or non payment of interest or capital;
- the risk of commencement or the commencement of receivership of the issuer;
- the elimination of an active market for the financial assets subject to valuation;
- data which indicates the existence of a significant decrease in the future financial cash flows estimated for a group of financial assets, including;
  - unfavourable changes in the payments of the beneficiaries in the group;
  - local or national economic conditions which are related to the non compliance of the activities within the group.

Paragraph 61 of IAS 39 also states that the reduction of value of an instrument represented by capital includes information on important changes with an adverse effect on the technological, market, economic or legal environment in which the issuer operates.

Finally, paragraph 61 of IAS 39 also defines impairment as a prolonged or significant reduction in market value of an equity instrument below original purchase cost.

And therefore, it is noted that:
- the IAS/IFRS standards are “principle based” and therefore application is subject to reasonable and prudent choices by the enterprise;
- there are no official interpretations by the Iasb board on the subject;
- in particular there are no quantitative regulations or “mechanisms” to determine the notion of “significant or prolonged” as cited above;
- the only certain principle, which becomes a clear applicable regulation, is that in the presence of clear impairment, the entire negative reserve recorded under net equity must be fully recorded in the income statement.

Therefore for the purposes of the recording of the reduction of value, the Group has defined as prolonged and significant a reduction of fair value defined alternatively as follows:
1. a reduction of the market value of at least 20% for a continued period of one year;
2. a reduction of the market value of 80% at the reporting date of the accounts;
3. a reduction of the market value for a continual period of two years.

The above thresholds cover the exceptional nature of the financial market crisis, which induces a normal recovery. It is also recalled that the recording of a loss in value requires, although in the presence of exceeding one of the above-mentioned thresholds, a further analysis which considers, in addition to the reduction of value, all other qualitative factors.

In this context, it is therefore considered appropriate to take into account, for the purposes of the effective reduction in value of the AFS assets, also factors of a qualitative or fundamental nature which cannot be treated automatically. This presumes that the current price of a share is the best forecast of the current value of the future price in an efficient market, but not in a turbulent market such as the current market which reports extraordinary daily variations compared to the historic trend.

In relation to the investments which report a significant decrease in fair value (generally between 20% and 80% and therefore not within the tests described above), the analysis of the existence of an impairment was made on the basis of a mixed valuation approach, differentiated by the quality and the size of the holding.
In particular:

1. Strategy and/or significant investments (in terms of carrying value and losses): although there is no impairment under the automatic test policies as described above and without qualitative impairment factors, they were subject to analytical valuations, carried out internally and with the assistance of independent experts. With the exception of RCS Media group (as further described below), this analysis illustrated a value in use of the investments generally above the book value, therefore confirming the recording of the difference between the same and the market value of the AFS reserve, not relating therefore to an impairment. This analysis, based on methods commonly utilised by the operators, took account of the published information (annual/interim accounts, industrial plans, presentation of data to the financial community, reports of financial analysts), subject to a desk review procedure.
2. Other investments: given their fragmentation and the lower amount of the related losses, an impairment test was only made in the presence of one of the qualitative factors as per paragraphs 59 and 61 of IAS 39, confirmed by further analytical evaluations.

In relation to the debt financial instruments, there is evidence of impairment if only one of the qualitative factors exists of the above-mentioned paragraph 59. For the debt securities with a significant reduction in fair value at the date of the preparation of the financial statements the same criteria was adopted as described above, taking into account that any analytical valuations carried out are principally based on the probability of default of the issuer.

On the basis of the methods described above, the reduction in value for impairment relating to the AFS assets amounts to Euro 56 million, of which Euro 33.7 million relating to the investment in RCS Mediagroup written down to stock market prices at the year-end, recording in the income statement the adjustment in 2008 and the entire negative AFS reserve existing at the year-end, as required by paragraph 68 of IAS 39.

Financial assets at fair value through profit or loss

The account includes the short-term financial assets held for trading as well as the financial assets designated in this category, within the limits permitted by IAS 39. The account includes the financial assets relating to index and unit-linked insurance or investment contracts (as per IFRS 4.IG2) issued by insurance companies.
On first-time recognition, these assets are recorded at fair value which generally corresponds to the price paid for their acquisition.

Subsequently, the financial instruments at fair value recorded in the income statement, as indicated by the name of the category, are valued at fair value, recording the difference between the fair value and the initial value in the income statement.
For the listed financial instruments on active markets the fair value is the current market price at the reference date while, for the non-listed financial instruments, it is the price determined based on adequate valuation techniques.

5. RECEIVABLES

The account includes the trade receivables, in accordance with IAS 39, which are recorded at recoverable value.
The IAS/IFRS accounting standards require, for the short-term trade receivables, accounting management with some exceptions. In particular, the amortised cost is not applied, in consideration that the application of this criterion would have a very similar result to the valuation of the historical cost and, in the determination of the recoverable value, no discounting is made of the financial cash flows which would be negligible.

6. OTHER ASSETS

Deferred acquisition costs

These include the portion still to be amortised of the commissions on long-term insurance contracts. The amortisation processes are as follows:

- In the life division, the amortisation is based on the duration of each contract and in any case not above 10 years;
- In the non-life division, the allocation to cost is based on the average duration of the contracts of approx. 7 years.

Current and deferred tax assets

The current tax assets relate to receivables of a tax nature defined and regulated by IAS 12. In particular, they include, the assets deriving from the accounting of taxes pursuant to article 1, paragraph 2 of Legislative Decree No. 209/2002 as enacted into law by article 1 of Law 265/2002, as supplemented (taxes on actuarial reserves).

The deferred tax assets include the positive fiscal effect determined in relation to the temporary differences between the fiscal values recorded and those recorded in accordance with IAS principles.

The recording of the deferred tax assets (and of the deferred tax liabilities under liabilities) allows the correlation of the tax charge recorded in the financial statements with the gross result before taxes, both for the years in which these differences arise and in the future years when these differences are reversed following, for example, the sale of the activities to which they refer, to the recovery through amortisation or the settlement of liabilities.

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

The account includes any assets defined and governed by IFRS 5.

Other tangible assets

The account includes the transitory reinsurance accounts, the deferred commissions relating to contracts not within the application of IFRS 4 and the other assets of a residual nature which are not within the previous accounts.

Service contracts related to financial policies

The index-linked and unit-linked of a financial nature are separated between:

- financial contract components (IAS 32 and 39)
- components to service contracts (IAS 18)

With reference to the service component, IAS 18 provides that:

- revenues and costs of the operation must be recorded simultaneously;
- the associated revenues and costs for an operation which results in services must be recorded with reference to the stage of completion of the operation.

The stage of completion can be recorded thorough various methodologies, in particular, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.
On the basis of these considerations, in accordance with the linear method, the quota of the amortisation of the costs incurred on the financial contracts were determined, included under "Other assets" and the quota still not matured of the revenues related to these contracts, was included in the account "Other Liabilities".

7. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are represented by cash and deposits on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Short-term financial investments are those with a maturity of three months or less at the acquisition date.
For the purposes of the valuations of the assets included in this category, IAS 39 is applied and, in particular, the provisions in relation to available-for-sale financial assets. The initial valuation is made at fair value, generally corresponding to the price paid for the acquisition, including the transaction costs. Subsequently, these assets are recorded at fair value, which normally corresponds to the acquisition cost increased by the interest matured, with recording to equity of any difference to the initial value.

LIABILITIES AND SHAREHOLDERS' EQUITY

1. SHAREHOLDERS' EQUITY

Share capital

The account includes the share capital of the parent company Milano Assicurazioni, recorded at the nominal value of the shares fully subscribed and paid in.

Capital reserves

The account includes, in particular, the share premium reserve of the company which is consolidated.

Retained earnings and other reserves

The account includes, in particular, the gains and losses deriving from the first time application of the international accounting standards (IFRS 1), the catastrophic reserves and the equalisation reserves not recorded under technical liabilities as per IFRS 4.14(a), the reserves in accordance with the civil code and special laws before the adoption of the international accounting standards, as well as the consolidation reserves.

Treasury shares

In accordance with IAS 32.33, the value of the shares of the company that prepares the consolidation held by the company and by consolidated companies is recorded as a reduction of Net Equity.

Profit or loss on available-for-sale financial assets

The account includes the gains and losses deriving from the valuation of the financial assets classified in the category "assets available-for-sale", net of the part attributable to the policyholders and allocated to the insurance liabilities based on the shadow accounting method, described below in the account Technical Reserves.
The amount recorded is equal to the difference between cost and fair value of the assets represented by the current quotation at the reference date for the listed financial instruments on active markets and by the price determined based on adequate valuation techniques for the non listed financial instruments, net of the shadow accounting effect.

Other gains and losses recorded directly in equity

The account includes the recording of the actuarial gains and losses relating to the Employee Leaving Indemnity for the part matured at the transition date to IAS/IFRS international accounting standards and for the part matured subsequent as permitted by EU regulation No. 1910 published in the official EU Gazette of November 24, 2005.

Minority interest capital and reserves

The account includes the instruments and the components representative of capital, as well as related to minority share equity reserves.

2. PROVISIONS

Based on IAS 38 (Provisions, potential liabilities and assets), the provisions are liabilities of an uncertain amount or maturity which are recorded when the following conditions exist:
- There is a current obligation at the reporting date resulting from a past event;
- It is probable that to comply with this obligation the outflow of economic resources will be required;
- A reasonable estimate can be made of the amount necessary for compliance with the obligation.

In particular, the account therefore includes provisions for risks and future charges of a determined nature, reliably estimated based on the information available at the date of the preparation of the financial statements.

3. TECHNICAL RESERVES

The account includes the commitments deriving from insurance contracts and financial instruments governed by IFRS 4.2, gross of the reinsurance cessions. It also includes the reserves made following verification of the liabilities (IFRS 4.15), the deferred liabilities to policyholders (IFRS 4.30,34) and the reserve for amounts due.
The account is comprised of:

NON-LIFE DIVISION

Premiums reserve on direct insurances risks

This includes the reserve for premium fractions and, where applicable, the reserve for risks in course, calculated in accordance with ISVAP Regulation No. 16 of March 4, 2008.
The reserve for premium fractions was determined in accordance with the pro-rata method applied analytically for each policy based on the gross premiums written, with the integrations established by ISVAP Regulation No. 16.
The reserve for risks in course, which represents in substance the verification of the insurance liabilities of the non life classes required by paragraph 15 of IFRS 4 (Insurance Contracts), is accrued at each individual insurance class level where the expected claims for the current generation is higher than the reserve for premium fractions. The valuation for the creation of the reserve is made based on an empirical calculation procedure constructed on the ratio of claims to premium for the current generation recorded in the accounts and valued also taking into account values assumed from the ratio from previous years to evaluate the reasonableness of the assumption that this ratio can be of a repetitive nature in the following year. The total amount provisioned is considered appropriate to cover the commitments for risks in course at the year-end.

Claims reserve on direct insurances risks

This item includes the sums that from a prudent evaluation made based on objective elements and separate for each claim, are necessary against the payment of the claims during the year or in previous years, and still not paid, as well as the relative settlement expenses.

The reserve was valued equal to the last cost as per ISVAP Regulation No. 16/2008 and therefore takes account of all foreseeable charges, determined on the basis of historical data and objective prospective elements.
In particular, with regard to the Motor TPL, we recall that from February 2007 a direct compensation procedure is 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, 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, separately applied for material damage and for any personal injury to the driver.

In this context, the reserve was measured separately for the various types of management currently in place. In particular:

- claims before the commencement of the direct compensation regime: for the determination of the last cost, statistical methods were used on the evolution of the cost of the claims, based on historical and reliable prospective elements (methods within the different types of Fisher-Lange). In particular for the determination of the future increase in the cost of the claims reserve, account was taken of the expected inflation and of the specific costs in the insurance sector;

- 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;
- for the claims within the CARD Debtor regime, the valuation was made based on the differing flat rates, for 2007 and 2008, defined by the Technical Committee set up 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, 2007.

For the other non-life classes, the determination of the last cost was made on the basis of the reserves of the liquidators, adjusted to take into account past experience in relation to the changes in the claims reserve.

The claims reserve includes the total amount necessary to meet the claims attributable to the year but not yet reported at the year-end, whose last cost is estimated with reference to historical experience acquired in previous years and, in particular, the examination by insurance class, of the late reported claims compared to those reported in the year in terms of number and average cost.

We also report that, in consideration of the fact that the merger between Milano Assicurazioni and Sasa Assicurazioni e Riassicurazioni took place at the end of the year, the reserve of Sasa Assicurazioni was determined separately, in accordance with normal parameters utilised by this company. The reserve was also verified applying methods in line with those described above.

Other technical reserves

These refer entirely to the aging reserve of the health class, which offsets the greater risk due to the increased life span of the policyholders. The determination was made separately for each contract utilising technical-actuarial criteria in accordance with article 47, point 2, of ISVAP regulation No. 16 of March 4.

Unearned premium reserve on indirect business

The reserve is calculated based on the communications received from the reinsurance companies; where this has not been received, appropriate rates are applied to the premiums written and the related risks still in course at the year-end, taking into account the ministerial decrees for the Credit and Bonds classes.

Claims reserves on inward reinsurance risks

The reserve is calculated based on the communications received from the insurance companies supplemented by objective and statistical elements in our possession. The provisions are considered sufficient to meet the commitments at the year-end.

LIFE DIVISION

Technical reserves on direct insurances risks

They are calculated in accordance with the actuarial techniques which comply with current legislative provisions and in particular the principles contained in ISVAP Regulation No. 21 of March 28, 2008. The calculation is made analytically for each contract, based on the commitments without detraction for acquisition expenses; the base calculation techniques (interest rates, demographic assumption for eliminations for death or invalidity and frequency of abandon) are the same utilised for the calculation of the premiums of the individual contracts. In any case, the actuarial reserve is not lower than the redemption values.

The account also includes the additional reserve for financial risk and demographic risk. Among the additional reserves for financial risk, we highlight the additional reserve for guaranteed interest rate risk, calculated in accordance with the provisions of articles 47 and 48 of ISVAP regulation No. 21/2008. The provision for this reserve derives from the higher cost that the company must incur against the difference between the interest rate guaranteed to the policyholders and the current and expected returns on the assets represented by the actuarial reserves, calculated in accordance with the provisions of the previously stated Regulation 21 (art. 38-46).

The additional reserve for demographic risk, made in line with articles 50, 51 and 52 of ISVAP Regulation No. 21, provides for the higher cost that the company must incur against the average extension of the human life for the annuity tariffs or where the option for conversion of capital to annuity exists.

For the products in accordance with article 41, paragraphs 1 and 2 of Legislative Decree 209 of 7/9/2005, as well as the Open Pension Funds, the calculation is made analytically contract by contract, adopting assumptions that represent with maximum approximation the value of the underlying assets.

In accordance with IFRS 4, the actuarial reserves recorded in accordance with these principles are subject to adequacy tests (Liability Adequacy Test) according to the method described in PART F of the present report, to which reference should be made for greater detail. The verifications made confirmed the values recorded in accordance with IAS/IFRS.

The accounts also includes the adequacy of the actuarial reserves relating to the contracts included in the separated management of the life classes, made applying the shadow accounting as per paragraph 30 of IFRS 4. With the utilisation of this accounting method, which represents a non obligatory but optional choice of the entity, this was made to provide a further contribution to the transparency and clarity of the data, correlating the value of the actuarial reserve relating to these contracts to the value determined with the IAS principles of the assets inserted in the separated managements.

The securities included in the separated management of the life division are included in fact in the category “available-for-sale”, or in the category of financial instruments valued at “fair value through the income statement” and, as such, are valued at fair value, recording an increase or decrease in equity or in the result for the period of the difference between the fair value and the value determined in accordance with Italian GAAP.

Therefore, the return on the securities included in the separated management determines the returns of the policyholders and the impact on the amount of the actuarial reserve.

Therefore the amount of the actuarial reserves of the contracts inserted in the separated managements were recalculated in line with the valuation of the correlated assets, allocating to equity or the income statement the difference compared to the amount of the reserves calculated in accordance with the Italian standards.

In substance this difference represents the policyholders’ share of the latent gains and losses on the securities in the separated management which, based on the contractual clauses and current regulations, will be recognised to the policyholders only if and when they will be realised with the sale of the relative assets but are in this context explicit in the latent gains or losses of these securities, as already described, are recorded as an increase or decrease of the net equity or as a result for the period. The recognition method adopted also takes into account the minimum guaranteed return, recognised contractually to each separated management.

Technical reserves on inward reinsurance risks

They are recorded based on communications provided by the insurance companies.

4. FINANCIAL LIABILITIES

Financial liabilities at fair value recorded through profit or loss

The account includes the financial liabilities at fair value recorded in the income statement defined and governed by IAS 39. The account includes in particular the financial liabilities designated at fair value recorded through the profit or loss relating to the investment contracts not recorded in application of IFRS 4, index and unit-linked, which are recorded in accordance with the deposit accounting method which provides, substantially, the recording in the income statement of only the margins and recording under liabilities of the premiums issued and of the returns matured in favour of the policyholders. The account also includes the negative positions on the derivative financial contracts.

Other financial liabilities

The account includes the financial liabilities defined and governed by IAS 39, other than trade payables and not included in the previous category.
In particular this account includes:
- Subordinated liabilities;
- Deposits received from reinsurers;
- The investment contracts not within the application of IFRS 4, other than index and unit-linked.

This liability on first recognition is recorded at fair value and subsequently valued at amortised cost utilising the effective interest rate method.

5. PAYABLES

The account includes commercial payables as well as personnel payables for employee leaving indemnity.

Employee leaving indemnity and other employee benefits

The method for the calculation of the employee leaving indemnity was modified following the complementary pension reform as per Legislative Decree No. 252 of December 5, 2005.
For the purposes of the actuarial valuation of the liability related to the provision of the Employee Leaving Indemnity in accordance with IAS 19, and applying the indications of the technical organisations (Abi, Assirevi, Actuarial Body and OIC), the different cases were divided as follows:

- group Companies with less than 50 employees:
  The valuation of the liability was made in accordance with the traditional actuarial criteria, already utilised in the past;
- group Companies with 50 or more employees;
  The quota of the Employee Leaving Indemnity matured at January 1, 2007 as a defined contribution plan, both in the case of the option for the complementary pension and in the case of the allocation to the INPS Treasury Fund were not calculated in accordance with actuarial criteria.

The employee leaving indemnity matured at December 31, 2006 continues to be considered as a defined benefit plan.

6. OTHER LIABILITIES

Current and deferred tax liabilities

These comprise:

- the current tax liabilities, limited to the IRAP regional income tax. The current tax charge relating to the IRES income tax was recorded in the account payables to parent company following the inclusion by the companies of the Milano Assicurazioni group to the Fondiaria-SAI Group tax consolidation;
- the deferred tax liability accrued, in accordance with IAS 12 (Income taxes), relating to the deferred temporary tax differences in order to maintain the correlation between the fiscal charge and the result for the year. The deferred tax liabilities were recalculated following the changes to the tax rates which from the year 2008 were reduced for the IRES income tax to 27.5% and the IRAP regional tax to 4.82%, compared to 33% and 5.25% respectively applicable up to the income tax year 2007.

Other Liabilities

The account includes, among others, the liability relating to the defined benefits and other long-term employee benefits (including the provisions made for the leaving indemnity recorded under liabilities), the reinsurance transitory accounts, and the deferred commission income related to the contracts not within the application of IFRS 4, determined in accordance with IAS 18.

INCOME STATEMENT

Net premiums

The account includes the premiums relating to insurance contracts and financial instruments containing discretional investment as per IFRS 4.2, net of reinsurance ceded.
The revenues relating therefore to the policies that, although legal insurance contracts and having an insignificant insurance risk and which do not have discretional investment elements, are not included in this account. These contracts are accounted for in accordance with IAS 39 (Financial instruments: recording and evaluation) and of IAS 18 (Revenues) and are treated under the “deposit accounting” method which, in summary, requires the recording in the income statement of the explicit and implicit loading, recorded in the account “commission income”.

We also report that, based on the analysis made on the policies in portfolio, all the contracts of the non life classes and all the contracts of the life classes with the exception of the index-linked and unit-linked contracts are included in the application of IFRS 4 and are therefore valued based on the principles of IAS 39 and IAS 18 and treated under the “deposit accounting” method.

The contracts recorded in application of IFRS 4 are treated in accordance with the accounting principles of the statutory accounts. In particular, in accordance with article 45 of Legislative Decree 173/1997 of ISVAP Regulation No. 22/2008 in relation to the accounts, the premiums include:
- The cancellations due to technical reversals of the individual securities issued in the year;
- The cancellation of premiums in the life division from annuities expired in previous years;
- The changes of contracts, with or without changes in premiums, made through replacement or supplemented;

while they don’t include, as they are included as technical charges, those in the account “other costs”:
- The write-downs for doubtful receivables from policyholders for premiums of the year made at the reporting date;
- The write-downs of receivables from policyholders for non-life premiums in previous years;
- The write-downs of receivables from policyholders from first year life annuity premiums or units issued in the previous years.

Commission income

The account includes the commissions relating to the investment contracts not included within the application of IFRS 4, as the explicit and implicit loading on the contract and the management commission.
As already described under the comments of the premium accounts, this relates to commissions for the year relating to index-linked or unit-linked contracts.

Investment income

Income and charges from financial instruments at fair value through profit or loss statement

The account includes the realised gains and losses and the positive and negative changes to financial assets and liabilities measured at fair value through the income statement. The change in value is determined based on the difference between the fair value at the reference date and the initial book value of the financial instruments recorded in this category.

For the listed financial instruments on active markets the fair value is the current price of the reference date, while for the non-listed financial instruments the price is determined based on adequate valuation techniques.

Income from investments in subsidiaries, associates and joint ventures

Includes the income originated from investments in associated companies recorded in the corresponding asset account. This relates in particular to the share of the result in the investment.

Income from other financial instruments and property investments

The account includes income from property investments and financial instruments not measured at fair value through profit or loss and in particular:

- Financial income recognised utilising the effective interest method (IAS 18.30 (a));
- Other income and, in particular, dividends relating to equity securities and revenues deriving from the utilisation, by third parties, of the property investments;
- Profits realised following the sale of financial assets and investment properties or the elimination of financial liabilities;
- Profits on valuation, deriving principally, where possible, from the write-back in value (reversal of impairment).

Other revenues

The account comprises:

- the receivables deriving from the sale of goods, from services other than those of a financial nature and from the utilisation, by third parties, of intangible and tangible assets and other activities of the company;
- the other net technical income related to insurance contracts;
- The exchange differences recorded in the income statement as per IAS 21;
- the gains realised and any restatement in values relating to intangible and tangible assets.

Net charges relating to claims

The account comprises:
- the amounts paid, net of recovery;
- The changes of the claims reserves and of the recovery reserves;
- The changes in the reserve for the amounts outstanding, actuarial reserves and the technical reserves where the investment risk is borne by the policyholders;
- The changes of the other technical reserves relating to insurance contracts and financial instruments as per IFRS 4.2, including the deferred liabilities to the policyholders referring to income and charges recorded in the income statement (e.g. shadow accounting reserve).

The amounts recorded include the settlement expenses paid and accrued, which include the expenses relating to the investigation, acceptance, valuation and settlement of the claims.

Commission expenses

This account includes the acquisition costs related to investment contracts which do not fall under the application of IFRS 4. This relates in particular to the commission paid to the Agents in relation to the acquisition of the unit-linked and index-linked contracts.

Investments charges

Charges from investments in subsidiaries, associates and joint ventures
Includes the charges arising from holdings in associated companies, recorded in the corresponding asset account. This relates in particular to the share of the result in the investment.

Charges from other financial instruments and property investments
The account includes charges from property investments and financial instruments not measured at fair value through the income statement and in particular:
- Financial charges recognised utilising the effective interest method, including the interest relating to subordinated loans;
- Other charges and, in particular, the costs relating to investment property, such as condominium expenses, and maintenance and repairs not of an incremental nature;
- Losses realised following the sale of financial assets and investment properties or the elimination of financial liabilities;
- Losses on valuation, deriving principally from amortisation, and where necessary, impairment.

Management expenses

Commissions and other acquisition expenses
The account includes acquisition costs relating to insurance contracts and financial instruments as per IFRS 4.2, net of reinsurance ceded.

Investment management charges
These refer to general expenses and personnel costs relating to the management of the financial instruments, investment property and investments, as well as custodial and administration costs.

Other administration expenses
The account includes general and personnel expenses not attributed to the relative claims charges, contract acquisition expenses and investment management charges. The account relates also to the general expenses and personnel costs of the companies which exercise financial activities other than those of the insurance companies, not otherwise allocated, as well as the general expenses and personnel costs incurred for the acquisition and administration of the investment contracts not included within IFRS 4.

Other costs
The account comprises:
- The costs relating to the sale of goods other than those of a financial nature;
- The other net technical charges relating to insurance contracts, for which reference should be made to the comments on the premium accounts;
- The provisions made in the year;
- The exchange differences recorded in the income statement as per IAS 21;
- The losses realised, impairment and depreciation on tangible fixed assets, and on intangible assets;
- The costs for the year relating to the stock option plans approved by the parent company Fondiaria-SAI, as already described.

Income taxes
The account includes the current income taxes (Ires income tax and Irap regional tax), calculated applying to the respective assessable bases, the nominal rates in force at the balance sheet date and the deferred taxes, calculated taking into account the reduction of the tax rates from the year 2008.

Stock option plans

As already commented upon in the first part of the present report, in the section “Other information”, on July 14, 2006, the Board of Directors of Fondiaria-Sai approved the assignment of options of the Fondiaria-Sai 2006-2011 stock option plan for executive

directors and management of Fondiaria-Sai, of its subsidiaries and of the parent company for the purchase of Fondiaria-SAI saving shares.
The assignment by the Board is an execution of the Extraordinary Shareholders' Meeting's resolution of Fondiaria-Sai of April 28, 2006.

Accounting principle IFRS 2 "Share-based payments" requires the recording in the income statement of the implicit cost related to the stock option plans for employees. In the case of the stock option plan, the regulation requires that the Company records the service received in the accounts, that is the employment service of the beneficiaries of the stock option, this latter valued at fair value of the shares/options paid. The consequence of this accounting approach is that the stock option plans increase the personnel costs recorded in the consolidated financial statements; for this purpose it is necessary to identify appropriate valuation models in order to determine the fair value of the options and therefore the personnel costs recorded in the accounts.

The fair value option was calculated using the Black-Scholes-Merton model. This relates to the most utilised valuation model of the options in Europe, based on which the theoretical price (value) of a call option is based on the increased price of the underlying security, of its volatility, of the market interest rate and of the time period, against the exercise price and the expected dividends.

UNCERTAINTY ON UTILISATION OF ESTIMATES

The application of some accounting principles necessarily implies significant elements of opinion based on estimates and assumptions which are uncertain at the time of their formation.

For the accounts for the year 2008 it is considered that the assumptions made are appropriate and consequently the accounts are prepared with the intention of clarity and represent in a true and fair manner the financial situation and result for the year. Information is provided below in accordance with the requirements of paragraph 116 of IAS 1. In the notes in the relative paragraphs, adequate and exhaustive information is provided as to the underlying reasons for the decisions taken, the valuations made and the criteria adopted in the application of the international accounting standards.

In order to provide reliable estimates and assumptions reference was made to historical experience, as well as other factors considered appropriate in the specific cases, based on all the information available.

It cannot be excluded, however, that variations in estimates and assumptions may determine significant effects on the balance sheet and income statement, as well as on the potential assets and liabilities reported for information purposes in the accounts, where different opinions are made compared to those utilised at the time reported.

In particular, the use of greater subjective valuations by management was necessary in the following cases:

- in the calculation of the loss of value of goodwill from business combinations, of goodwill in investment holdings and the relative Value of Business Acquired;
- in the determination of the fair value of financial assets and liabilities where they were not directly obtained from active markets. The elements of subjectivity relate to, in this case, in the choice of the valuation models or in the input parameters which may not be observable on the market;
- in the definition of the parameters utilised in the analytical valuations of equity securities and bonds in the Available-for-Sale category to verify the existence of any loss in value. In particular reference is made to the choice of the valuation models and the principal assumptions and parameters utilised;
- in the estimate of the recovery of the deferred tax assets;
- in the quantification of provisions for risks and charges and the employee benefit provisions, for the uncertainty therein, of the period of survival and of the actuarial assumptions utilised;

The reporting of these cases is made with the objective to permit the reader of the accounts a better understanding of the principal areas of uncertainty, but it is not intended in any case to imply that alternative assumptions could be appropriate or more valid.

In addition, the valuations in the accounts are made based on the going concern of the business, in that no risks were identified which could compromise the normal carrying out of the business activities. The information on financial risks is contained in Part E – Information on financial risks, while the disclosure on insurance risks is reported in Part F – Amounts, timing and level of uncertainty of the financial cash flows relating to insurance contracts.

Group Structure

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

Consolidation scope

Company	State	Method (1)	Activity (2)
BIPIEMME VITA S.p.A.	ITALY	G	1
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
LIGURIA SOCIETA' DI ASSICURAZIONI S.p.A.	ITALY	G	1
LIGURIA VITA S.p.A.	ITALY	G	1
MERIDIANO EUR S.r.l.	ITALY	G	10
MERIDIANO ORIZZONTI S.r.l.	ITALY	G	10
PRONTO ASSISTANCE SERVIZI S.c.r.l.	ITALY	G	11
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)	Voting % in Ordinary Shareholder Meeting (4)	% consolidated
51.00	51.00	51.00	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
99.97	99.97	99.97	100.00
-	99.97	100.00	100.00
100.00	100.00	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

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

Details of non-consolidated investments

Company	State	Activity (1)	Type (2)
GARIBALDI S.C.S.	LUXEMBOURG	10	B
GLOBAL CARD SERVICE S.r.l.	ITALY	11	A
IMMOBILIARE LOMBARDA S.p.A.	ITALY	10	B
SAI INVESTIMENTI S.G.R. S.p.A.	ITALY	8	B
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	ITALY	11	B
SISTEMI SANITARI S.c.r.l.	ITALY	11	B
VALORE IMMOBILIARE S.r.l.	ITALY	10	B
UNISERVIZI S.c.r.l.	ITALY	11	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

(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)	Voting % in Ordinary Shareholder Meeting (4)	Book value
47.95	47.95	47.95	0
-	94.97	95.00	0
39.03	39.03	39.03	253,633
29.00	29.00	29.00	1,714
30.00	30.00	30.00	261
19.63	20.12	20.31	198
49.00	49.00	49.00	12,838
34.19	34.58	34.59	13,813

Consolidation scope

At December 31, 2008, the Milano Group totalled, including the Parent Company, 12 Companies, all fully consolidated. Of these 7 were insurance Companies, 3 were property Companies and 2 service Companies.

In 2008, the following companies were included in the consolidation area:

- Liguria Società di Assicurazioni S.p.A. following the conferment by Fondiaria-Sai of the entire shareholding previously held by Fondiaria-Sai, amounting to 99.97% of the share capital; the conferment is within the wider project of the corporate and industrial restructuring of the Fondiaria-Sai Group, described in greater detail in the introduction to the present report and the section relating to events within the Milano Assicurazioni Group, to which reference should be made.

- Liguria Vita S.p.A., wholly owned by Liguria Società di Assicurazioni S.p.A;

Pronto Assistance Servizi S.c.r.l., acquired during the year both directly by Milano Assicurazioni (28% of the share capital) and indirectly through subsidiary companies (24% through Dialogo Assicurazioni; 2.2% through Liguria Società di Assicurazioni; 0.35% through Systema Compagnia di Assicurazioni). The Company provides services to policyholders in relation to guarantees in the assistance class present in the insurance contracts of the group companies.

Notes to the consolidated financial statements

The details and notes to the consolidated financial statement accounts are presented below. Further details are contained in the attachment as per ISVAP Regulation No. 7 of July 13, 2007 at the end of the present notes.

PART B - Information on the consolidated balance sheet

Balance Sheet - Assets

1. INTANGIBLE ASSETS

The breakdown is as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Goodwill	264,976	196,183	68,793
Other intangible assets	123,833	120,924	2,909
TOTAL	**388,809**	**317,107**	**71,702**

Goodwill

The following movements took place during the year (IFRS 3.75):

(in Euro thousands)	**2008**	**2007**
Value at beginning of year	**196,183**	**195,926**
Permanent losses in value recorded in previous years (-)	-	-
Increases in the year	68,793	257
Amortisation	-	-
Reductions for cessions or for registrations of available-for-sale assets	-	-
Losses in value recorded in the year	-	-
Other changes	-	-

Value at year end	**264,976**	**196,183**

The increases in the year refer to the consolidation difference on the investments conferred by Fondiaria-Sai, within the industrial and corporate restructuring of the Fondiaria-Sai Group, already described in detail and relating to Liguria Assicurazioni (Euro 65,634 thousand) and Liguria Vita (Euro 3,159 thousand).

The detail of the account is broken down as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Goodwill recorded following the merger with the parent company by Lloyd Internazionale S.p.A. in 1991	17,002	17,002	-
Goodwill recorded in 1992 following the acquisition by the Parent Company of the portfolio of Card S.p.A.	33,053	33,053	-
Goodwill deriving from the acquisition by the parent company of the insurance portfolio of Latina Assicu razioni S.p.A. in 1992	34,522	34,522	-
Goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from Previdente Vita (formerly Latina Vita) in 1993	16,463	16,463	-
Goodwill deriving from the acquisition, in 1995, of the portfolio Maa Finanziaria by Nuova Maa, incorporated into the parent company in 2003.	65,134	65,134	-
Goodwill deriving from the acquisition, in 2001, of the Profilo Life portfolio by Maa Vita, incorporated into the parent company in 2003.	1,052	1,052	-
Goodwill recorded following the merger with the parent company of Maa Vita in 2003	4,636	4,636	-
Goodwill relating to the acquisition by SIS of the Ticino portfolio in 1995	152	152	-
Consolidation difference deriving from the acquisition, in 199 6, of La Previdente Vita (subsequently incorporated into Milano Ass.) by La Previdente Assicurazioni (subsequently incorporated into Milano Ass.)	3,275	3,275	-
Consolidation difference deriving from the acquisition of Dialogo Ass. by La Previdente Ass. in 1997	49	49	-
Consolidation difference deriving from the acquisition in the years 2006 and 2007 of 51% of BPM Vita.	20,845	20,845	-
Consolidation difference arising from conferment in 2008 of Liguria Assicurazioni.	65,634	-	65,634
Consolidation differen ce arising from conferment in 2008 of Liguria Vita	3,159	-	3,159
TOTAL	**264,976**	**196,183**	**68,793**

In accordance with IAS 38 (Intangible assets), goodwill, having an indefinite useful life, is not systematically amortised, but subject to an impairment test, made at least annually, in accordance with the manner set out in IAS 36 (Reduction in value of Assets), in order to identify the existence of a permanent loss in value. The impairment tests are made comparing the carrying value and the recoverable value of the Cash Generating Units (CGU), in accordance with IAS 36.

Goodwill existing at the transition date to international accounting standards (1/1/2004)

Identification of the CGU

Two Cash Generating Units were identified, represented by the Non-Life and Life Divisions within the Milano Assicurazioni Group, taking into account also the CGU's which benefited from the business combination synergies achieved in the past, which the individual components of the account goodwill in the accounts refer to.

This identification is also in line with the Group management reporting system, in which the CGU's represent the minimum level to which the goodwill is monitored for internal management control purposes. However, these CGU's are not higher than the sector definition based on the primary representation, in accordance with IAS 14.
The determination of the book value of the CGU's identified is made in line with the determination of the appropriate cash flow streams to identify the recoverable value. In particular, the goodwill allocated amounted to Euro 46,157 thousand for the Life Division CGU and Euro 218,819 thousand for the Non-Life division CGU.

Recoverable value of the CGU's

The recoverable value of the CGU's is the higher between the fair value less costs to sell and its value in use. The fair value of the CGU's represents the amount obtainable on its sale between knowledgeable and willing parties at arm's length, less selling costs.

Considering that the CGU's identified belong to listed companies (Milano Assicurazioni), where an active market exists, it was considered appropriate, to preliminarily compare the book value of the CGU to which the goodwill was allocated with the market value (fair value) of the same, determined utilising as a reference parameter the market capitalisation of Milano Assicurazioni.

The test illustrated that, also due to the current strong turbulences on the financial markets and the consequent large falls in stock prices, the fair value test did not confirm the full recoverability of the goodwill recorded.

Therefore impairment tests were carried out identifying a value in use through the DCF (discounted cash flow) method. The principal assumptions of the methods utilised are set out below:

- base data: Forecast 2009 sustainable with sensitivity ± 3%;
- time period: 5 years;
- discount rate: Group Wacc equal to approx. 8%;
- terminal value: discount of the last perpetual cash flows with growth equal to zero;

With reference to the 2009 forecast, it is underlined that, in the absence of a formalised budget plan, which will be completed during 2009, Management drew up an income statement budget for the year 2009 considering part of the objectives which will be the basis of the previously mentioned industrial plan of the Fondiaria-Sai Group, and therefore also of Milano Assicurazioni, and which principally relates to the improvement of the combined ratio, both through a rationalisation of the operating structures to achieve maximum cost efficiency and improving the loss ratio, including through the full operation of the "AUTO Presto & Bene" project.

Account was also taken of a normalised version of the 2008 results in order to evaluate the accuracy of the financial data contained in the 2009 forecast. The data utilised is therefore considered reasonable in relation to the Company's capacity in the time period involved and based on conservative assumptions compared to those which will be developed in greater detail in the previously mentioned industrial plan.

The discount rate applied is the weighed average cost calculated of capital (Wacc) equal to approx. 8%. This rate is based on the weighting between the cost of Group debt and the cost of own capital.

The terminal value or residual value was determined as the current value of a perpetual return represented by the last expected cash flows assumed from a nominal zero growth rate.
These extremely prudent assumptions illustrate a value in use above the book value of the CGU and therefore confirm the recording in the accounts of the accounting goodwill.

Finally, it is noted that the valuations made with the DCF method were subject to sensitivity analysis on the basis of assumptions of growth/contraction of 3% of the 2009 forecast and Wacc fluctuations of +/-1% (Wacc between 7% and 9%). From the analysis made from application of the above methods, the results are within an average range, thus confirming the validity.

Other goodwill

This concerns the principal business combinations undertaken in the last three years and therefore:
- BPM Vita S.p.A. (51%);
- Liguria Assicurazioni Group (100%);

it is considered appropriate to identify, as CGU's, the companies themselves. The recoverable value of the CGU's is representative of its value in use. Also in this case, the methods utilised are attributable to the DCF financial methods, applied on the expected cash flows of the industrial plans of the Companies subject to valuation, taking into account also their terminal value. The discount rate applied is the weighed average cost calculated of capital (WACC) equal to approx. 8%.

The terminal value or residual value was determined as the current value of a perpetual return represented by the last expected cash flows assumed from a nominal zero growth rate.

The main assumptions for the impairment test are as follows:
- Base Data: 2009 budget or last Business Plan approved, with sensitivity analysis (+/-3%);
- Time period: 5 years;
- Discount rate: Wacc, equal to approx. 8%;
- Terminal Value: where applicable, discounting of the last perpetual cash flows with zero growth.

The goodwill allocated to the individual CGU's amounts to Euro 20,845 thousand for Bipiemme Vita and Euro 68,793 thousand for the Liguria Group. The results of the tests confirmed the recoverability of the goodwill recorded.

With reference to Liguria Assicurazioni the values of the amounts conferred by Fondiaria-Sai were also verified by the directors of Milano Assicurazioni pursuant to article 2.343 of the Civil Code.

The *other intangible assets* have a definite useful life and are therefore amortised over their duration. There were no internal assets generated internally. This account principally comprises:
- the value of the Bipiemme Vita insurance portfolio at the moment of the acquisition by Milano Assicurazioni (VOBA Value of Business Acquired), which is amortised in line with the evolution of the portfolio acquired. The residual value at December 31 amounts to Euro 87,837 thousand. The amortisation in the year amounted to Euro 32,264 thousand.
- The VOBA relating to Liguria Assicurazioni, amounting to Euro 31,342 thousand, recorded in the year following the consolidation of the relative investment and is the principal increase compared to the previous year.

The table below shows the breakdown of the gross value and total amortisation recorded up to December 31, 2008:

(in Euro thousands)	**Gross carrying value**	**Amortisation and impairment**	**Net Value**
Studies and research expenses	-	-	-
Utilisation rights	-	-	-
Other intangible assets	208,606	84,773	123,833
TOTAL	**208,606**	**84,773**	**123,833**

The movements in the account “Other intangible assets” in the year are as follows:

(in Euro thousands)	**2008**	**2007**
Value at beginning of year	120,924	45,970
Increases:		
• generated internally	-	-
• purchased	1,433	103
• from business combinations	33,918	-
• from changes in the consolidation method	-	93,778
Decreases for sales or reclassifications	-	-
Amortisation	-32,442	-18,927
Other changes	-	-
Value at end of year	**123,833**	**120,924**

Following verifications made, there was no reductions for losses in value recorded.

2. PROPERTY, PLANT & EQUIPMENT

The account amounts to Euro 175,585 thousand (Euro 183,267 thousand at 31/12/2007) broken down as follows:

(in Euro thousands)	**Buildings**		**Other tangible assets**		**Total**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Gross carrying value	63,671	42,085	186,439	193,890	250,110	235,975
Depreciation and impairment	-20,349	-12,063	-54,176	-40,645	-74,525	-52,708
Net value	**43,322**	**30,022**	**132,263**	**153,245**	**175,585**	**183,267**

The movements in the year are shown below:

(in Euro thousands)	**Buildings**		**Other tangible assets**		**Total**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Value at beginning of year	30,022	29,706	153,245	124,371	183,267	154,077
Increases	672	1,328	26,840	29,653	27,512	30,981
Decreases for sales or reclassifications			-48,200	-73	-48,200	-73
Buildings from business combinations	13,853		1,044		14,897	
Impairment recorded in the year						
Restated values recorded in the year						
Depreciation	-1,225	-1,012	-666	-706	-1,891	-1,718
Other changes						
Value at end of year	**43,322**	**30,022**	**132,263**	**153,245**	**175,585**	**183,267**

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 depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration.

No building is subject to restrictions on ownership, nor have any amounts been recorded in the income statement for reductions in value, losses or damages.
The Group annually undertakes independent expert valuations to determine the fair value of its land and buildings. This practice fulfils, among other matters, specific provisions of the Supervision Authority.

With reference to the buildings for use by the company, the book value, at the year-end, is lower by Euro 22.9 million than the expert valuations based on market values.

The other tangible assets refer for Euro 124.8 million to down-payments in relation to real estate operations regarding the areas in Milan, Via de Castillia (Lunetta dell'Isola) and in Rome - via Fiorentini.

We recall that these operations, undertaken in previous years, resulted in the sale to third parties, by Milano Assicurazioni, of the above-mentioned land and the purchase of the related buildings from the buyers themselves.

3. TECHNICAL RESERVES – REINSURANCE AMOUNT

The account amounts to Euro 481,436 thousand (Euro 350,438 thousand at 31/12/2007), broken-down as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Non-Life premium reserve - reinsurers	51,262	22,945	28,317
Non-Life claims reserve - reinsurers	294,132	198,192	95,940
Other Non-Life reserves – reinsurers	-	-	-
Actuarial reserves attributed to reinsurers	133,990	128,267	5,723
Reserve for claims to be paid – reinsurers	2,051	1,034	1,017
Class D reserves attributed to reinsurers	-	-	-
Other reserves – reinsurers	1	-	1
TOTAL	**481,436**	**350,438**	**130,998**

The increase compared to the previous year is due for Euro 107,015 thousand to the incorporation of Sasa Assicurazioni and Sasa Vita and for Euro 60,188 thousand to the change in the consolidation area which this year includes Liguria Assicurazioni and Liguria Vita.

4. INVESTMENTS

This consists of:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Investment property	561,055	388,425	172,630
Investments in subsidiaries, associates and joint ventures	282,457	12,787	269,670
Investments held-to-maturity	174,946	-	174,946
Loans and receivables	273,159	145,187	127,972
Financial assets available-for-sale	9,240,074	9,417,289	-177,215
Financial assets at fair value recorded through profit or loss	2,031,139	2,836,966	-805,827
TOTAL	**12,562,830**	**12,800,654**	**-237,824**

Investment property

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

The investment properties are recorded at purchase cost in accordance with IAS 16 (Property, plant and equipment), which IAS 40 (Investment property) refers to in the case of adoption of the cost model. They are therefore depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration.
The separation of the land component from the buildings is made based on the updated expert valuations at the date of transition to the international accounting standards (January 1, 2004).

The Group annually determines the fair value of the property investments on the basis of independent expert valuations. Overall, the book value of the property investments at 31/12/2008 was Euro 216.8 million lower than the expert's valuations at the same date.

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

	31/12/2008	31/12/2007
Gross carrying value	624,046	443,845
Depreciation and impairment	-62,991	-55,420
Net value	**561,055**	**388,425**

(in Euro thousands)	2008	2007
Value at beginning of year	388,425	375,294
Increases:		
• for purchases	176,094	-
• for incremental expenses	18,312	22,132
Buildings from business combinations	10,824	-
Decreases for sales or reclassifications	-22,747	-6
Depreciation	-9,853	-8,995
Impairment/restatement recorded in the year		
Other changes		
Value at end of year	**561,055**	**388,425**

During the year, rental income from investment property and expense reimbursements amounted to Euro 19,740 thousand while operating costs, mainly relating to building lease charges, amounted to Euro 8,853 thousand.

There are no significant limits to the realisation of the investment property due to restrictions of a legal, contractual or any other nature.

Investments in subsidiaries, associates and joint ventures

In accordance with IAS 27.20 (Consolidated and separate financial statements), the subsidiaries are fully consolidated, including those which undertake dissimilar activities, with the exception of the companies which due to their size are insignificant in terms of the consolidated financial statements. The amount recorded mainly refers to holdings in associated companies, valued under the equity method.

(in Euro thousands)	**31/12/2008**	**31/12/2007**
Associated companies		
Immobiliare Lombarda	253,633	-
Sai Investimenti SGR S.p.A.	1,714	1,675
Service Gruppo Fondiaria-Sai S.r.l.	261	244
Sistemi Sanitari S.p.A.	198	539
Valore Immobiliare S.r.l.	12,838	-
Uniservizi S.c.r.l.	13,813	10,731
Garibaldi S.c.S.	-	-402
TOTAL	**282,457**	**12,787**

None of the above investments are subject to restrictions on ownership rights.

Investments held-to-maturity

The account amounts to Euro 174,946 thousand and is comprised of:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Non quoted debt securities	93,316	-	93,316
Quoted debt securities	81,630	-	81,630
TOTAL	**174,946**	**-**	**174,946**

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

Loans and receivables

The account amounts to Euro 273,159 thousand (Euro 145,187 thousand at 31/12/2007) and is composed as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Non quoted debt securities	28,844	30,742	-1,898
Quoted debt securities	19,122	-	19,122
Time deposits	98,927	-	98,927
Loans on life policies	27,589	25,045	2,544
Deposits held by reinsurers	2,779	3,010	-231
Receivables from sub-agents for indemnities paid to agents terminated	62,129	56,634	5,495
Other loans and receivables	33,769	29,756	4,013
TOTAL	**273,159**	**145,187**	**127,972**

The non-listed debt securities includes the book values of some issuers (in particular the securities of the special Ania issues) for which it is considered appropriate to utilise the amortised cost and not the fair value in the absence of an active market.

The receivables from agents for the recovery of indemnities paid to their predecessors are recorded in this account in accordance with the requirements of Isvap Regulation No. 7 of July 13, 2007 and in consideration of their interest bearing nature.

The "other loans and receivables" consist of Euro 31,060 thousand of loans provided to the associated Company Garibaldi S.c.s. related to the real estate project at Milan called "Garibaldi Repubblica".
The book value of the loans and receivables approximates their fair value.

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. They represent the largest category of financial instruments, in line with the characteristics and purposes of the insurance activities.

The division by type is as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Quoted equity securities	607,345	1,401,182	-793,837
Non quoted equity securities	13,095	10,005	3,090
Quoted debt securities	8,036,525	7,462,250	574,275
Non quoted debt securities	4,645	11,158	-6,513
Fund units	578,464	532,694	45,770
TOTAL	**9,240,074**	**9,417,289**	**-177,215**

The reduction compared to the previous year is due to the sales/purchase operations as well as the adjustments to the carrying value of market prices.

The listed financial instruments recorded in this category are in fact valued at market value at the last day of trading in the year, with allocation of the differences compared to cost in a specific net equity reserve, except for the recording of reductions in value which are recorded in the income statement.

As described in more detail in the accounting principles, for the corporate bonds with subordination clauses the current value was determined using alternative valuation models, developed internally on the basis of parameters commonly utilised by the operators, taking into account that the relative trading markets do not express, at the end of the year for trading volumes and reliability, sufficiently predictable listings.
Specifically, the credit default pricing model was utilised. A further haircut, in a prudent manner, was applied – principally for the issuing banks - to the price obtained in consideration of the tensions which were created recently in the sector from the bankruptcy of Lehman Brothers.
In addition, we report that the principal part of the securities with subordination clauses recorded under financial assets available-for-sale were transferred from the fair value category through profit and loss, in application of the amendment to IAS 39 issued by the IASB

(International Accounting Standard Board) in October 2008. For further information on this transfer and for the relative effects, reference should be made to the following paragraph on financial instruments at fair value through profit and loss.
Overall the financial instruments recorded in the Available-for-Sale category resulted in a negative net equity reserve of Euro 281.5 million, of which approx. 15% related to bond securities and 85% to equity securities.

Impairment on financial instruments belonging to the Available for sale segment

In relation to the recording of losses for the reduction in value, we report that paragraph 59 of IAS 39 provides indicators of a possible reduction in qualitative factors such as:
- significant financial difficulties of the issuer;
- non contractual compliance or non payment of interest or capital;
- the risk of commencement or the commencement of receivership of the issuer;
- the elimination of an active market for the financial assets subject to valuation;
- data which indicates the existence of a significant decrease in the future financial cash flows estimated for a group of financial assets, including:
    - unfavourable changes in the payments of the beneficiaries in the group;
    - local or national economic conditions which are related to the non compliance of the activities within the group.

Paragraph 61 of IAS 39 also states that the reduction of value of an instrument represented by capital includes information on important changes with an adverse effect on the technological, market, economic or legal environment in which the issuer operates.

Finally, paragraph 61 of IAS 39 also defines impairment as a prolonged or significant reduction in market value of an equity instrument below original purchase cost.

And therefore, it is noted that:
- the IAS/IFRS standards are “principle based” and therefore application is subject to reasonable and prudent choices by the enterprise;
- there are no official interpretations by the Iasb board on the subject;
- in particular there are no quantitative regulations or “mechanisms” to determine the notion of “significant or prolonged” as cited above;
- the only certain principle, which becomes a clear applicable regulation, is that in the presence of clear impairment, the entire negative reserve recorded under net equity must be fully recorded in the income statement.

Therefore for the purposes of the recording of the reduction of value, the Group has defined as prolonged and significant a reduction of fair value defined alternatively as follows:
1. a reduction of the market value of at least 20% for a continued period of one year;
2. a reduction of the market value of 80% at the reporting date of the accounts;
3. a reduction of the market value for a continual period of two years.

The above thresholds cover the exceptional nature of the financial market crisis, which induces a normal recovery. It is also recalled that the recording of a loss in value requires, although in the presence of exceeding one of the above-mentioned thresholds, a further analysis which considers, in addition to the reduction of value, all other qualitative factors.

In this context, it is therefore considered appropriate to take into account, for the purposes of the effective reduction in value of the AFS assets, also factors of a qualitative or fundamental nature which cannot be treated automatically. This presumes that the current price of a share is the best forecast of the current value of the future price in an efficient market, but not in a turbulent market such as the current market which reports extraordinary daily variations compared to the historic trend.

In relation to the investments which report a significant decrease in fair value (generally between 20% and 80% and therefore not within the tests described above), the analysis of the existence of an impairment was made on the basis of a mixed valuation approach, differentiated by the quality and the size of the holding.

In particular:

1. Strategic and/or significant investments (in terms of carrying value and losses) such as:
   - Fondiaria-Sai
   - Assicurazioni Generali;
   - Monte dei Paschi di Siena;
   - RCS Mediagroup;
   - Unicredit;

   Although there is no impairment under the automatic test policies as described above and without qualitative impairment factors, they were subject to analytical valuations, carried out internally and with the assistance of independent experts. With the exception of RCS Mediagroup (as further described below), this analysis illustrated a value in use of the investments generally above the book value, therefore confirming the recording of the difference between the same and the market value of the AFS reserve, not relating therefore to an impairment. This analysis, based on methods commonly utilised by the operators, took account of the published information (annual/interim accounts, industrial plans, presentation of data to the financial community, reports of financial analysts), subject to a desk review procedure.
2. Other investments: given their fragmentation and the lower amount of the related losses, an impairment test was only made in the presence of one of the qualitative factors as per paragraphs 59 and 61 of IAS 39, confirmed by further analytical evaluations.

The analytical valuations concern approx. 75% of the gross total losses (gross of the tax effect and any shadow accounting) relating to the equity securities with differences between the fair value and the original cost above 20%.

In relation to the debt financial instruments, there is evidence of impairment if only one of the qualitative factors exists of the above-mentioned paragraph 59. For the debt securities with a significant reduction in fair value at the date of the preparation of the financial statements, the same criteria was adopted as described above, taking into account that any analytical valuations are principally based on the probability of default of the issuer.

Based on the methods described above, the reduction in value for impairment relating to the AFS assets amounts to Euro 56 million and are summarised in the following table:
(in Euro millions)

Shareholding in RCS Mediagroup	33.7
Other shareholdings	17.0
Bonds	5.3
Total	56.0

The investment in RCS Mediagroup was written down to the stock market value at the end of the year recording in the income statement the adjustment in 2008 and the entire negative AFS reserve existing at the beginning of the year, as required by paragraph 68 of Ias 39.

Financial assets at fair value recorded through profit or loss

The breakdown is as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Quoted equity securities	1,048	126,878	-125,830
Quoted debt securities	580,041	983,966	-403,925
Non quoted debt securities	855,430	893,778	-38,348
Fund units	562,091	811,786	-249,695
Other financial instruments	32,529	20,558	11,971
TOTAL	**2,031,139**	**2,836,966**	**-805,827**

This account principally relates (Euro 1,950,211 thousand) to investments covering contracts in the life classes with investment risk borne by the policyholders.

The listed financial instruments recorded in this category are valued at market value at the last day of trading in the year, with allocation of the difference with the carrying value to the income statement. The reduction compared to the previous year is due, in addition to the above-mentioned adjustment to the current market prices, to the transfer made to the available-for-sale category.

The broadness, depth and exceptional nature of the crisis involving all the main financial markets have led the principal world Standard Setters to issue accounting amendments in order to avoid the application of rigid accounting standards to the current market context distorting asset values and the income capacity of the enterprises.

In this context IASB (International Accounting Standard Board) issued, in October 2008, an amendment to IAS 39 (Financial instruments: recognition and measurement) and to IFRS 7 (Financial instruments: disclosures) which permitted, among others, possible transfer, at the prices of July 1, 2008, of some types of financial instruments from the fair value through profit and loss category to the other investment categories, with a consequent different impact on the relative valuations.

In this regulatory context, the Milano Assicurazioni Group transferred from the category fair value through profit and loss to the category available-for-sale financial instruments Euro 520 million, of which Euro 94.8 million relating to equity securities and Euro 425.2 million to debt securities. The relative adjustments to the market prices for the part relating to the second half of 2008, equal to Euro 57.4 million, were therefore recorded under equity rather than as an income statement expense. However, taking into account the different impact of the shadow accounting, or rather the portion of these adjustments borne by the life policyholders, and the relative fiscal charge, the effective net benefit to the income statement is Euro 30.6 million.

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Receivables from direct insurance operations	717,234	562,589	154,645
Receivables from reinsurance operations	105,521	27,551	77,970
Other receivables	342,711	266,478	76,233
TOTAL	**1,165,466**	**856,618**	**308,848**

Receivables from direct insurance operations include:

- receivables from policyholders of Euro 368,434 thousand, of which Euro 353,305 thousand referring to the premiums for the year and Euro 15,129 thousand for premiums of previous years
- receivables from insurance brokers for Euro 275,379 thousand
- receivables from insurance companies for Euro 33,598 thousand
- receivables from policyholders and others for sums to be recovered for Euro 39,823 thousand

The other receivables are broken down as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**

Receivables from Fondiaria-Sai for tax payments on account and for credits and withholding taxes transferred in accordance with the tax consolidation	141,887	89,103	52,784
Trade receivables	24,457	55,189	-30,732
Tax reimbursements	87,227	88,623	-1,396
Other receivables	89,140	33,563	55,577
TOTAL	**342,711**	**266,478**	**76,233**

The trade receivables are non-interest bearing and are generally payable within 90 days.

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

6. OTHER ASSETS

The account amounts to Euro 299,848 thousand (Euro 239,626 thousand at 31/12/2007) and is composed as follows:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Non-current assets or of a discontinued group held for sale	1,366	-	1,366
Deferred acquisition costs	53,963	76,658	-22,695
Deferred tax assets	68,172	20,127	48,045
Current tax assets	71,892	57,363	14,529
Other assets	104,455	85,478	18,977
TOTAL	**299,848**	**239,626**	**60,222**

The deferred acquisition costs refer to the acquisition commissions on long-term contracts which, in accordance with the accruals principle, are amortised for the duration of the relative contracts (average duration of seven years for the Non Life division and effective duration of each contract, in any case not above 10 years, for the Life division).
The movements during the year were as follows:

(in Euro thousands)	31/12/2008			
	Non-Life Division	**Life Division**	**Total**	**31/12/2007**
Balance at beginning of year	70,220	6,438	76,658	79,088
Increases in the year	-	2,876	2,876	14,988
Amortisation in year (-)	-24,995	-576	-25,571	-17,418
Balance at end of year	**45,225**	**8,738**	**53,963**	**76,658**

Current tax assets

The current tax assets, amounting to Euro 71,892 thousand (Euro 57,363 thousand at 31/12/2007), refer principally to tax authorities for payments on account and withholding taxes. The account includes amounts paid on account on the life division actuarial reserves pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented, recorded in accordance with Isvap Regulation No. 7 of July 13, 2007.
Where permitted by IAS 12, current tax assets and liabilities are compensated.

Deferred tax assets

The account amounts to Euro 68,172 thousand (Euro 20,127 thousand at 31/12/2007) 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" principle established by IAS 12. The recording occurs in relation to the probability of their recovery related to the capacity to generate assessable taxable income in the future.
Where permitted by IAS 12, deferred tax assets and liabilities were compensated.

Other assets

The account amounts to Euro 104,455 thousand (Euro 85,478 thousand at 31/12/2007) and includes the payment on account of the actuarial reserves (Euro 23,717 thousand), indemnities paid to agencies (Euro 6,074 thousand), policy indemnities (Euro 4,452 thousand), transitory reinsurance accounts (Euro 144 thousand) and deferred commission charges on contracts not applied in accordance with IFRS 4 (Euro 16,879 thousand).

7. CASH ON HAND AND AT BANK

The account amounts to Euro 220,824 thousand (Euro 164,564 thousand at 31/12/2007).
The account includes the liquidity and deposits and bank current account with maturity less than 15 days.

Balance Sheet - Liabilities

LIABILITIES AND SHAREHOLDERS' EQUITY

1. SHAREHOLDERS' EQUITY

The consolidated Shareholders' Equity, inclusive of net profit for the year and the minority interest share, amounts to Euro 2,084,638 thousand, as shown in the following table:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
Group Net Equity	**1,982,519**	**2,017,854**	**-35,335**
Share capital	305,851	251,217	54,634
Other equity instruments	-	-	-
Capital reserves	718,147	425,373	292,774
Retained earnings and other reserves	1,103,937	945,647	158,290
Treasury shares	*-31,353*	*-19,579*	*-11,774*
Translation reserve	-	-	-
Profit or loss on available-for-sale financial assets	-281,502	163,406	-444,908
Other gains and losses recorded directly in equity	-477	-314	-163
Group net profit	167,916	252,104	-84,188
Minority interest equity	**102,119**	**92,738**	**9,381**
Minority capital and reserves	109,067	92,592	16,475
Gains and losses recorded directly in equity	-1,293	-857	-436
Minority interest profit	-5,655	1,003	-6,658
TOTAL	**2,084,638**	**2,110,592**	**-25,954**

The disclosures on the composition and on the movements in the share capital required by IAS 1.76a is provided below:

	Ordinary 31/12/2008	Savings 31/12/2008	Ordinary 31/12/2007	Savings 31/12/2007
Number of shares issued	557,435,774	30,739,882	452,370,625	30,739,882

	Ordinary	Savings	Total
Shares existing at 1/1/2008	452,370,625	30,739,882	483,110,507
Treasury shares (-)	-3,419,860	-	-3,419,860
Shares outstanding: balance at 1/1/2008	448,950,765	30,739,882	479,690,647
Increases:			
Sale of treasury shares	-	-	-
Share capital increase	105,065,149	-	105,065,149
Decreases:			
Acquisition of treasury shares	-3,345,000	-	-3,345,000
Shares outstanding: balance at 31/12/2008	**550,670,914**	**30,739,882**	**581,410,796**

The capital reserves, amounting to Euro 718,147 thousand, refer to the share premium reserve recorded in the financial statements of the Parent Company.

The new shares issued in the year related to the share capital increases made in accordance with the industrial and corporate restructuring project of the Fondiaria-Sai Group, already described in detail, which resulted in:

1. two share capital increases of Milano Assicurazioni S.p.A., pursuant to article 2441, paragraph 4 of the civil code, reserved to Fondiaria-Sai S.p.A., to be paid through conferment in kind:
   a) of the entire holding in Liguria Assicurazioni S.p.A., corresponding to 99.97% of the share capital;
   b) of the holding above 51% of the direct share capital held by Fondiaria-SAI S.p.A. in Immobiliare Lombarda S.p.A. on the completion of the total voluntary public purchase and exchange offer, pursuant to articles 102 and thereafter of Legislative Decree No. 58 of February 24, 1998, concluded on April 17, 2008, corresponding to a holding of approx. 27.88% in the share capital;
2. the merger by incorporation into Milano Assicurazioni S.p.A. of Sasa Assicurazioni e

Riassicurazioni S.p.A. and Sasa Vita S.p.A.

Against the operation as per the preceding point 1 *a)* a total of 25,291,333 ordinary shares were issued, based on the share swap ratio determined as 11 Milano Assicurazioni ordinary shares for every 10 Liguria Assicurazioni shares.
Against the conferment of a holding of 27.88% in Immobiliare Lombarda, as per the preceding point 1 *b)*, a total of 33,660,132 ordinary shares, based on a share swap ratio defined as 1 Milano Assicurazioni ordinary share for every 34 Immobiliare Lombarda shares.
The merger into Milano of Sasa Assicurazioni resulted in the issue of 42,640,000 new ordinary shares, while that of Sasa Vita resulted in 3,473,684 ordinary shares, based on the respective share swap ratios, equal to 27 Milano shares for every 33 Sasa Assicurazioni shares and 8 Milano shares for every 19 Sasa Vita shares.

Nature and purpose of the other reserves

The *profit reserves and the other equity reserves* principally include the *other net equity reserves* included in the separate financial statements of the Parent Company, to which reference should be made.
These comprise also:
- the consolidation reserve for Euro 21,881 thousand;
- the reserve for gains and losses deriving from the first-time application of the international accounting standards, negative for Euro 45,524 thousand.

The change in the consolidated net equity, attached, is shown in the specific schedule.

Treasury shares

The account amounts to Euro 31,353 thousand (Euro 19,579 thousand at 31/12/2007). This account includes the carrying value of the capital instruments of the Parent Company Milano Assicurazioni held by the company. The increase compared to the previous year is due to the purchase of treasury shares made in the year in accordance with shareholders meeting resolutions.
This account reduced the net equity in accordance with IAS 32.

Profit or loss on available-for-sale financial assets

The account represents the difference between the acquisition costs and market prices of the financial assets available-for-sale where these differences are not indicative of reductions in value. They are recorded net of the part attributable to the policyholders and recorded as insurance liabilities in accordance with the accounting method contained in paragraph 30 of IFRS 4 (shadow accounting). The change compared to the previous year is due to the current financial market crisis, which saw an exceptional fall in stock exchange prices at the end of the year.

Other gains and losses in the year recorded directly in equity

They relate to:
- profits and losses of an actuarial nature consequent of the application of IAS 19 (Euro 1,240 thousand of losses);
- the gains deriving from the valuation of a derivative financial instrument to hedge cash flows (Euro 763 thousand).

Shareholders' equity - minority interest

The minority interest shareholders' equity amounts to Euro 102,119 thousand (Euro 92,738 thousand at 31/12/2007) and refers principally to the minority holding of Bipiemme Vita.

* * *

The reconciliation between the net result and net equity of Milano Assicurazioni and of the consolidated financial statements are shown below.

RECONCILIATION BETWEEN PARENT AND CONSOLIDATED FINANCIAL STATEMENTS		
(Euro thousand)	Net profit	
	2008	2007
Separate Financial Statements of Milano Assicurazioni S.p.A. as per Italian GAAP	**15,389**	**224,716**
Effects deriving from the application of IAS/IFRS on the Parent Company		
IAS 38 "Intangible assets"		
- Goodwill	23,992	23,992
- Other intangible assets	68	466
IAS 16-40 "Buildings and investment property"		
- Buildings	-5,302	-7,002
IAS 32 "Financial Instruments: disclosures"		
- Treasury Shares	9,938	1,777
IAS 19 "Employee Benefits"		
- Leaving indemnity and other employment benefit	-243	12,356
IAS 39 "Financial Instruments"		
Financial assets:		
- Fair value through profit or loss	2,725	-3,096
- Available-for-sale	200,510	-2,807
- Held to maturity	-210	
- Loans and receivables	1,186	104
Financial liabilities	1,407	-732
IFRS 4 "Insurance contracts"		
- Equalisation and unearned premium reserve	3,515	2,447
- Actuarial reserves	-4,495	14,043
- Service component linked policies (IAS 18)	12	75
IFRS 2 "Share-based payments"		
- Other equity reserves	-1,453	-4,010
Tax effect on IAS/IFRS adjustments	-75,283	-14,823
Separate Financial Statements of Milano Assicurazioni in accordance with IAS/IFRS international accounting standards	**171,756**	**247,506**
Consolidation adjustments:		
- Difference between valuation and share of net equity:		
Consolidated line-by-line	17,144	8,282
Valued under the equity method	276	376
- Amortisation difference allocated to assets	-16,774	-13,127
- Application of different accounting principles	-12,950	6,801
- Difference on assets discontinued	-27	444
- Elimination effects of inter-group operations:		
Dividends	-1,134	-7,441
Reversal realised gains		
- Tax effects of the consolidation adjustments	9,625	9,263
Consolidated financial statements of Milano Assicurazioni in accordance with IAS/IFRS (group share)	**167,916**	**252,104**

RECONCILIATION BETWEEN PARENT AND CONSOLIDATED FINANCIAL STATEMENTS		
(Euro thousand)	Net equity before result	
	31/12/2008	31/12/2007
Separate Financial Statements of Milano Assicurazioni S.p.A. as per Italian GAAP	**2,029,168**	**1,537,089**
Effects deriving from the application of IAS/IFRS on the Parent Company		
IAS 38 "Intangible assets"		
- Goodwill	96,120	72,128
- Other intangible assets	-200	-666
IAS 16-40 "Buildings and investment property"		
- Buildings	-43,947	-36,945
IAS 32 "Financial Instruments: disclosures"		
- Treasury Shares	-29,576	-19,579
IAS 19 "Employee Benefits"		
- Leaving indemnity and other employment benefit	251	-9,963
IAS 39 "Financial Instruments"		
Financial assets:		
- Fair value through profit or loss	7,453	9,227
- Available-for-sale	-366,970	164,295
- Held to maturity		
- Loans and receivables	-453	
Financial liabilities	-1,407	-675
IFRS 4 "Insurance contracts"		
- Equalisation and unearned premium reserve	37,668	32,755
- Actuarial reserves	79,569	20,411
- Service component linked policies (IAS 18)	-12	-87
IFRS 2 "Share-based payments"		
- Other equity reserves	1,453	4,010
Tax effect on IAS/IFRS adjustments	-18,661	-54,896
Separate financial statements of Milano Assicurazioni in accordance with IAS/IFRS international accounting standards	**1,790,456**	**1,717,104**
Consolidation adjustments:		
- Difference carrying value and share of net equity:		
Consolidated line-by-line	-174,281	-57,416
Valued under the equity method	2,500	-264
- Difference allocated to assets	118,449	96,601
- Difference arising on consolidation	92,962	24,169
- Application of different accounting principles	76,719	69,918
- Difference on assets discontinued	27	-444
- Elimination effects of inter-group operations:		
Dividends	1,134	7,441
Reversal goodwill deriving from merger deficit	-25,451	-25,451
Other inter-group operations	-10,807	-10,807
- Tax effects of the consolidation adjustments	-57,105	-55,101
Consolidated financial statements of Milano Assicurazioni in accordance with IAS/IFRS (group share)	**1,814,603**	**1,765,750**

2. PROVISIONS

The account includes the reasonable valuation of the future charges and risks existing at the balance sheet date, also deriving from disputes in course. In particular:

- Euro 59,504 thousand relating to provision for risks, principally related to disputes with the agency networks and disputes in course.
- Euro 22,324 thousand relating to provisions for future charges.

The movements are as follows:

(in Euro thousands)

Value at beginning of year	76,012
Increases in the year	11,727
Utilisation in the year	-5,911
Other changes	-
Value at end of year	**81,828**

3. TECHNICAL RESERVES

The account amounts to Euro 10,773,473 thousand (Euro 9,846,197 thousand at the end of the previous year). The increase is due to the industrial and corporate restructuring of the Fondiaria-Sai Group, already described in detail, which resulted in the merger of Sasa Assicurazioni and Sasa Vita into Milano Assicurazioni and the change in the consolidation scope which includes this year the companies Liguria Assicurazioni and Liguria Vita, conferred during the year by Fondiaria-Sai to Milano Assicurazioni.

Details of this account are shown below:

(in Euro thousands)	**31/12/2008**	**31/12/2007**	**Changes**
NON-LIFE DIVISION			
Unearned premium reserve	1,166,756	930,999	235,757
Claims reserve	3,780,404	3,362,626	417,778
Others	4,523	3,700	823
Total Non-Life Division	**4,951,683**	**4,297,325**	**654,358**
LIFE DIVISION			
Actuarial reserves	5,285,184	5,074,999	210,185
Provision for claims to be paid	57,517	55,967	1,550
Technical reserves where investment risk borne by policyholders and from pension fund management	540,187	427,583	112,604
Others	-61,098	-9,677	-51,421
Total Life Division	**5,821,790**	**5,548,872**	**272,918**
TOTAL TECHNICAL RESERVES	**10,773,473**	**9,846,197**	**927,276**

The unearned premium reserve includes Euro 1,165,114 thousand of premium fraction reserve for direct business and Euro 1,642 thousand for unearned premium relating to indirect business. The conditions for the accrual of the risk reserve in course were not verified.

The claims reserve includes Euro 340,080 thousand accrued against claims referring to the year but not yet reported at the balance sheet date.

The other technical reserves of the Non-Life division refer entirely to the ageing reserve pursuant to ISVAP Regulation No. 16 of March 4, 2008.

The actuarial reserve includes the additional reserve on the financial risk equal to Euro 38,170 thousand, determined according to ISVAP Regulation No. 21 of March 28, 2008.

The “other technical reserves” of the life division principally include the reserve for future expenses (Euro 37,757 thousand) and the reserve for deferred liabilities due to policyholders, determined applying the shadow accounting method, as per paragraph 30 of IFRS 4, which was negative for Euro 98.855 thousand, taking account of the unrealised losses on financial instruments utilised to cover the life division technical reserves.

The following movements took place in the technical reserves during the year:

(in Euro thousands)

	Non-Life Division	Life Division	Total
Balance at beginning of year	4,297,325	5,548,872	9,846,197
Increases in the year	1,156,331	1,184,271	2,340,602
Payments (-)	-1,518,563	-1,297,995	-2,816,558
Gains or losses recorded through profit or loss	96,995	-	96,995
Increases for changes in consolidation area	918,855	383,619	1,302,474
Reserves acquired or transferred to other insurers	317	-	317
Exchange differences	423	3,023	3,446
Reserve at end of year	**4,951,683**	**5,821,790**	**10,773,473**

The account includes Euro 2,635.1 million of reserves relating to contracts with a discretional profit participation in accordance with the application of paragraph 2b) of IFRS 4.

4. FINANCIAL LIABILITIES

(in Euro thousands)	31/12/2008	31/12/2007	Changes
Financial liabilities designated at fair value through profit or loss	1,415,231	1,949,416	-534,185
Other financial liabilities	377,171	316,122	61,049
TOTAL	**1,792,402**	**2,265,538**	**-473,136**

The financial liabilities designated at fair value essentially include (Euro 1,414,288 thousand) 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 other financial liabilities principally include deposits consisting of guarantees in relation to risks ceded in reinsurance (Euro 192,313 thousand) and subordinated liabilities of Euro 172,747 thousand.

The subordinated liabilities are composed as follows:

- Euro 51,648 thousand, equal to the amortised cost of the subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an original amount of Euro 150 million (Euro 100 million was repaid in July 2008). 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 102,768 thousand, equal to the amortised costs of the loan of 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 the largest limit of 50% of the lower value between the available margin and the solvency margin requested. 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.
- Euro 10 million, equal to the amortised cost of the subordinated loan of Euro 10 million provided in 2003 by Fondiaria-Sai to Sasa Assicurazioni, incorporated at the year-end. The loan provides for an interest rate of Euribor at 6 months increased by a margin of 280 basis points, with payment of the interest half yearly on June 30 and December 31.
- Euro 8,331 thousand relating to a subordinated loan recorded in the financial statements of Bipiemme Vita, issued by Banca Popolare di Milano (Euro 4.8 million) and Banca di Legano (Euro 3.2 million) both for an indeterminate period at Euribor 12 months +250 basis points.

5. PAYABLES

The account amounts to Euro 264,612 thousand and is comprised of:

(in Euro thousands)	**2008**	**2007**	**Changes**
Payables from direct insurance operations	33,858	40,641	-6,783
Payables from reinsurance operations	16,849	11,884	4,965
Other payables	213,905	322,529	-108,624
TOTAL	**264,612**	**375,054**	**-110,442**

Payables from direct insurance operations include:
- Euro 22,531 thousand to insurance intermediaries;
- Euro 8,679 thousand to insurance companies;
- Euro 465 thousand for cautionary monies from insurers;
- Euro 2,183 thousand for payables for guarantee provisions for policyholders.

The payables deriving from reinsurance operations refer for Euro 12,979 thousand to payables on reinsurance company current accounts and Euro 3,870 thousand for payables to reinsurance brokers.

The breakdown of the *Other payables* is shown below:

(in Euro thousands)	**2008**
Policyholders' tax due	33,825
Other taxes due	31,021
Social security and welfare institutions	9,164

Trade payables	34,215
Leaving indemnity	27,413
Ires income tax payable to Fondiaria-Sai following the tax consolidation	35,636
Others	42,631
TOTAL	**213,905**

Leaving indemnity

It is recalled that due to the 2007 Finance Act (Law No. 296/2006) that the Complementary Pension Reform was brought forward to January 1, 2007.
Based on this reform, employees of private sector companies with 50 or more employees had the option by June 30, 2007 to allocate the employee leaving indemnity matured from January 1, 2007 to complementary pension funds or maintain the amount in the company, which must then transfer these amounts to a Treasury Fund managed by INPS.

For the employees of companies with less than 50 employees this choice was optional. Where no choice was made by employees the leaving indemnity matured remained in the company.

For the purposes of the actuarial validation of the liability related to the provision of the Employee Leaving Indemnity in accordance with IAS 19, and applying the indications of the technical organisations (Abi, Assirevi, Actuarial Body and OIC), the different cases were divided as follows:

- group Companies with less than 50 employees: The valuation of the liability was made in accordance with the traditional actuarial criteria, already utilised in the past;
- group Companies with 50 or more employees; The quota of the Employee Leaving Indemnity matured at January 1, 2007 as a defined contribution plan, both in the case of the option for the complementary pension and in the case of the allocation to the INPS Treasury Fund were not calculated in accordance with actuarial criteria.

The movements in the year are shown below:

(in Euro thousands)

Values at 31/12/2007	**25,583**
Costs relating to current employee services	1,054
Financial charges	1,111
Actuarial gain/loss)	1,246
Utilisation for payments made	-3,622
Change in consolidation area	2,041
Values at 31/12/2008	**27,413**

6. OTHER LIABILITIES

The breakdown is as follows:

(in Euro thousands)	**2008**	**2007**	**Changes**
Current tax liabilities	480	164	316
Deferred tax liabilities	82,788	77,577	5,211
Liabilities in a discontinued group held for sale	-	-	-
Other liabilities	214,577	161,140	53,437
TOTAL	**297,845**	**238,881**	**58,964**

Current tax liabilities

The account amounts to Euro 480 thousand (Euro 164 thousand at 31/12/2007) and refers to the Irap regional tax at the year-end, net of the current tax asset compensated in accordance with IAS 12.

Deferred tax liabilities

The deferred tax liabilities, amounting to Euro 82,788 thousand, include all the temporary tax differences relating to balance sheet and income statement accounts, which will be cancelled in future years.

The balances shown take account of the compensation, where permitted, of the deferred tax asset in accordance with IAS 12.

Other liabilities

The account amounts to Euro 214,577 thousand (Euro 161,140 thousand at 31/12/2007) and is principally comprised of:

- commissions on premium collection of Euro 55,927 thousand;
- reinsurance premiums of Euro 9,357 thousand;
- over commissions paid for Euro 14,000 thousand;
- payments for claims in the non-life classes and sums in the life division in course of execution at the balance sheet date for Euro 35,047 thousand;
- the quota for future years of the commission income received on financial contracts, not applied in accordance with IFRS 4, for Euro 24,666 thousand.

PART C - Information on the consolidated income statement

NET PREMIUMS

The net premiums consolidated amount to Euro 3,962,518 thousand (+12.6% compared to net premiums in 2007 of Euro 3,518,877 thousand).

Before reinsurance the premiums written of the Group amounted to Euro 4,129,434 thousand, an increase of 13.9% on 2007.

Premiums written in the life division amounted to Euro 1,169,672 thousand (+24.75% on 2007). The increase derives from the contribution of Sasa Vita (Euro 90,638 thousand), incorporated into Milano Assicurazioni at the year-end and from the full consolidation of Bipiemme Vita from July 1, 2007. On like-for-like terms, premiums in 2008 recorded an increase of 0.1%.

The premiums written in the non-life division amounted to Euro 2,927,995 thousand and recorded an increase of 10.1%, principally due to the contribution of Sasa Assicurazioni (Euro 407,261 thousand), incorporated into Milano Assicurazioni at the year-end.
On a like-for-like basis, premiums decreased by 3.9% principally due to the negative performance of the motor premiums (-6.6%) caused by the contraction in new motor registrations (which decreased by 13.4% in 2008), by strong price competition and by the effects of the so-called Bersani bis Law in terms of rules of the assignment of the bonus-malus classes. The other Non-Life Classes reported however an increase of 2.1%, a performance substantially in line with the previous year.

The table below shows the breakdown of gross premiums written and those ceded in reassurance. The higher percentage of premiums ceded on gross premiums (4% in 2008 compared to 2.9% in 2007) is principally due to the characteristics of the non-life portfolio of Sasa Assicurazioni, with a greater percentage of Transport and Aviation insurance, which typically have high exposure levels of capital insured.

(in Euro thousands)	**2008**	**2007**	**Changes**
Gross Life premiums written	**1,169,672**	**937,595**	**232,077**
Gross Non-Life premiums written	2,927,995	2,660,089	267,906
Change gross premium reserve	31,767	27,667	4,100
Total Non-Life Division	**2,959,762**	**2,687,756**	**272,006**
Gross premiums written	**4,129,434**	**3,625,351**	**504,083**

(in Euro thousands)	**2008**	**2007**	**Changes**
Life premiums ceded	**17,264**	**11,907**	**5,357**
Non-Life premiums ceded	151,567	95,216	56,351
Change in reinsurers reserves	-1,915	-649	-1,266
Total Non-Life Division	**149,652**	**94,567**	**55,085**
Premiums ceded to re-insurers	**166,916**	**106,474**	**60,442**

The account "gross premiums written" does not include the cancellation of securities issued in previous years, which were recorded in the account "Other costs".
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.
Further information is provided as an attachment to the notes.

COMMISSION INCOME

Commission income amounted to Euro 25,626 thousand, an increase of 8% on 2007.

(in Euro thousands)	**2008**	**2007**	**Changes**
Commission income	25,626	23,724	1,902

The account refers to the explicit and implicit loadings related to the investment contracts and to the management commissions on the internal funds.

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

The account amounts to Euro 33,885 thousand, a significant increase compared to income in 2007 of Euro 3,545 thousand.

The increase principally derives from the significant gains following the closure of combined options (purchase put-sell call) undertaken to cover the non realised gains on equity securities in portfolio. In particular, the options closed during the year through the financial payment of the difference between the quotation and the strike price (cash settlement) related to:
- 8,500,000 Generali shares on which, based on an average strike of Euro 31.326 per share, a profit of Euro 77,366 thousand was recorded. However the shares hedged were sold in the market, realising a trading loss of Euro 30,015 thousand;
- 1,000,000 Mediobanca shares on which, based on an average strike of Euro 15.162 per share, a profit of Euro 6,073 thousand was recorded. However the shares hedged were sold in the market, realising a trading gain of Euro 2,640 thousand;

- 14,000,000 Unicredit shares on which, based on an average strike of Euro 4.538 per share, a profit of Euro 10,006 thousand was recorded. However, a part of the shares hedged were sold in the market, realising a trading loss of Euro 12,915 thousand;

However, net value adjustments of Euro 86,972 thousand negatively impacted the 2008 result, recorded following the current deep financial crisis, which saw exceptional falls in share prices at the year-end.

The following table shows the composition by type.

(in Euro thousands)	**Net interest**	**Other net income**	**Profits realised**	**Losses realised**	**Val. gains & recovery in values**	**Val. losses & adjustment in values**	**Total 2008**	**Total 2007**	**Changes**
Result of investments from:									
Financial assets held for trading	16,717	43,312	2,862	-44,922	1,123	-41,855	-22,763	-1,791	-20,972
Financial assets designated at fair value recorded through profit or loss	14,076	-4,006	108,528	-15,710	44,233	-77,226	69,895	-13,362	83,257
Financial liabilities held for trading	-	-	-	-	-	-13,247	-13,247	18,698	-31,945
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-
TOTAL	**30,793**	**39,306**	**111,390**	**-60,632**	**45,356**	**-132,328**	**33,885**	**3,545**	**30,340**

INCOME AND CHARGES FROM OTHER FINANCIAL INSTRUMENTS AND PROPERTY INVESTMENTS

The composition is as follows:

(in Euro thousands)	**Net interest**	**Other net income**	**Profits realised**	**Losses realised**	**Val losses & adjustment in values**	**Total 2008**	**Total 2007**	**Changes**
Result from:								
Investment property	-	10,887	41,309	-	-9,853	42,343	2,239	40,104
Investments in subsidiaries, associates and joint ventures	-	368	12	-	-	380	859	-479
Investments held to maturity	822	-	-	-	-	822	-	822
Loans and receivables	6,489	-	-	-	-	6,489	7,559	-1,070
Available-for-sale financial assets	337,115	74,357	40,176	-87,079	-55,976	308,593	393,326	-84,733
Receivables	3,789	-	-	-	-	3,789	4,485	-696
Cash and cash equivalents	11,547	-	-	-	-	11,547	8,436	3,111
Other financial liabilities	-19,134	-	1,407	-	-	-17,727	-16,416	-1,311
Payables	-339	-	-	-24	-	-363	-1,033	670
TOTAL	**340,289**	**85,612**	**82,904**	**-87,103**	**-65,829**	**355,873**	**399,455**	**-43,582**

The decrease compared to the previous year derives from the losses for reduction in value recorded with reference to the financial assets available-for-sale (Euro 55,976 thousand). For the details on these losses and the criteria utilised for their calculation, reference should be made to the comments in part B of the present report, on the section relating to financial assets available-for-sale.

OTHER REVENUES

Other revenues amount to Euro 88,331 thousand (Euro 78,250 thousand in 2007) and is composed of:

(in Euro thousands)	**2008**	**2007**
Other technical income	27,893	10,455
Utilisation of provisions	5,911	13,691
Exchange differences	59	3,257
Prior year income	12,474	3,366
Gains realised on fixed assets	39	2
Recovery of expenses and administrative cost	35,733	34,811
Other revenues	6,222	12,668
TOTAL	**88,331**	**78,250**

The recovery of expenses and administration charges, which are offset against other charges, principally relate to the recharges to companies of the Fondiaria-Sai Group against the division, based on standard criteria, of the overheads, principally made up of personnel costs.

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 3,733,703 thousand, an increase of 33.4 % on the previous year (+14.4% in the non-life division and +58.5% in the life division).

The increase in the non-life division is due to the contribution of Sasa Assicurazioni, incorporated into Milano Assicurazioni at the year-end (Euro 311,717 thousand).

The increase in the life division is due in particular to the full consolidation of Bipiemme Vita from July 1, 2007 and to the contribution of Sasa Vita, incorporated into Milano at the end of the year (Euro 49,646 thousand). There was also an increase in redemptions requests by policyholders, deriving from the current financial market turbulences and uncertainties on the future trend of the principal economic and financial variables.

The table below shows the breakdown of the accounts relating to direct and indirect premiums, as well as the reinsurance share.

Claims costs, amounts paid and changes in technical reserves

(in Euro thousands)	**2008**	**2007**	**Changes**
Non-Life Division			
Amount paid	2,454,280	1,991,539	462,741
Change in recoveries	-29,705	-38,210	8,505
Change in other technical reserves	207	953	-746
Change in claims reserve	-233,121	-38,065	-195,056
Total Non-Life	**2,191,661**	**1,916,217**	**275,444**
Life Division			
Sums paid	1,279,423	807,380	472,043
Change in actuarial reserve and other technical reserves	-87,464	249,598	-337,062
Change in technical reserves where investment risk borne by policyholders and from pension fund management	22,102	-66,188	88,290
Change reserve for sums to be paid	-4,140	17,456	-21,596
Total Life	**1,209,921**	**1,008,246**	**201,675**
TOTAL NON-LIFE + LIFE	**3,401,582**	**2,924,463**	**477,119**
Amount paid	3,733,703	2,798,919	934,784
Change reserves	-332,121	125,544	-457,665

Claims costs, reinsurers portion

(in Euro thousands)	**2008**	**2007**	**Changes**
NON-LIFE DIVISION			
Amount paid	97,021	42,294	54,727
Change in other technical reserves	-	-	-
Change in recoveries	-241	-	-241
Change in claims reserve	-34,601	20,768	-55,369
Total Non-Life	**62,179**	**63,062**	**-883**
LIFE DIVISION			
Amount paid	32,200	24,136	8,064
Change in actuarial reserve and other technical reserves	-18,403	-12,085	-6,318
Change reserve for sums to be paid	-328	277	-605
Total Life	**13,469**	**12,328**	**1,141**
TOTAL NON-LIFE + LIFE	**75,648**	**75,390**	**258**
Amount paid	129,221	66,430	62,791
Change reserves	-53,573	8,960	-62,533

COMMISSION EXPENSES

These represent the acquisition costs of the investment contracts not within the application of IFRS 4 as not relating to a significant insurance risk. The decrease is due to the changes made in the types of products distributed through the bancassurance channel.

(in Euro thousands)	**2008**	**2007**	**Changes**
Commission expenses	12,036	20,368	-8,332

MANAGEMENT EXPENSES

The breakdown of the account is as follows:

(in Euro thousands)	**2008**	**2007**	**Changes**
NON-LIFE DIVISION			
Acquisition commissions and changes in deferred acquisition costs	421,672	351,373	70,299
Other acquisition expenses	78,085	60,864	17,221
Collection commissions	20,267	37,237	-16,970
Commissions and profit participation received from reinsurers	-27,298	-19,516	-7,782
Total Non-Life	**492,726**	**429,958**	**62,768**
LIFE DIVISION			
Acquisition commissions and changes in deferred acquisition costs	25,408	11,022	14,386
Other acquisition expenses	11,183	9,850	1,333
Collection commissions	5,250	5,989	-739
Commissions and profit participation received from reinsurers	-3,189	-2,018	-1,171
Total Life	**38,652**	**24,843**	**13,809**
Investment management charges	12,091	9,363	2,728
Other administration expenses	109,133	73,851	35,282
TOTAL	**652,602**	**538,015**	**114,587**

The acquisition costs matured in the year (acquisition commission and other acquisition expenses) amounted to Euro 536,348 thousand, of which Euro 18,049 thousand refers to the amortisation on charges incurred in previous years.

OTHER COSTS

The other costs amount to Euro 246,282 thousand (Euro 223,720 thousand in 2007) and are comprised of:

(in Euro thousands)	**2008**	**2007**
Other technical charges	127,925	112,748
Provisions	13,808	10,466
Losses on receivables	6,367	14,996
Prior year charges	3,237	5,460
Depreciation of tangible assets	1,891	1,500
Amortisation of intangible assets	32,442	18,931
Exchange differences	3,277	7,174
Administrative costs/expenses incurred for third parties	35,733	34,811
Other costs	21,602	17,634
TOTAL	**246,282**	**223,720**

The account "other costs" includes Euro 1,453 thousand accrued against the cost in 2008 of the options for the purchase of the saving shares of Fondiaria-Sai attributed to executive directors and senior management of Milano Assicurazioni, in accordance with the extraordinary Shareholders' Meeting resolution of Fondiaria-Sai of April 28, 2006.
For further information on the stock option plans and on the criteria utilised for the determination of the relative costs, reference should be made to the directors' report and to the Accounting Principles.

At December 31, 2008, there were 2,637,920 options outstanding, as shown in the table below:

outstanding at the beginning of the year	issued during the year	cancelled in the year	exercised in the year	other changes	outstanding at the end of the year	exercisable at year-end
2,637,920	-	-	-	-	2,637,920	1,846,544

INCOME TAXES

Income taxes for the year amounted to Euro 67,118 thousand (Euro 140,648 thousand in 2007) of which current taxes of Euro 45,374 thousand and net deferred tax charge of Euro 21,744 thousand, as shown in the following table.

(in Euro thousands)	
Current income tax	45,374
Deferred tax liabilities arising in the year	95,882
(-) Deferred tax utilised in the year	-24,498
(-) Deferred tax assets arising in the year	-68,130
Deferred tax assets utilised in the year	18,490
TOTAL	**67,118**

The current income taxes (Ires income tax and Irap regional tax) are determined applying the respective rates in force at the balance sheet date of 27.5% for Ires and 4.82% for Irap.

In relation to the deferred taxes, this resulted in an increase in taxes of Euro 21,744 thousand. In particular, the deferred tax liability records a higher fiscal charge of Euro 71,384 thousand and are generally correlated to all the temporary assessable differences arising or reversed in the year.
The deferred taxes arising in the year, net of those reversed, resulted in a lower tax charge of Euro 49,640 thousand. These were recorded up to the amount of the probable reversal in future years of the correlated temporary differences.

The reconciliation between the fiscal charges recorded in the financial statements and the IRES income tax rate for the year of 27.5% is as follows:

(in Euro thousands)	**2008**
Profit before taxes	229,379
Taxes on theoretical income (excluding regional tax)	63,079
Tax effect from changes in permanent differences	-17,051
Taxes on income (excluding regional tax)	46,028
Irap regional tax	21,090
TOTAL taxes for the year	**67,118**

In order for a better understanding of the reconciliation between the effective charge in the accounts and the theoretical fiscal charge - this latter determined on the basis of nominal income tax rate of 27.5% - account was not taken of the Irap regional tax effect as the assessable basis for these taxes are not uniform, and therefore not comparable with the pre-tax effect.
The positive effect related to the permanent fiscal differences is principally related to the income components which in accordance with the Ires income tax reform, pursuant to Legislative Decree No. 344/2003, are not subject to taxation, among which, in particular, dividends, which are almost entirely exempt.

FURTHER INFORMATION

Earnings per share

The earnings per share is calculated by dividing the net profit attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the year. It is reported that the weighted average shares outstanding is reduced by the weighted average treasury shares held and that the group net profit deducts the savings shareholders share of profit.

Information is shown below for the calculation of the earnings per share:

	2008	2007
Net profit attributed to the ordinary shareholders of the parent company *(in Euro thousands)*	158,633	234,286
Weighted average number of ordinary shares to calculate the ba sic earnings per share	493,331,949	443,374,965
Basic earnings per share – in Euro	0.32	0.53

It is currently not necessary to calculate the diluted earnings per share.

Dividends paid and proposed

Information is provided below in accordance with IAS 1.125a and 125b:

(in Euro thousands)	**2008**	**2007**
Declared and paid in the year		
Dividends on ordinary shares	152,577	131,934
Dividends on savings shares	11,066	9,837
Proposal for approval by the Shareholders' Meeting		
Dividends on ordinary shares	82,600	152,577
Dividends on savings shares	5,091	11,066

The dividends proposed for approval at the Shareholders' Meeting are not recorded as a liability at December 31.

PART D – Segment Information

In accordance with IAS 14, 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 primary reporting of the Group 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 offering different products and services.
In order to identify the primary sectors, the Group made an analysis of the risk-return profile of the sectors and considered the internal reporting structure while the identification of the residual sector was made through a discretional valuation and based on the primary source of risks and benefits that the Group is exposed to. Isvap Regulation No. 7 of July 13, 2007 considered it appropriate to highlight the Non-Life and Life sectors as a minimum disclosure required for segment reporting.

The Non-Life sector provides insurance cover as indicated in article 2, paragraph 3 of Legislative Decree 209/2005.

The Life sector involves the carrying out of insurance activities and of the operations included in article 2, paragraph 1, of Legislative Decree 209/2005.

The real estate sector includes the activities of the property subsidiary companies which operate actively in the management and development of property investments.

The Other Activities sector, of a residual nature, includes the activities of subsidiaries which operate in the financial sector and in providing commercial assistance to agencies.

The inter-sector operations are generally concluded on the same conditions with third parties.

This section shows the balance sheet and income statement by sector, prepared in accordance with the formats approved by Isvap Regulation No. 7 of July 13, 2007. Comments and further information on the individual segments are reported in the directors' report, to which reference should be made.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Balance sheet by segment

		Non-Life Division		Life Division	
		2008	2007	2008	2007
1	**INTANGIBLE ASSETS**	**253,179**	**153,185**	**134,838**	**163,271**
2	**PROPERTY, PLANT & EQUIPMENT**	**169,887**	**179,674**	**285**	**338**
3	**TECHNICAL RESERVES - REINSURANCE AMOUNT**	**345,394**	**221,137**	**136,042**	**129,301**
4	**INVESTMENTS**	**4,547,677**	**4,743,208**	**7,685,372**	**7,850,733**
4.1	Investment property	324,296	282,612		
4.2	Investments in subsidiaries, associates and joint ventures	280,299	12,787	2,158	
4.3	Investments held to maturity			174,946	
4.4	Loans and receivables	140,759	92,177	132,400	53,010
4.5	Available-for-sale financial assets	3,773,198	4,185,100	5,373,854	5,131,289
4.6	Financial assets at fair value through profit or loss	29,125	170,532	2,002,014	2,666,434
5	**OTHER RECEIVABLES**	**1,034,999**	**785,391**	**118,027**	**63,324**
6	**OTHER ASSETS**	**188,283**	**120,741**	**138,172**	**222,125**
6.1	Deferred acquisition costs	45,225	70,220	8,738	6,438
6.2	Other assets	143,058	50,521	129,434	215,687
7	**CASH AND CASH EQUIVALENTS**	**161,030**	**126,821**	**53,557**	**31,584**
	TOTAL ASSETS	**6,700,449**	**6,330,157**	**8,266,293**	**8,460,676**
1	**SHAREHOLDERS' EQUITY**				
2	**PROVISIONS**	**76,400**	**70,637**	**5,428**	**5,375**
3	**TECHNICAL RESERVES**	**4,951,683**	**4,297,325**	**5,821,790**	**5,548,872**
4	**FINANCIAL LIABILITIES**	**197,156**	**149,453**	**1,595,056**	**2,114,656**
4.1	Financial liabilities at fair value through profit or loss	-	16,322	1,415,231	1,933,094
4.2	Other financial liabilities	197,156	133,131	179,825	181,562
5	**PAYABLES**	**187,668**	**286,675**	**65,270**	**81,962**
6	**OTHER LIABILITIES**	**163,251**	**223,949**	**155,257**	**109,363**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

Real Estate Sector		Other		Inter-segment Eliminations		Total	
2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
607	**651**	**185**				**388,809**	**317,107**
5,235	**3,145**	**178**	**110**			**175,585**	**183,267**
						481,436	**350,438**
329,781	**206,713**	-	-	-	-	**12,562,830**	**12,800,654**
236,759	105,813					561,055	388,425
				-	-	282,457	12,787
						174,946	-
						273,159	145,187
93,022	100,900					9,240,074	9,417,289
						2,031,139	2,836,966
4,604	**7,415**	**8,285**	**503**	- **449**	- **15**	**1,165,466**	**856,618**
1,212	**926**	**19**	**20**	- **27,838**	- **104,186**	**299,848**	**239,626**
						53,963	76,658
1,212	926	19	20	- 27,838	- 104,186	245,885	162,968
2,596	**4,619**	**3,641**	**1,540**			**220,824**	**164,564**
344,035	**223,469**	**12,308**	**2,173**	- **28,287**	- **104,201**	**15,294,798**	**14,912,274**
						2,084,638	**2,110,592**
						81,828	**76,012**
						10,773,473	**9,846,197**
190	**1,429**	-	-	-	-	**1,792,402**	**2,265,538**
						1,415,231	1,949,416
190	1,429					377,171	316,122
4,087	**3,974**	**8,036**	**2,458**	- **449**	- **15**	**264,612**	**375,054**
6,212	**9,755**	**963**		- **27,838**	- **104,186**	**297,845**	**238,881**
						15,294,798	**14,912,274**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Segment Income Statement

		Non-Life Division		Life Division	
		2008	2007	2008	2007
1.1	Net premiums	2,810,110	2,593,189	1,152,408	925,688
1.1.1	*Gross premiums*	2,959,762	2,687,756	1,169,672	937,595
1.1.2	*Premiums ceded to re-insurers*	- 149,652	- 94,567	- 17,264	- 11,907
1.2	Commission income	-	-	25,626	23,724
1.3	Income and charges from financial instruments at fair value through profit and loss	74,778	1,056	- 40,893	2,489
1.4	Income from investments in subsidiaries, associates and joint ventures	528	1,005		
1.5	Income from other financial instruments and property investments	243,436	202,937	285,771	269,913
1.6	Other revenues	82,148	69,463	2,259	5,969
1	**TOTAL REVENUES AND INCOME**	**3,211,000**	**2,867,650**	**1,425,171**	**1,227,783**
2.1	Net charges relating to claims	2,129,482	1,853,155	1,196,452	995,918
2.1.1	*Amounts paid and changes in technical reserves*	2,191,661	1,916,217	1,209,921	1,008,246
2.1.2	*Reinsurers' share*	- 62,179	- 63,062	- 13,469	- 12,328
2.2	Commission expenses			12,036	20,368
2.3	Charges from investments in subsidiaries, associates and joint ventures	148	146		
2.4	Charges from other financial instruments and property investments	107,417	31,859	70,951	46,296
2.5	Management expenses	591,392	493,029	61,118	44,892
2.6	Other costs	188,848	176,244	52,436	43,142
2	**TOTAL COSTS AND CHARGES**	**3,017,287**	**2,554,433**	**1,392,993**	**1,150,616**
	PROFIT BEFORE TAXES	**193,713**	**313,217**	**32,178**	**77,167**
	INCOME TAXES				
	PROFIT/LOSS FROM DISCONTINUED OPERATIONS				
	CONSOLIDATED PROFIT				
	Group share				
	Minority share				

Real Estate Sector		Other		Inter-segment Eliminations		Total	
2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
-	-	-	-	-	-	3,962,518	3,518,877
						4,129,434	3,625,351
						- 166,916	- 106,474
						25,626	23,724
						33,885	3,545
						528	1,005
7,857	7,168					537,064	480,018
65	68	3,859	2,750			88,331	78,250
7,922	**7,236**	**3,859**	**2,750**	-	-	**4,647,952**	**4,105,419**
-	-	-	-	-	-	3,325,934	2,849,073
						3,401,582	2,924,463
						- 75,648	- 75,390
						12,036	20,368
						148	146
3,203	3,267					181,571	81,422
92	94					652,602	538,015
1,237	1,087	3,761	3,247			246,282	223,720
4,532	**4,448**	**3,761**	**3,247**	-	-	**4,418,573**	**3,712,744**
3,390	**2,788**	**98**	- **497**	-	-	**229,379**	**392,675**
						67,118	140,648
						-	1,080
						162,261	**253,107**
						167,916	252,104
						- 5,655	1,003

PART E – Financial risk management

Objectives and criteria

The financial instruments of the Group prevalently include debt and equity securities, represented by bonds and equities. In addition, there are bank current and deposit accounts and receivables from policyholders, agents and other brokers, as well as insurance and reinsurance companies: in this case they are financial instruments which derive from the exercise of the operating activities which in the insurance sector, the substantial inversion of the monetary cycle in the sector is noted. In relation to the Group insurance companies, both in the Non-Life and Life sectors, similar financial instruments are utilised to guarantee compliance with the commitments matured and in the course of maturation with the policyholders. In particular, the financial instruments represented by equities are principally to cover the technical reserves in accordance with the criteria and procedures required by the Supervision Authority with specific regulations.
The main risks generated by the financial instruments are liquidity risks, exchange rate risks and credit risks. The market price risk (fair value) generated by the financial instruments is added to this. The Board of Directors of the Parent Company examines and establishes the management of these risks.
The Fondiaria-Sai Group has therefore developed over the years a mapping project and estimate of the financial risks. The project arises from the need to provide adequate support to the managerial and financial choices, also in terms of asset allocation. From an operational viewpoint, this monitoring is assisted at an organisational level by the fact that the Finance Department operate at a centralised level.

Interest rate, V.a.R. and market risk

The exposure to the market risk for the changes in interest rates principally relates to debt securities held and in particular those of long maturities. Therefore, there is a balanced mix between fixed income securities and variable rates.
The Group monitoring system provides for the valuation of the risks of change in interest rates and equity risks in the portfolio and is measured by the "Value at Risk" (V.a.R.). Through this measure, the loss in the value of the in-force portfolio is estimated, against sensitive fluctuations of risk factors, interest rates and equity listings, in a predetermined time period and with a predetermined level of the probability of a damaging event occurring to the portfolio. The profile of the risk portfolio of the assets is also determined by the structure of the liability, which these securities hedge. In particular the sensitivity of the value of the Life reserves is calculated to the changes in the interest rates and the portfolio of the covering assets is structured in order that the sensitivity is in line with the risk value. In relation to the covering assets of the Non-Life reserves, these are chosen based on the asset allocation of the portfolio, with priority to listed fixed income securities and then to non listed fixed income securities and listed and non listed equity securities, buildings and receivables.

Financial instruments – Sensitivity analysis of the bond component by maturity - VaR

	% Composition of market value	Duration	VaR Rate %	VaR Exchange %	Sensitivity Rate %	Sensitivity Shift %
Government Euro	**81.11**	**4.22**	**0.90**		**(2.06)**	**0.04**
Variable rate	***14.14***	***1.77***	***0.47***		***(1.24)***	***0.02***
Fixed rate	***66.97***	***4.71***	***0.99***		***(2.23)***	***0.05***
0.0< <=1.5	23.76	0.66	0.17		(0.60)	0.01
1.5< <=3.0	10.43	2.15	0.72		(1.72)	0.02
3.0< <=5.5	6.40	3.71	1.16		(2.55)	0.04
5.5< <=7	7.63	5.41	1.45		(3.19)	0.05
>7	18.74	10.77	1.93		(3.89)	0.11
Corporate Euro	**16.92**	**5.44**	**1.14**		**(2.19)**	**0.06**
Variable rate	***3.89***	***0.36***	***0.02***		***(0.28)***	***0.00***
Fixed rate	***13.03***	***6.79***	***1.47***		***(2.69)***	***0.08***
0.0< <=1.5	1.62	0.62	0.15		(0.57)	0.01
1.5< <=3.0	2.47	2.09	0.71		(1.68)	0.02
3.0< <=5.5	4.54	3.96	1.28		(2.65)	0.04
5.5< <=7	1.51	5.23	1.66		(3.13)	0.06
>7	2.90	14.22	3.06		(3.73)	0.25
Euro Bond funds	**1.31**	**2.26**	**0.64**		**(1.58)**	**0.02**
Fixed rate	***1.31***	***2.26***	***0.64***		***(1.58)***	***0.02***
0.0< <=1.5	0.64	0.36	0.04		(0.34)	0.00
3.0< <=5.5	0.67	4.09	1.23		(2.78)	0.04
Government Non Euro	**0.37**	**4.02**	**0.59**	**5.85**	**(1.61)**	**0.04**
Fixed rate	***0.37***	***4.02***	***0.59***	***5.85***	***(1.61)***	***0.04***
0.0< <=1.5	0.09	0.17	0.03	6.71	(0.17)	0.00
1.5< <=3.0	0.16	2.15	0.53	5.48	(1.52)	0.02
5.5< <=7		5.68	1.44	7.03	(2.94)	0.05
>7	0.12	9.47	1.09	5.71	(2.80)	0.09
Corporate Non Euro	**0.30**	**1.57**	**0.41**	**5.56**	**(1.06)**	**0.02**
Variable rate	***0.05***	***0.14***	***0.00***	***5.90***	***(0.11)***	***0.00***
Fixed rate	***0.25***	***1.86***	***0.49***	***5.49***	***(1.25)***	***0.02***
0.0< <=1.5	0.12	0.54	0.12	4.90	(0.45)	0.01
1.5< <=3.0	0.08	2.45	0.58	5.48	(1.64)	0.03
3.0< <=5.5	0.05	3.91	1.23	6.92	(2.44)	0.04
Total bonds	**98.69**	**4.45**	**0.94**	**0.04**	**(2.08)**	**0.05**
Total	**100.00**	**4.42**	**0.93**	**0.04**	**(2.07)**	**0.05**

Notes:

The duration index is the duration of Macaulay expressed in years.
The sensitivity shift is calculated with reference to a parallel shift of 1 b.p.
The sensitivity index rate is the change relative to value for a variation of 100 b.p. of the short-term rate.
The Value at Risk is calculated at a probability level of 99.5%, with an unwinding period di 10 working days.

Financial instruments – Sensitivity analysis of the bond component by maturity – Risk Capital

	% Composition of market value	Duration	Risk Capital Rate %	Risk Capital Change %	Sensitivity Rate %	Sensitivity Shift %
Government Euro	**81.11**	**4.22**	**4.46**		**(2.06)**	**0.04**
Variable rate	***14.14***	***1.77***	***3.32***		***(1.24)***	***0.02***
Fixed rate	***66.97***	***4.71***	***4.70***		***(2.23)***	***0.05***
0.0< <=1.5	23.76	0.66	0.17		(0.60)	0.01
1.5< <=3.0	10.43	2.15	2.76		(1.72)	0.02
3.0< <=5.5	6.40	3.71	5.47		(2.55)	0.04
5.5< <=7	7.63	5.41	7.36		(3.19)	0.05
>7	18.74	10.77	10.16		(3.89)	0.11
Corporate Euro	**16.92**	**5.44**	**6.15**		**(2.19)**	**0.06**
Variable rate	***3.89***	***0.36***	***2.53***		***(0.28)***	***0.00***
Fixed rate	***13.03***	***6.79***	***7.23***		***(2.69)***	***0.08***
0.0< <=1.5	1.62	0.62	0.14		(0.57)	0.01
1.5< <=3.0	2.47	2.09	2.69		(1.68)	0.02
3.0< <=5.5	4.54	3.96	6.20		(2.65)	0.04
5.5< <=7	1.51	5.23	8.33		(3.13)	0.06
>7	2.90	14.22	16.08		(3.73)	0.25
Euro Bond funds	**1.31**	**2.26**	**3.00**		**(1.58)**	**0.02**
Fixed rate	***1.31***	***2.26***	***3.00***		***(1.58)***	***0.02***
0.0< <=1.5	0.64	0.36	0.00		(0.34)	0.00
3.0< <=5.5	0.67	4.09	5.89		(2.78)	0.04
Government Non Euro	**0.37**	**4.02**	**2.90**	**26.63**	**(1.61)**	**0.04**
Fixed rate	***0.37***	***4.02***	***2.90***	***26.63***	***(1.61)***	***0.04***
0.0< <=1.5	0.09	0.17		30.21	(0.17)	0.00
1.5< <=3.0	0.16	2.15	2.13	25.09	(1.52)	0.02
5.5< <=7		5.68	7.67	31.57	(2.94)	0.05
>7	0.12	9.47	6.10	26.02	(2.80)	0.09
Corporate Non Euro	**0.30**	**1.57**	**1.96**	**25.40**	**(1.06)**	**0.02**
Variable rate	***0.05***	***0.14***	***1.02***	***26.84***	***(0.11)***	***0.00***
Fixed rate	***0.25***	***1.86***	***2.14***	***25.12***	***(1.25)***	***0.02***
0.0< <=1.5	0.12	0.54	0.23	22.65	(0.45)	0.01
1.5< <=3.0	0.08	2.45	2.46	25.09	(1.64)	0.03
3.0< <=5.5	0.05	3.91	6.14	31.08	(2.44)	0.04
Total bonds	**98.69**	**4.45**	**4.73**	**0.18**	**(2.08)**	**0.05**
Total	**100.00**	**4.42**	**4.71**	**0.17**	**(2.07)**	**0.05**

Notes:

The duration index is the duration of Macaulay expressed in years.
The Sensitivity shift is calculated with reference to a parallel shift of 1 bp.
The Sensitivity index rate is the change relative to value for a variation of 100 bp of the short-term rate.
The Risk Capital is calculated at a probability level of 99.5%, with an unwinding period of 250 working days.

The table above illustrates the consolidated bond portfolio divided by maturity between government and "corporate" securities. The securities in foreign currencies are aggregated in a "non Euro" segment.

As illustrated in the tables, the bond portfolio is composed of approx. 81% of government securities, prevalently issued by the Italian state and marginally by other countries in the OCSE.

The financial duration of the securities is also shown, as well as the Value at Risk (VaR). The Value at Risk indicates the maximum loss to which the portfolio could be subjected, with a time period of 10 days, and a probability level of 99.5%. For the securities in foreign currencies, the component of risk relating to the exchange is shown in the column *Exchange change*.

The sensitivity measure of the rate indicates the loss in value in percentage terms against an increase in the short-term interest rates equal to 100 base points. The change over the entire structure of the interest rates is defined by a stochastic method and reduces on the increase in the maturity period.

The risk of changes in the interest rate is also represented by percentage changes of the price of the securities for a uniform change of one base point on the entire curve for interest rate maturities,

The analysis by category of investment is reported below:

Interest rate risk

Type	Composition %	Duration	Increase 50 BP in %	Decrease 50 BP in %	Increase 100 BP in %	Decrease 100 BP in %
Euro	**99.34**	**4.43**	**-2.19**	**2.34**	**-4.25**	**4.85**
Euro Bond funds	1.31	2.26	-1.08	1.11	-2.14	2.25
Corporate Euro	16.92	5.44	-3.06	3.34	-5.86	7.03
Government Euro	81.11	4.22	-2.03	2.15	-3.95	4.44
Non Euro	**0.66**	**2.90**	**-1.42**	**1.49**	**-2.79**	**3.05**
Total bonds	**98.69**	**4.45**	**-2.20**	**2.35**	**-4.27**	**4.87**
Total	**100.00**	**4.42**	**-2.19**	**2.34**	**-4.24**	**4.84**

Financial Instruments- Analysis of the values and of the Value at Risk

Type	Currency	Composition %	VaR Rate Price %	VaR Exchange %	VaR Total %
Shares	Danish Crown	0.01	35.72	0.17	35.88
	Norwegian Crown	0.00	43.08	5.51	48.59
	Swedish Crown	0.01	21.15	4.50	25.66
	US Dollar	0.03	20.41	7.03	27.45
	Euro	6.46	14.91		14.91
	Swiss Franc	0.15	14.39	4.51	18.90
	UK Sterling	0.20	17.69	5.79	23.48
	Japanese Yen	0.01	26.18	10.09	36.27
	Total listed shares	**6.88**	**15.06**	**0.33**	**15.38**
Bond funds	Euro	1.77	0.92		0.92
Bonds	US Dollar	0.26	0.80	7.14	7.94
	Euro	80.90	0.95		0.95
	Swiss Franc	0.29	0.25	4.57	4.82
Time deposits	Euro	1.06			
	Total Securities	**84.28**	**0.94**	**0.04**	**0.97**
Derivatives on shares	Euro	0.23	(13.94)		(13.94)
	Total Derivatives	**0.23**	**(13.94)**		**(13.94)**
Shares	US Dollar	0.01	16.40	7.04	23.44
	Euro	4.24	20.44		20.44
	Total non-listed shares	**4.26**	**20.43**	**0.02**	**20.45**
	Total	**95.65**	**2.78**	**0.06**	**2.84**
	Other assets	4.35	2.75	0.02	2.77
	US Dollar	0.02	2.75	7.04	9.78
	Euro	4.34	2.75		2.75
	Total	**100.00**	**2.78**	**0.06**	**2.84**

Notes:
The Value at Risk is calculated at a probability level of 99.5%, with an unwinding period di 10 working days.
The VaR t./p. expresses the VaR rate for the bond sector and the VaR price for the equity sector.

Financial Instruments- Analysis of the values and Risk Capital

Type	Currency	Composition %	Risk Capital Rate Price %	Risk Capital change %	Risk Capital Total %
Shares	Danish Crown	0.01	92.40	0.83	93.23
	Norwegian Crown	0.00	96.72	25.29	122.00
	Swedish Crown	0.01	69.49	20.98	90.47
	US Dollar	0.03	62.24	31.57	93.81
	Euro	6.46	50.82		50.82
	Swiss Franc	0.15	50.08	21.01	71.09
	UK Sterling	0.20	56.33	26.47	82.80
	Japanese Yen	0.01	81.57	43.38	124.96
	Total listed shares	**6.88**	**51.14**	**1.50**	**52.64**
Bond funds	Euro	1.77	4.38		4.38
Bonds	US Dollar	0.26	3.97	32.03	36.00
	Euro	80.90	4.82		4.82
	Swiss Franc	0.29	1.17	21.28	22.45
Time deposits	Euro	1.06			
	Total Securities	**84.28**	**4.74**	**0.17**	**4.91**
Derivatives on shares	Euro	0.23	(33.25)		(33.25)
	Total Derivatives	**0.23**	**(33.25)**		**(33.25)**
Shares	US Dollar	0.01	61.57	31.57	93.14
	Euro	4.24	66.76		66.76
	Total non-listed shares	**4.26**	**66.75**	**0.11**	**66.85**
	Total	**95.65**	**10.74**	**0.26**	**11.01**
	Other assets	4.35	10.68	0.11	10.79
	US Dollar	0.02	10.68	31.57	42.25
	Euro	4.34	10.68		10.68
	Total	**100.00**	**10.74**	**0.26**	**11.00**

Notes:
The Risk Capital is calculated at a probability level of 99.5%, with an unwinding period of 250 working days.
The RC r/p. expresses the Risk Capital rate for the bond sector and the Risk Capital price for the equity sector.

The above tables analyses the portfolio divided by type of asset, equity and listed and non-listed bonds.

In order to measure the total exposure to the bond and equity risk the VaR of the portfolio is calculated with the same parameters utilised in the table “sensitivity analysis of the bond component”; in this report, the non-listed shares were prudently attributed the risk of listed Italian shares (Mibtel). It is recalled that the hedging operations on equities realised through derivatives are summarised in the report and reduce the total risk of the equity portfolio.

Currency risk

The Group does not have significant exposure to exchange risk. In fact, the major part of the investments in financial instruments is denominated and/or repaid in Euro, which is both the functional currency and the presentation currency.

Relating to the financial instruments denominated in currencies other than the Euro, the Group invests prevalently in US Dollars, Swiss Francs and UK Sterling. In relation to this, there is a substantial equilibrium between assets denominated in foreign currencies and related liabilities, in turn denominated in the same currency, in that a large part of these investments are covered by commitments to life policyholders (in particular related to separated management in foreign currencies).
In any case, at least monthly the Group monitors the exposure of the currency in order to record in a timely manner the presence of critical areas and situations which would require corrective intervention - among which is the agreement of hedging contracts.

Credit risk

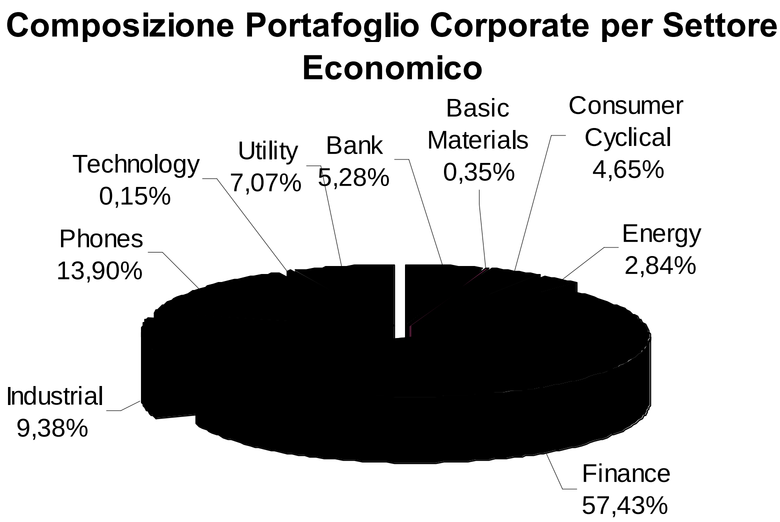
The credit risk, consequent of holding bond securities, is estimated based on the valuation models of the risk of loss in value of the portfolio following movements in the prices of the securities and possible defaults of the issuers on the securities.
As illustrated in the table "sensitivity analysis of the bond component" the bond portfolio is composed by approx. 81% of government securities, prevalently issued by the Italian state and marginally by other countries in the OCSE.
With reference to the receivables from policyholders for premiums, receivables from agents and other brokers, as well as receivables from insurance and reinsurance companies, the Group does not have significant concentrations of risks, as the credit exposure is divided among a large number of counterparties and clients. Moreover, the collection of receivables is constantly monitored during the year in order to minimise the exposure to losses.

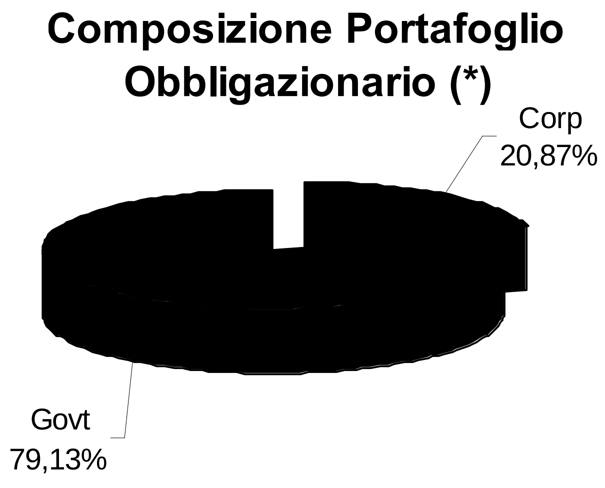
Finally, with reference to the real estate sector, following the credit valuations, requests are made for guarantees, sureties or deposits, from the operators or buyers in the real estate transactions.

Composition of the corporate portfolio

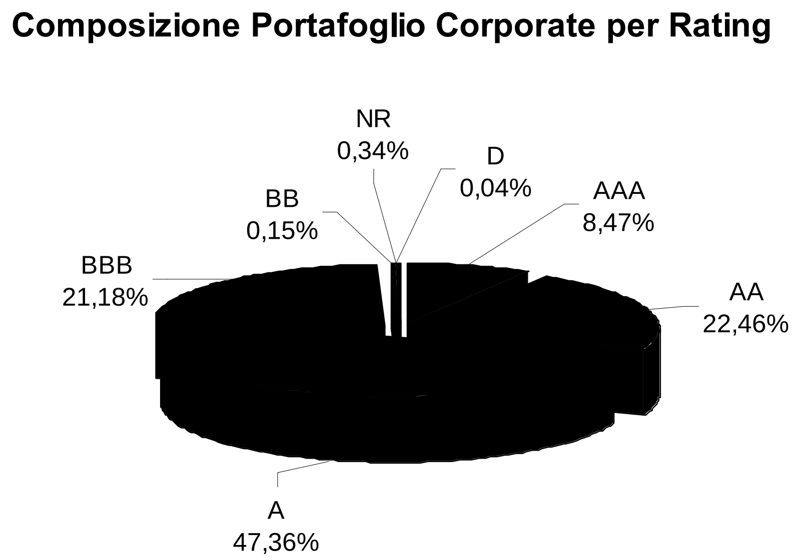
The graphs below show the composition of the corporate portfolio. The analysis is divided by industrial sector of the issuer and by corporate rating of the issuer. The government securities, which represent approx. 81% of the portfolio, are excluded from the analysis. An overview of the portfolios analysed is made through graphs and histograms, whose fundamental risks (in terms of exposure) are identified by the principal issuers in the most important sectors.
It is recalled exposure refers to the estimated loss in the case of insolvency of the issuer,

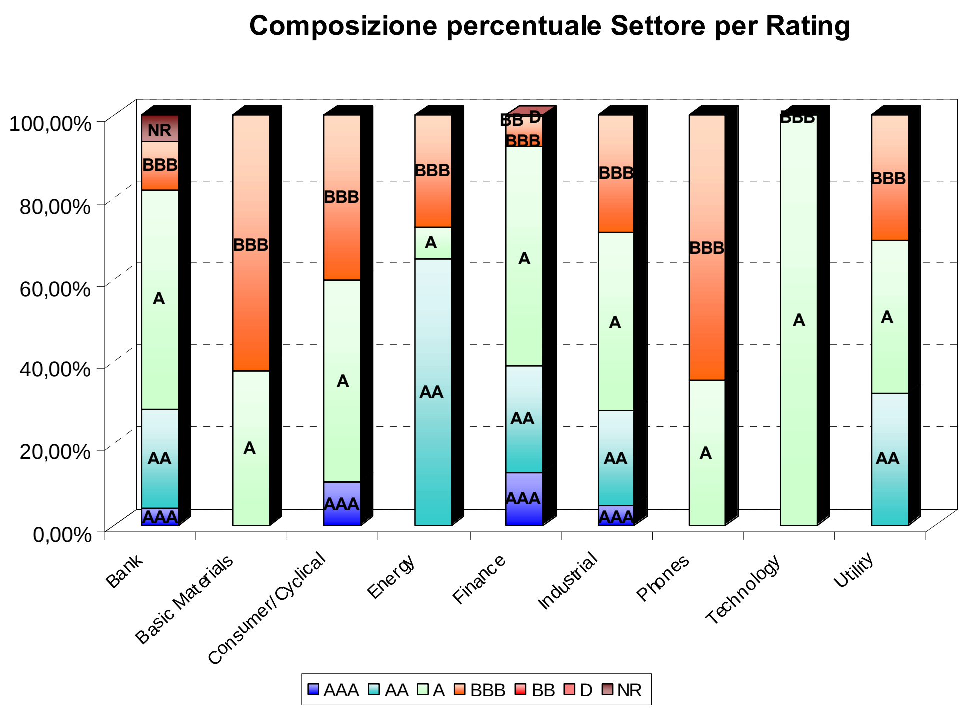
taking into account the “recovery rate” estimated for each rating.





(*) percentage expressed on carrying value and including structured securities


Composizione Portafoglio Corporate per Rating
NR
0,34%
D
0,04%
AAA
8,47%
BB
0,15%
BBB
21,18%
AA
22,46%
A
47,36%


Composizione percentuale Settore per Rating
100,00%
80,00%
60,00%
40,00%
20,00%
0,00%
Bank
Basic Materials
Consumer/Cyclical
Energy
Finance
Industrial
Phones
Technology
Utility
AAA
AA
A
BBB
BB
D
NR

Liquidity risk

The liquidity risk is the risk that the Group may have difficulty in sourcing funds for its financial commitments.
The objective of the Group is to have a balance between the maintaining of monetary credit lines capable of covering in a timely manner any unforeseen obligations of the policyholders and of suppliers and the opportunity to apply the excess liquidity to more remunerative investment operations.

The management of the liquidity risk is undertaken at a centralised level of the financial resources in accordance with the Treasury model of the Group and in the utilisation of cash pooling techniques and instruments.
Given the nature of the activities undertaken by the companies of the Group, as well as the Treasury management procedures, the liquidity risk is controlled through the programmed management of the cash flows substantially on a ten year period, attempting to coincide the most significant current cash outgoings at the time with the returns from agencies and making available the excess funds compared to the treasury needs daily to the Finance Department.

Analysis by maturity for the insurance and financial liabilities

The table below summarises the insurance and financial liabilities of the group by maturity.

The non-life technical reserves comprise the premium reserve (Euro 1,165.1 million), the claims reserve (Euro 3,756.8 million) and the other technical reserves (Euro 4.5 million), represented by the age reserve of the health class.

The table which summarises the liabilities of the life segment includes insurance liabilities of Euro 5,881.1 million and financial liabilities of Euro 1,414.3 million. In particular, the insurance liabilities includes the actuarial reserves for Euro 5,283.4 million and technical reserves with investment risk borne by the policyholders of Euro 540.2 million and reserve for sums to be paid of Euro 57.5 million. The financial liabilities relate to the insurance policies which, not containing a significant insurance risk, represent financial contracts and are not within the application of IFRS No. 4.

The other financial liabilities are composed essentially of the reinsurance deposits (Euro 192.3 million) and the subordinated liabilities (Euro 172.7 million).

Non-Life division technical reserves

(amounts in Euro millions)

Up to 1 year	2,618.7
Between 1 and 5 years	1,762.9
From 6 to 10 years	330.8
Over 10 years	214.1
TOTAL	**4,926.5**

Life technical reserves and financial liabilities relating to investment contracts

(amounts in Euro millions)

Up to 1 year	737.4
Between 1 and 5 years	3,333.1
From 6 to 10 years	1,648.2
Over 10 years	1,576.7
TOTAL	**7,295.3**

Other financial liabilities

(amounts in Euro millions)

Up to 1 year	192.3
Between 1 and 5 years	22.1
From 6 to 10 years	-
Over 10 years	162.8
TOTAL	**377.1**

Derivative financial instruments

The Group makes a limited utilisation of derivative financial instruments. In fact the characteristics and the nature of the insurance activity require, as a consequence, that the utilisation of derivative financial instruments are regulated in accordance with Supervision Authority Provision No. 297/1996.
In particular, the above-stated ISVAP 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.

At December 31, 2008, the derivative financial operations open were:
- call options on 5,980,000 Unicredit shares, with average strike price of Euro 5.298. However, in relation to these securities call options were sold with the same contractual characteristics, recording premiums of Euro 770 thousand. With these combined options (purchase put – sales call), a large part of the unrealised gains at the moment of the signing

of the hedged shares are guaranteed, which on expiry settles the difference of the underlying security.

- nominal contract Euro 50 million of Interest Rate Swap agreed on December 4, 2008 with the counterparty HVB, commencing on January 14, 2009 and expiring on July 14, 2016. Milano pays to the counterparty a fixed rate of 3.18% annually and the counterparty pays Milano at Euribor 6 months.
- Forward Variance Swap contracts on the EUROSTOXX 50, for 1,926 units, with expiry on June 19, 2009;
- Credit Default Swap contracts, *in order to hedge the insolvency risk of the securities in portfolio. In particular:*
  - Credit Default Swap on a nominal amount of Euro 6 million which expires on June 20, 2013 to hedge the issuer insolvency risk of Casinò Guichard Perachon. The premiums paid in 2008 amounted to Euro 72 thousand.
  - Credit Default Swap on a nominal amount of Euro 10 million which expires on June 20, 2013 to hedge the issuer insolvency risk of Merrill Lynch. The premiums paid in 2008 amounted to Euro 100 thousand.
  - Credit Default Swap on a nominal amount of Euro 6 million which expires on March 20, 2013 to hedge the issuer insolvency risk of Citygroup Inc.. The premiums paid in 2008 amounted to Euro 89 thousand.
  - Credit Default Swap on a nominal amount of Euro 10 million which expires on September 20, 2013 to hedge the issuer insolvency risk of Koninklijke KPN NV. The premiums paid in 2008 amounted to Euro 24 thousand.

These operations were undertaken in accordance with the Board of Directors' resolution of March 22, 2005 in relation to the utilisation of the derivative financial and structured instruments utilising control and monitoring instruments, including preventive instruments, existing within the organisation which track the operations carried out in terms of the decided strategy, the efficiency of the hedging operations and the respecting of the limits assumed. For each hedging operation, the relative "Hedging Relationship Documentation" was prepared in accordance with the above-mentioned resolution and also in compliance with international accounting standards.
There are also call options sold on foreign holdings in portfolio.

The derivative finance operations in the year relate to:

- combined options (purchase put-sell call) on shares in portfolio, undertaken to hedge the non realised gains on equity securities in portfolio. In particular, the options closed during the year through the financial payment of the difference between the quotation and the strike price (cash settlement) related to:
  - 8,500,000 Generali shares on which, based on an average strike of Euro 31.326 per share, a profit of Euro 77,366 thousand was recorded. However the shares hedged were sold in the market, realising a trading loss of Euro 30,015 thousand;
  - 1,000,000 Mediobanca shares on which, based on an average strike of Euro 15.162 per share, a profit of Euro 6,073 thousand was recorded. However the shares hedged were sold in the market, realising a trading gain of Euro 2,640 thousand;

  - 14,000,000 Unicredit shares on which, based on an average strike of Euro 4.538 per share, a profit of Euro 10,006 thousand was recorded. However, a part of the shares hedged were sold in the market, realising a trading loss of Euro 12,915 thousand;
- various Credit Default Swap operations, signed to protect the risk of insolvency of an issuer of financial instruments acquired during the year. These operations resulted in charges of Euro 3,421 thousand and income of Euro 585 thousand;
- a Range Accrual Swap operation on Euro 10 million notional with Banca Akros, which resulted in the recording of income of Euro 87 thousand in the income statement;
- various forward variance swap operations on equity indices, with consequent recording in the income statement of income of Euro 4,428 thousand and charges of Euro 4,309 thousand;

The Group does not have derivative contracts on currencies as the exposure to exchange risk is immaterial.

PART F – Amounts, timing and level of uncertainty in the cash flows relating to insurance contracts

With reference to paragraphs 38 and 39 of IFRS 4, the following information is disclosed separately for the non-life and life segments.

NON-LIFE DIVISION

Overview

The objective of this sector, in line with the strategic plan of the Fondiaria-Sai group, is the development of the portfolio in all the non-life classes in a balanced and technically profitable manner.
In particular, the risk elements in the management of the non-life sector relates to the subscription risk (insufficient premiums to cover claims and expenses) and the reserve risk (insufficient claims reserves to meet commitments assumed with policyholders).

The underwriting method of the risk differs from sector to sector, depending on the mass of risks, corporate risks and special risks. The mass risks, such as those of the Motor TPL, Land Vehicles and all those relating to the person (Injury and Health), households (Homes and Civil Responsibilities) and small businesses (commerce, self employed) represent approx. 90% of the total premiums underwritten. These risks are covered with standard conditions which are determined by the central technical offices of the Fondiaria-Sai Group in accordance with existing regulations, insurance Market experience and specific experience of the Group.

Motor TPL

In the Motor TPL class, the important mass of the statistical data held permits a sophisticated "personalised" tariff elaboration which takes into account a large number of risk factors both subjective and objective.
The tariffs are monitored monthly and periodically reviewed. The portfolio is also subject to continual examination in order to identify any abnormal situations, at geographical level and for the remaining risk factors in order to also permit corrective interventions in a timely manner against any modifications of the technical trends and which could result from the introduction of the direct compensation system.
Similar attention is given for the most loyal Customers through incentive initiatives not only at existing contract levels, but also, with initiatives focussed on the acquisition of new niche markets.

On March 1, 2008, the Parent Company launched the new motor product NUOVA 1a GLOBAL with common tariffs and conditions for all the commercial networks.

The strength of the new products, which are differentiated in the vehicle and pleasure boat lines, provide for the most complete and current coverage in terms of flexibility, content and price, as well as for the clarity of the contracts and the inclusion of the most recent regulatory developments.

Land vehicles

In the Land Vehicle sector, which is traditionally a very good business area, the tariffs are established, in the case of the Fire and Theft guarantees, based on the geographical location, the type of vehicle insured, in addition to the guarantees provided. The TPL guarantee is on the other hand a tariff based on the Bonus Malus class together with the age of the owner and the age of the vehicle insured. The customer can also choose between different insurance levels which allows for a significant difference in the price of the various guarantees.

Non Motor division

Also for the Non-Motor sectors, for the mass risks the principal underwriting and tariffs are strictly correlated to the statistical experience matured in relation to the portfolio acquired, which is sufficiently large and stable to permit the fixing of guarantees and prices suitable to the various risk types.
In particular, in the Health Class the underwriting of the risks is accompanied and subordinated to the evaluation of a medical history questionnaire which permits tariffs based on the conditions of the policyholder.

In general, for the mass risks and in any case all the risks where regulatory conditions and standard tariffs exist, the underwriting is made with adequate agency networks IT procedures and equipment. Within the standard parameters, the commercial networks may avail of a tariff flexibility which is monitored centrally. In the case in which the needs of a specific Customer require a change in the standard conditions, any concession of an exception is valued and authorised by the Technical Structure of the Group.

In relation to the corporate risks and special risks, which for their characteristics and size may not be covered by standard conditions or regulations or tariffs, the underwriting procedures are more structured: The agency networks have an independent underwriting limit by value and type of risk; above these values and types, the underwriting of risks are assisted by a Technical network adequately trained case-by-case in valuing the risks and fixing the conditions.

For the more complex larger cases for both size and guarantees requested, the underwriting of the risks is reserved to the centralised specialised technical structures of the Group.

In some classes, such as bonds, transport and aviation, the intervention of the specialised structure is continual and sometimes exclusive.

Bonds

With particular reference to the Bond Class, the analysis of the risks is made in advance and careful selection undertaken with a double examination:

- from an objective viewpoint, to examine the nature and specific characteristics of the original report which resulted in the request for the surety guarantee. This has the purpose in the first place of ascribing the operations under examination to categories of risks within the class on the basis of the regulations and provisions; secondly, particular attention is given to the verification of the features of the bond contract which must always respect the principle of access with regard to the principle obligation;
- under the subjective profile, the examination consists of the valuation of the equity values as well as all the elements relating to mortality, professional capacity and solvency of the Counterparty.

Both the elements, objective and subjective, are carefully valued through the acquisition of specific financial documentation (financial statements, incorporation deeds, by-laws, Chamber of Commerce certificates, Shareholders etc.) sent by the agencies to the Technical Department of the Region or head office. This documentation is updated with appropriate commercial information through Specialised Companies and with further investigations relating to the history of the relationship with the Customer, made in the class databank, in order to verify the accumulative exposure to the parties.

The above activity has the purpose of quantifying a total “underwriting limit” with the party, within precise and contained limits to the individual Technical areas; above these limits, the cases are presented to the internal boards of the classes, represented by the “”Credit Committee”.

The issuance of the bond policies is then made by the agencies, through an IT procedure which undertakes a preventive control of the cumulative exposure, up to but not exceeding the limits of the underwriting agreed.

Risk Management Activity in the non-life sector and coverage of the catastrophic exposures

Within the Risk Management activities, the processes adopted to optimise the control of the exposures to catastrophic risks are reported.

Particular attention is given to the risk concentrations on some classes, utilising, in accordance with the specific characteristics, appropriate calculation methods.

The Fire Class is that which, due to the greater volumes involved, requires particular and differentiated attention, especially in relation to the earthquake and flood risks; for this purpose concentration valuations are made on a geographic, seismic and also a hydrogeological basis.

The exposure concentrations by seismic area are updated during the year and subsequently modelled utilising the two universal products adopted by the international markets. RMS RiskLink DLM and EQECAT WorldCAT.

The results are subsequently analysed with the assistance of international operators, in order to achieve adequate protection based on the two models utilised. Specifically, a return by catastrophic claim term was adopted of approx. 250 years.

The Land Vehicle Class is very similar to the Fire Class, and for this reason has the same reinsurance cover per event.

The Technological Risk class, thanks to the specific proportional programmes adopted, does not give rise to particular concerns, in that the risks are protected based on the year of subscription.
The potential risk concentration following the bankruptcy of a single policyholder in the Bonds class is protected thanks to a claims excess programme, which guarantees all the acceptances made during the past years of subscription.

The portfolio of the Group can be considered stable, not subject to significant fluctuations such as to impact on future projections, also due to the significant size of the Motor class.
The motor products were recently reviewed in order to unify at a Group level and represent more closely the Market offer. The Motor TPL sector for its characteristics does not have particular concentrations of risk; there may be single events of particular gravity, but the size of the portfolio, geographically distributed in a uniform measure throughout the country, are such to be able to absorb such events without significant repercussions on the results.

In any event, for the events of extreme and unforeseen gravity the Group is protected by adequate reinsurance cover with primary Reinsurers.

In relation to the Land Vehicle portfolio, risk concentrations are assumed especially in the case of atmospheric events of extreme intensity or natural catastrophes (floods, earthquakes, storms or hailstorms); these concentrations are calculated on a geographical basis and are subject to common reinsurance protection with the fire class.

In the Non-Motor Non-Life Sector, the Group operates in all sectors with the sole exception of the credit class which is underwritten irregularly.

Co-insurance

As for the rest of the market, the Group utilises co-insurance - that is the division of the risks with other insurance companies, both for commercial reasons at local level and to limit exposure in the case of large risks.

Also during 2008, the maintenance of the Group policies, already realised in the previous years, confirmed the maintenance of the separation of the portfolio, with a prevalence of risks assumed in Exclusive Delegation. In fact no significant or substantial modifications were made with respect to the underwriting strategies of the previous years.
With reference to the Bond Class, in 2008 the policy relating to the underwriting of risks On Behalf of Others is characterised by a greater selection of insurance companies offering coinsurance proposals, favouring those Companies that maintain underwriting policies similar to our Group.

Claims outlook

With reference to the second component of the insured risk of the Non-Life Sector, or rather the reserve risk, this relates to the uncertainty relating to the utilisation of the claims reserve.
In accordance with the requirements of paragraph 39 of IFRS 4, information is provided below relating to claims of the Civil Responsibility classes.
The tables below are compiled from official data from forms provided to the Supervision Authority (modules 29 and attachment 1 and module 29).
Each data present on the “triangle” represents the photocopy of the cost of generation at December 31 of the year of occurrence, represented by the sum of the following components:

- Cumulative payment in the year of occurrence at 31/12 of the year of observation.
- Reserve on open claims, referred to December 31 of the year of observation.
- Estimate of the late claims of the year of occurrence at 31/12 of the year of observation.

The “Estimated final cost”, the “Payments made” and the “Reserve amount” refer to the most recent year of observation - that is the largest diagonal of the triangle.
It is considered appropriate to represent the evolution of the claims for only the civil responsibility classes (motor and general civil responsibility) in that they are the most representative classes of the Group.

The General TPL Class in particular is characterised by a slow reversal and a high number of late claims, in particular due to the objective difficulty in the determination of the generation cost, especially in the first years of observation: this situation, common to all classes, is particularly marked for the General TPL Class.

CLASSES 10 + 12

(in Euro thousands)	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total
Estimated costs										
At the end of the year	1,054,685	1,175,377	1,289,508	1,447,031	1,549,796	1,621,784	1,623,019	1,525,451	1,449,051	
After one year	1,043,812	1,196,019	1,288,602	1,398,924	1,474,823	1,532,766	1,559,808	1,455,243		
After two years	1,047,614	1,220,615	1,356,646	1,430,686	1,464,288	1,557,345	1,637,939			
After three years	1,061,327	1,230,505	1,357,196	1,464,281	1,462,954	1,604,289				
After four years	1,074,267	1,241,989	1,384,019	1,508,649	1,487,580					
After five years	1,097,201	1,280,038	1,399,898	1,524,907						
After six years	1,067,066	1,298,670	1,410,042							
After seven years	1,074,329	1,298,319								
After eight years	1,074,218									
Est. final costs	1,074,218	1,298,319	1,410,042	1,524,907	1,487,580	1,604,289	1,637,939	1,455,243	1,449,051	12,941,588
Payments	1,035,965	1,231,692	1,321,636	1,405,192	1,355,829	1,397,783	1,291,338	1,077,111	729,494	10,846,040
Amount to reserve	38,253	66,627	88,406	119,715	131,751	206,506	346,601	378,132	719,557	2,095,548

CLASS 13

(in Euro thousands)	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total
Estimated costs										
At the end of the year	95,260	109,334	115,210	134,153	141,533	142,355	165,859	161,772	179,496	
After one year	95,056	102,826	101,114	117,323	129,236	137,056	147,860	148,582		
After two years	90,147	106,459	109,663	122,954	144,142	147,263	162,597			
After three years	89,326	112,241	109,497	129,034	150,742	150,748				
After four years	91,221	114,679	113,653	133,298	154,927					
After five years	94,665	117,500	119,063	136,285						
After six years	93,894	117,032	118,549							
After seven years	95,391	113,009								
After eight years	93,484									
Est. final costs	93,484	113,009	118,549	136,285	154,927	150,748	162,597	148,582	179,496	1,257,677
Payments	70,667	79,526	80,299	87,693	91,798	79,950	84,515	61,703	87,021	723,172
Amount to reserve	22,817	33,483	38,250	48,592	63,129	70,798	78,082	86,879	92,475	534,505

NOTE:

- each amount of the triangle is comprised of:
  cumulated payment in the year of the occurrence
  (of the year of occurrence to the year of observation)
  + reserved relating to the year of occurrence on claims reported
  in the year of occurrence
  + reserved relating to the year of occurrence on late claims
  in the year of occurrence
- the "estimated final cost" is that of the last year of observation
- “payments” is the cumulative payments in the year of occurrence in the last year of observation
- “amount to reserve” is the reserve relating to the year of occurrence in the last year of observation

The table below summarises the claims still open at December 31, 2008 and the relative percentage on the claims reported:

Generation	Claims Reported	Number of claims open	% on reported claims
2000	484,099	782	0.16
2001	474,909	1,273	0.27
2002	470,639	1,882	0.40
2003	477,820	2,733	0.57
2004	481,348	3,601	0.75
2005	495,891	6,483	1.31
2006	505,988	14,774	2.92
2007	483,392	20,615	4.26
2008	465,692	100,467	21.57

(includes the no CARD and CARD debtor claims; total number of other delegations and expressed as share of co-insurance)

Verification of the liabilities

The premium reserve for risks in course is made, in accordance with ISVAP Regulation No. 16 of March 4, 2008, to cover the risks on the company after the year-end, in order to meet all the costs for claims which could arise on contracts which gave rise to the formation of the reserve for the premium fraction.
The valuation for the creation of the reserve is made based on an empirical calculation procedure constructed on the ratio of claims to premium for the current generation recorded in the accounts and valued also taking into account values assumed from the ratio from previous years to evaluate the reasonableness of the assumption that this ratio can be of a repetitive nature in the following year.
The ratio includes damages paid for claims of the current generation including the direct and settlement expenses, both externally and internally, as well as the claims reserves at the year-end for the current generation claims, which also include the quota attributable to direct expenses and settlement expenses.
The denominator of the ratio represents the premiums for the period excluding the premiums issued from the acquisition commissions paid, in order to make the calculation based on elements (reserve premiums pro-rata in and out and premiums written) technically uniform in their content.

The procedure for the determination is as follows:
- The claims ratio to premiums in the current year is determined in accordance with the procedures indicated;
- This ratio is valued in accordance with the values assumed in the previous years and verifies the existence of objective elements which may provide significant variables in the

immediate future on the value in terms of greater frequency of claims or higher average costs;
- Where this ratio is above 100%, the excess of the reserve is applied for the premium fraction as well as the premium instalments which will be made on the relative contracts.

It is also considered that the current method in the determination of the claims reserves in accordance with the last cost criteria are methodologically appropriate to represent the future cash flows in the contract portfolio in force.

LIFE DIVISION

In the individual policy segment, the typical risks insured by the Group are those relating to the temporary coverage for death stipulated in the “stand alone” form, through annual premium and single premium products with constant capital or decreasing, and in accessory form to other types of policies.
For the tariffs of these products, the Group utilises specific tariff forms determined through official ISTAT statistics on the mortality of the Italian population, adapted on the basis of the mortality history of the portfolio of the policyholders.

The current products distributed provide for a personalisation of the cost to the insured party based on whether the policyholder declares to be a smoker or not.
The amount insured is underwritten on the basis of fixed and standard rules, the so-called “underwriting grid”. This grid is structured on the basis of a different step-up of capital insured for which there are different types of events of a health nature in accordance with the “International Guidelines” in the medical field.
There is also the application of the extra premium in the case where the professional and sporting activities undertaken by the insured and/or the health conditions are considered to increase the risk.

In addition to a certain level of capital insured, the Group also obtains information of a financial nature in order to evaluate the economic situation of the Customer.
In any case, above a certain threshold of capital insured, a health enquiry is made on the basis of standard medical documentation.
It is also noted that for amounts above a certain threshold, the underwriting of the risk is subject to the presence of explicit acceptance by the reinsurer.
In addition, following the medical evaluation, the underwriting of the risk may result in the application of specific extra health premiums preliminarily agreed with the reinsurer.

The trend of the technical performance on the portfolio confirms that historically applied in terms of personalisation of the statistical base adopted compared to the general ISTAT.
The longevity risk is currently marginal - typically related to the portfolio relative to annuities - due to the non significant presence of this type of contract in the portfolio.

In the Corporate sector, the typical risks insured by the insurer are those relating to the coverage conventionally called “assistance” and therefore with particular reference to the event of death and invalidity and to the risk of non self-sufficiency (LTC).
In consideration of the tariff structures utilised for this type of contract, a verification that the insurance cover is due to an objective situation - an obligation of law and company regulations - which involves an entire group in an uniform manner, is requested; therefore, all requests of insurance cover made based on the needs of single individuals in order to exclude the origin of all forms of anti selection of the risk are excluded methodologically.
This fundamental rule is supplemented by further limitations relating to the determination of the capital and amount insured.

The amount insured is underwritten based on standard variable rules (insurance grid) based on the type of counterparty and the number of individuals in the group; in any case, above a certain threshold of capital/amount insured, a health evaluation is always made based on standard medical documentation.
For amounts above a certain threshold, also in this case, the underwriting of the risk is subject to the explicit acceptance by a reinsurer.
It is recalled finally that following the medical evaluation, the underwriting of the risk may result in the application of specific extra health premiums, sometimes agreed in advance with the reinsurer.

Particular attention is reserved in relation to the underwriting of cumulative risks, normally regulated through the application of a limitation clause of the amount payable by the insurer on death following a catastrophic event.
The utilisation by the insurance company of specific tariff forms - determined not only on the general mortality/invalidity experience of the Italian population, but specifically calibrated on the claims trend of the portfolio of the company - means the recurring monitoring of the trend both within the portfolio acquired and of the individual policies considered sensitive in terms of exposure and overall capital.
The trend of the technical performance on the portfolio confirms that historically applied in terms of personalisation of the statistical base adopted compared to the general ISTAT.

Also for this class of risks, the longevity risk is marginal and typically related to annuity portfolios, due to the almost total absence of this type of contract in portfolio.
This risk is present in the portfolio of the company, in key projections against deferred annuity contracts on Pension Funds or on single Companies which have activated internally a specific complementary pension for employees.

In this area, the Group has implemented for some time a distribution policy concentrated on the creation of tariff forms which utilise the most updated base statistics and a careful evaluation of constant guaranteed financial returns monitored on the markets.
The overall evolution of the portfolio is substantially related to the policies dedicated to cover the death/invalidity risk and those with a legal basis - Employee Leaving Indemnity and

complementary provisions - pension funds, thanks to the consultancy carried out by the sales network, with an increase related to the salaries.
The portfolio related to the management of the liquidity of the companies is realised through specific financial securitisation policies of the premiums paid by the counterparty under a minimum guaranteed return contract and annual consolidation of the services.

In relation to this, particular attention is dedicated to the concentration of the commitments on the individual counterparties in order to avoid negative impacts on the company accounts in the case of advanced redemption, which generally could occur in a negative economic context for the insurer.
This element is circumvented with an internal regulation which requires on the one hand, a presence of these contracts not greater than a determined percentage of the investments of the separated management whose contracts are related and on the other hand, the application of penalties for advanced redemption and appropriate notice periods for the exercise of the redemption.

Classification of the insurance risks in the Life sector

The portfolio of the Group can be classified in three uniform macro-groups for technical characteristics and the product offered:

- the risk products, whose offer consists of products protecting the individual or his family guaranteeing a certain economic level against unexpected events;
- the pure investment product to meet greater requests for solutions for treasury needs of small and medium size enterprises as alternative investment opportunities proposed by the financial market;
- the savings products for the medium-long term period, also with a view to pensions.

In relation to the traditional products, within the first category are included all the contracts which have an important risk component in the case of death, as for the temporary death case and for mixed insurance; in the second case, the contracts which have a strong financial component such as the securitisation and for the third, greater annuity contracts and deferred capital.
In addition to the traditional type contracts in portfolio there are also unit and index linked contracts related to the internal funds and related to the Oicr basket and equity or stock exchange indices.
A Life contract is classified as insurance if the insurance risk is significant, that is if an event insured can induce the insured to pay significant additional services; "additional services" are intended as the amounts paid in the case of the occurrence of events which exceed those that would be paid in which the event insured did not occur.

A contract of the Life Division is considered an insurance contract if:
- the services are above, conventionally and with a certain continuance, the level of 5% of the amount payable in the case in which the event does not occur;
- it is an annuity right;
- it contains an option of conversion in guaranteed annuity.

A non-insurance Life contract is an investment or financial contract.
The classification was made at tariff level; consequently there are in existence certain insurance products (for example covering death), certain financial products (for example securitisation) and in addition, residually, products for which, in order for their classification, it is necessary to make evaluations at individual contract level.

Verification of the liabilities

In order to evaluate the adequacy and the sufficiency of the reserves recorded in the accounts with the local GAAP criteria, Milano Assicurazioni adopted a model capable of making a LAT (Liability Adequacy Test), which generates annual projected cash flows. In relation to the Bipiemme Vita portfolio, a model was utilised developed by the company, constructed in any case utilising the same criteria as the Parent Company.
The valuation was made separately between the portfolio of the traditional policies and those of the index-linked policies.

In relation to the traditional policies, firstly the portfolio under examination is subdivided into uniform groups in accordance with the technical characteristics of the products (securitisation, risk and saving and pension contracts), subsequently appropriate model points in respect of the uniformity restrictions relating to the contractual parameters were realised.
The aggregation therefore was made for tariff, duration, residual duration, gender, and minimum guaranteed yield.
In relation to Bipiemme Vita, the characteristics of the tariffs in portfolio suggested an aggregation made simply by tariff and year of generation (and therefore implicitly also for the guaranteed minimum return).
The table below shows the quantification in terms of model point constructed with the criteria subdivided.

Traditional portfolio - Number of policies and model point elaborated at December 31, 2008

Division		Capitalis.	Prod. Of Risk	Savings & pension	Total
Milano Ass.ni	Number of policies	19,370	89,055	107,814	216,239
	Mod. point elaborated	12,822	37,362	45,839	96,023
Bipiemme Vita	Number of policies	314	654	102,713	103,681
	Mod. point elaborated	17	16	135	168
Total	**Number of policies**	**19,684**	**89,709**	**210,527**	**319,920**
	Mod. point elaborated	**12,839**	**37,378**	**45,974**	**96,191**

The tariffs modelled for the purposes of the LAT calculation covered almost all of the portfolio of the traditional contracts within IFRS 4 at the time of evaluation. In particular, in relation to the Parent Company, a reserve was calculated of Euro 3,080,265 thousand against a total reserve of Euro 3,402,758 thousand (90.5%); the results obtained in the portfolio considered, in accordance with the methods described below, were proportionally extended to the entire portfolio.

In relation to Bipiemme Vita, the higher level of aggregation in the generation of the model points permitted a 100% monitoring of the reserves in question.
For the index-linked contracts classified as insurance contracts (IFRS 4), given the different characteristics with the traditional products, it was not possible to utilise the same model. Therefore a simplified approach was utilised, comparing, directly by tariff, the current value of the future cash flows with the reserves recorded in the accounts.

From the viewpoint of the development of the calculations, for both the traditional product and the index-linked product, the allocation is based on the development of the future cash flows which will be generated from the contracts. For each model point the projected cash flows are annually generated which takes into account the demographic assumptions, mortality and expenses in accordance with the second order so as to value on an annual basis, the economic gains for the calculation of the needs, assuming that they are settled on maturity or at the end of the deferral of the capital paid.

The recognition of services and premiums, where in accordance with a minimum guaranteed return and for the discounting of the cash flows, utilise a market risk free curve at the reference date.

For the contracts with specific assets, the discount rate was taken from the effective return of the assets to cover the reserves, taking into account the credit risk related to the individual securities comprised in the basket. The credit risk is valued based on the probability of default assigned by Standard & Poor.
In the estimate of the amounts paid following the redemption by clients of the contracts, in addition to the assumptions relating to the mortality and probability of redemption, the specific penalties of each tariff are considered.

In the definition of the assumptions of the future commissions payable to the network based on the premiums collected, reference was made to the loading corresponding to the tariffs and in accordance with the current commercial agreements in force.
The discounting of the future cash flows described above permitted the determination of the commitments of the Company in accordance with the "best estimate" basis at the moment of the valuation. This amount is defined in the "LAT Reserve" table below.

With regard to the assumptions, reference was made where possible to the company experience and the Italian insurance market in addition to economic-financial scenarios at the valuation date.

In particolare:
- Revaluation of services: according to the minimum guaranteed. The minimum guaranteed return represents the financial contractual commitment of the company, including the technical rate.
- Inflation: 1.75%. The parameter is utilised, within the valuation, as an increased rate of the expenses of the management of the contracts, and is considered, over the long-term period, sufficiently prudent.
- Discount rate: EuroSwap Curve at the valuation date, except where specified above.
- Mortality: mortality indices taken from the tables SIM/SIF 2002, reduced by 20%.
- Management expense it is estimated that the costs will be incurred for the management of the existing portfolio.

The amounts were considered in accordance with the results of the following tables.

Milano Assicurazioni	
Individual single premium	€ 22
Individual annual premium	€ 47
Collective	€ 22
Bipiemme Vita	
Class 1	€ 4 more than 0.24% of the actuarial reserve
Class 5	€ 4 more than 0.05% of the actuarial reserve

Lapses: in relation to the redemptions and, in general, the termination of contracts, elimination frequencies were adopted taken from direct experience of the Company based on duration periods, shown in the table below.

Duration	**Frequency of eliminations** Milan	**Frequency of eliminations** Bipiemme Vita
0	2.200%	0.000%
1	5.700%	2.540%
2	5.150%	2.540%
3	3.870%	5.200%
4	3.170%	5.200%
5	5.050%	5.200%
6	5.880%	1.420%
7	4.850%	1.420%
8	4.260%	1.420%
9	3.760%	1.420%
10	3.940%	1.420%
11	3.800%	10.000%
12	3.230%	10.000%
13	2.590%	10.000%
14	2.220%	10.000%
15	2.050%	10.000%
16	1.920%	20.000%
17	1.610%	20.000%
18	1.430%	20.000%
19 o more	1.290%	20.000%

Results - Traditional Portfolio

The application of the model for the valuation of the LAT (Liability Adequacy Test) provided, for the groupings described above, the results shown below comparing them with the reserves in the accounts and in particular the actuarial reserves, the future expenses reserves, the additional reserves for interest guarantee and decreased by the commissions to be amortised.

LAT Evaluation at 31/12/2008 (in thousands of Euro)

Division		Capitalis.	Prod. Of Risk	Savings & pension	Total
Milano Ass.ni	*LAT Res.*	559,588	843,586	1,919,479	3,222,654
	Tot. as per financial statements	585,585	880,874	1,984,680	3,451,138
	Balanced Res.	*581,647*	*866,917*	*1,954,194*	*3,402,758*
	Additional Res.	*118*	*11,671*	*24,260*	*36,049*
	Expenses Res.	*3,820*	*4,322*	*10,457*	*18,599*
	DAC	*-*	*2,036*	*4,233*	*6,269*
Bipiemme Vita	*LAT Res.*	244,932	608	1,312,047	1,557,587
	Tot. as per financial statements	247,151	1,329	1,436,800	1,685,279
	Balanced Res.	*246,733*	*1,225*	*1,427,212*	*1,675,170*
	Additional Res.	*21*	*1*	*2,078*	*2,100*
	Expenses Res.	*397*	*102*	*7,509*	*8,008*
	DAC	*-*	*-*	*-*	*-*

LAT Evaluations - Index Linked Policies

For the valuation of Index Linked policies classified as “insurance” (IFRS 4), it is necessary to verify the adequacy of the reserves recorded in the accounts in relation to the risks underwritten and to the future expenses.

LAT Evaluation at 31/12/2008 (in thousands of Euro)

Division		TOTAL
Milano Ass.ni	LAT Res.	225,963
	Tot. as per fin. statements	228,291
	Class D Res.	224,101
	Additional Res.	7
	Expenses Res.	4,183
Bipiemme Vita	LAT Res.	318,655
	Tot. as per fin. statements	319,675
	Class D Res.	315,455
	Additional Res.	1,082
	Expenses Res.	3,137

Guarantee return reserve

With reference to the commitments underwritten with the policyholders, the breakdown of the Life reserves shows approx. 62.9% (Euro 3,031.8 million) relate to policies with guaranteed returns between 1% and 3%, while approx. 36.9% (Euro 1,776.0 million) relate to policies with guaranteed return between 3% and 4%. The reserves relating to contracts with interest rate guarantee on maturity amounted to Euro 635.5 million. The reserves related to specific assets amount to Euro 176.0 million.

Insurance reserves of the life segment: guarantee return (*)

(in Euro millions)	**Milano Ass.ni**	**Bipiemme Vita**	**Total gross direct business**
Reserves with guaranteed annual interest rate	3,328.6	1,487.9	4,816.5
of which:			
from 0% to 1%	8.7		8.7
between 1% and 3%	1,682.4	1,349.4	3,031.8
between 3% and 4%	1,637.5	138.5	1,776.0
Reserves related to specific assets	84.3	91.7	176.0
Reserves with guaranteed interest rate on maturity	224.1	411.4	635.5
TOTAL	**3,637.0**	**1,991.0**	**5,628.0**

(*) including technical reserves for which the investment risk is supported by the policyholder.

PART G - Information on business combinations

As described in detail in the Directors' Report in the present accounts, during the year the Fondiaria-Sai Group undertook an industrial and corporate restructuring operation, whose guidelines were approved by the Board of Directors of Fondiaria-Sai and Milano Assicurazioni at the beginning of the year.

Specifically, for Milano Assicurazioni, the project saw:

1. The merger by incorporation into Milano Assicurazioni of SASA, held 99.9% by Fondiaria-SAI, and of Sasa Vita, held 50% by Sasa and the residual 50% by Fondiaria-Sai;
2. A share capital increase of Milano Assicurazioni with exclusion of the pre-emption right, in accordance with article 2441 of the civil code, fourth paragraph, reserved to the parent company Fondiaria-SAI, to be paid through conferment in kind of the entire holding held by this latter in Liguria, equal to 99.97% of the share capital;

The conferment deed of the above-mentioned investment was signed on October 30, 2008. The merger deed was signed on December 16, 2008. All of the agreements have legal effect from December 31, 2008.

The operations of the companies incorporated were recorded in the accounts of Milano Assicurazioni as of January 1, 2008 in accordance with the provisions of article 2504, paragraph 3, of the civil code. The fiscal effects are effective as of the same date.

These operations relate to a business combination between companies under common control and therefore not within the application of IFRS 3. Taking into consideration the above, it was considered appropriate to treat the business combination in accordance with the guidelines of IAS 8.10, therefore utilising principles which ensures the continuity of the values and in line with the accounting principles utilised by the parent company Fondiaria-Sai in the preparation of the consolidated financial statements. This is also based on the preliminary guidelines of Assirevi in relation to IFRS (OPI 1 and OPI 2).

The tables below illustrate the contribution to the consolidation of the companies merged into Milano Assicurazioni and those conferred subject to full consolidation.

Conferment of Liguria Assicurazioni S.p.A.

(in Euro thousands)	**Book value**	**Adjustments of fair value** (1)	**Fair value Amount**
Assets			
Intangible assets	2,218	31,341	33,559
Tangible fixed assets	7,221	1,542	8,763
Technical reserves attributed to reinsurers	42,358		42,358
Investments	246,174	2,102	248,276
Other receivables	89,521		89,521
Deferred tax assets	6,192		6,192
Other assets	1,366		1,366
Cash and cash equivalents	7,879		7,879
Total	**402,929**	**34,985**	**437,914**
Liabilities			
Technical reserves	305,713		305,713
Provisions	91		91
Financial liabilities	34,964		34,964
Other payables	22,705		22,705
Deferred tax liabilities	-	11,335	11,335
Other liabilities	5,991		5,991
Total	**369,464**	**11,335**	**380,799**
Net assets acquired	**33,465**	**23,650**	**57,115**
Minority interest share			**17**
Value of conferment			**151,053**
Difference arising on consolidation (2)			**65,634**
Differences recorded as net equity adjustments (3)			**-28,321**

(1) gains recorded in the consolidated financial statements of the conferring company Fondiaria-Sai.
(2) consolidation difference already recorded in the consolidated financial statements of the conferring company Fondiaria-Sai.
(3) decrease in the group net equity due to the application of the principle of continuity of values compared to the consolidated financial statements of the conferring company Fondiaria-Sai. This difference is therefore principally justified by the recording in the consolidated financial statements of Fondiaria-Sai of the results for the year and of the previous years and of the VOBA amortisation.

The adjustments of fair value refer to:
- Euro 31,341 thousand allocated to the account *Other intangible assets* against the VOBA (value of business acquired) or of the client portfolio acquired by the company;
- Euro 1,542 thousand allocated to the account *Buildings* and Euro 2,102 thousand to the account *Investment property* against the unrealised gains relating to these assets;

Against these allocations, the relative fiscal effect of Euro 11,335 thousand is recorded in the account *Deferred tax liabilities.*

Conferment of Liguria Vita S.p.A.

(in Euro thousands)	Book value	Adjustments of fair value	Total Fair value
Assets			
Intangible assets	173		173
Tangible fixed assets	-		-
Technical reserves attributed to reinsurers	17,830		17,830
Investments	98,712		98,712
Other receivables	5,986		5,986
Deferred tax assets	232		232
Other assets	11		11
Cash and cash equivalents	4,101		4,101
Total	**127,045**		**127,045**
Liabilities			
Technical reserves	96,064		96,064
Provisions			
Financial liabilities	18,259		18,259
Other payables	2,831		2,831
Deferred tax liabilities	1,049		1,049
Other liabilities	355		355
Total	**118,558**		**118,558**
Net assets acquired	**8,487**		**8,487**
Minority interest share			**2**
Value of conferment			**9,681**
Difference arising on consolidation (1)			**3,159**
Differences recorded as increase of net equity (2)			**1,963**

(1) consolidation difference already recorded in the consolidated financial statements of the conferring company Fondiaria-Sai.

(2) increase in the group net equity due to the application of the principle of continuity of values compared to the consolidated financial statements of the conferring company Fondiaria-Sai.

Merger of Sasa Assicurazioni S.p.A.

(in Euro thousands)	**Book value**	**Adjustments of fair value**	**Total Fair value**
Assets			
Intangible assets	-		-
Tangible fixed assets	6,051		6,051
Technical reserves attributed to reinsurers	126,579		126,579
Investments	474,594		474,594
Other receivables	195,461		195,461
Deferred tax assets	13,894		13,894
Other tangible	1,349		1,349
Cash and cash equivalents	12,712		12,712
Total	**830,640**		**830,640**
Liabilities			
Technical reserves	613,142		613,142
Provisions	828		828
Financial liabilities	29,227		29,227
Other payables	70,804		70,804
Deferred tax liabilities	2,805		2,805
Other liabilities	19,111		19,111
Total	**735,917**		**735,917**
Net assets acquired	**94,723**		**94,723**
Share capital increase for the merger			**22,173**
Merger surplus			**72,550**

Merger of Sasa Vita S.p.A.

(in Euro thousands)	**Book value**	**Adjustments of fair value**	**Total Fair value**
Assets			
Intangible assets	-		-
Tangible fixed assets	-		-
Technical reserves attributed to reinsurers	7,432		7,432
Investments	300,865		300,865
Other receivables	17,752		17,752
Deferred tax assets	2,372		2,372
Other assets	3,957		3,957
Cash and cash equivalents	3,183		3,183
Total	**335,561**		**335,561**
Liabilities			
Technical reserves	287,555		287,555
Provisions	-		-
Financial liabilities	12,058		12,058
Other payables	6,204		6,204
Deferred tax liabilities	2,645		2,645
Other liabilities	830		830
Total	**309,292**		**309,292**
Net assets acquired	**26,269**		**26,269**
Cancellation of 50% investment held in Sasa Vita held by Sasa Assicurazioni			**-9,399**
Share capital increase for the merger			**1,806**
Cancellation surplus			**3,736**
Merger surplus			**11,328**

PART H - Transactions with related parties

The principal transactions with related parties, as defined by International Accounting Standards No. 24 (Disclosures on operations with related parties) and article 2, letter h) of Consob Resolution 11971 of May 14, 1999 are shown below. The operations between the Parent Company and its subsidiaries, which are related parties of the Parent Company, were eliminated in the consolidated financial statements and are therefore not shown in these notes.

They principally relate to:

- transactions related to reinsurance activities, all at market prices;
- charges, income and consequent debtor/creditor balances related to the division between the companies of the Fondiaria-SAI Group of the cost of the general services at group level;
- credit and debit balances deriving from the involvement in the Fondiaria-SAI Group tax consolidation.

(in Euro thousands)

	Assets	Liabilities	Revenues	Costs
Parent Company	171,179	91,766	33,611	33,466
Subsidiary companies	63,173	26,732	14,216	82,951
Associated companies	35,159	-	1,807	-
Other holdings	704	-	214	-
Other related parties	156,449	1,499	1,446	8,370

The assets of the consolidated financial statements include:

- Euro 47.5 million recorded in the *Property Investment* account regarding the cost of the building constructed by IM.CO. S.p.A. at Via Lancetti in Milan, already owned by Milano Assicurazioni.
  We recall that the operation, undertaken in 2003, resulted in the sale of the land to IM.CO S.p.A. and the purchase from IM.CO of the completed real estate complex which would be built by the same company at a price of Euro 36.4 million plus VAT.

  In relation to this operation, we report that during the work there was an opportunity to make some modifications to the construction, in order to increase the value of the complex, without changing the non-residential use of the building. These changes, which involve the construction of two additional buildings which will combine the new construction with a building already owned by Milano Assicurazioni in Via Lancetti 43 was made possible following the transfer of the building capacity of the property at Via Lancetti 43 through the use of the entire 6th floor which is used as a fitness/health centre.

During 2008, the building was completed and, following the signing of the relative notary deed, the total cost (including the relative price of connections between the buildings, already in the previous year, agreed at Euro 6.4 million) was transferred from the account *Other tangible fixed assets* to the account *Property Investments*..

- Euro 85.2 million payment on account, recorded in the account *Other Tangible Assets* in the year and in previous years to *Avvenimenti e Sviluppo Alberghiero s.r.l.* in relation to Via Fiorentini, Rome.

  We recall that this operation, completed in 2003 and described in detail in the directors' report in that year, resulted in the sale of the land to *Avvenimenti e Sviluppo Alberghiero s.r.l.* and the purchase from *Avvenimenti e Sviluppo Alberghiero s.r.l.* of the real estate complex in course of construction on the land in question at a price of Euro 96.2 million. During the work, the parties agreed to some modifications to the original building project, in order to increase the value of the complex.

  These modifications resulted in a lengthening of the completion time of the building, which, on the basis of the preliminary sales contract, should have been completed by December 31, 2006.
  The parties however agreed to extend the completion time and to review the price, with the possibility to bring forward the sales/purchase operation of one of the three buildings within the project.

- Euro 39.3 million, recorded in the account *Other Tangible Assets*, relating to payments on account in the year and in previous years 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).
  It is recalled that on December 22, 2005, the subsidiary Milano Assicurazioni sold to the company IM.CO. S.p.A. at a price of Euro 28.8 million including VAT, land in Milan, based in the three streets Confalonieri, De Castillia and Sassetti, of an area of 8,891 sq.m., included entirely in section A/2 of the Integrated Intervention Programme called "Isola de Castillia".

  Subsequently on November 15, 2006 Milano Assicurazioni purchased from IM.CO. at the price of Euro 93.7 million including VAT, full property rights for the complex to be completed on the site in question and specifically, a building for service sector use, consisting of a tower building with the development of twelve floors as well as a ground floor and a mezzanine level and three underground levels, with the ground floor containing a gallery with related commercial space, while the underground floors will include parking and storage. On the higher floors, the first three will be given over to office and covered parking usage, accessible through a ramp, the fourth is reserved in part for parking and partly for plant and offices, while the next six are exclusively for office use while the remaining two will contain a fitness centre and a restaurant.

In the execution of the works, the parties by common agreement and in order to ensure the highest quality of the building, agreed to some changes which regard the qualitative aspects of the complex to ensure the best utilisation of the structure.

In order to carry out the refurbishment, it was therefore necessary to agree with the selling party an extension to the deadline, which takes account also of the suspension of work order issued by the Municipality of Milan following the judgment of the Lombardy Regional Administrative Court No. 5438 of July 26, 2007, in a parallel judgment to that against Milano Assicurazioni for a breach of the convention signed by the same Milano Assicurazioni. Both of the judgments of the Regional Administrative Court were nullified by the Council of State, which did not enter into the merits of the case, but were limited to avoid private claims of a legitimate interest.

On January 29, 2009, in execution of the sequestration decree filed by the GIP, the deeds to the building of via De Castillia were turned over. The motivations of the GIP were based on a “consultancy” with the Prosecutor, according to which the building convention was not legal as adopted by the Administration by a simplified procedure under article 7, paragraph 10 of Law 23/1997, held not applicable to the facts, and according to the prosecuting party’s file, an increase in the s.l.p. of the complex and a reduction in the standard.

Milano Assicurazioni and IM.CO. believe that the conclusions reached were unfounded and therefore believe that the procedure adopted by the Municipality Administration was correct in relation to the granting of permission to build. In consideration of this, recourse to the Re-Examination Court was proposed for the desequestration, which however was rejected. The case is currently been presented to the appeals court in accordance with law.

The measure by GIP brought about the suspension of work, with a consequent effect on the expected completion date, which will have to be renegotiated with changes to the agreement with Milano Assicurazioni, as soon as the site becomes accessible again.

Taking into account that the corporate structure of the counterparty companies in the above-mentioned operations includes related parties of Milano Assicurazioni, in addition to the parent company Fondiaria-SAI, fairness and legal opinions from expert advisors were obtained for these operations. The fairness opinions confirmed the appropriateness of the sales price of the areas and the purchase price of the buildings under construction.

It is also reported that in December 2008:

- a preliminary purchase contract was signed, by Fondiaria-Sai and Milano Assicurazioni, of the entire share capital in the hotel group Atahotels S.p.A., currently held by Sinergia Holding di Partecipazioni S.p.A. and by Raggruppamento Finanziario, at the provisional price of Euro 30 million. Under this operation, Milano Assicurazioni is committed to acquire 49% of Atahotels at a provisional price of Euro 14.7 million, with a down payment of 10% of the final price. The residual amount will be paid on the completion date;

- a preliminary contract was signed for the purchase, by Sinergia Holding di Partecipazioni S.p.A., of 100% of the share capital of Società Agricola Azienda Cesarina S.r.l. at the provisional price of Euro 80 million, with a down payment of 20% on the final price. The residual amount will be paid on the completion date;

Both the above operations are with related parties of Milano Assicurazioni, as well as the parent company Fondiaria-SAI in relation to the positions of some directors of the two companies in Sinergia and the fact that this latter, a subsidiary of Starlife S.A., participates in the shareholder agreement concerning the shares of Premafin Finanziaria Holding di Partecipazioni S.p.A., the parent company of Fondiaria-SAI as per article 93 of Legislative Decree 58/98.

Considering the type of investment and the nature of operations with related parties, the Board of Directors of Milano Assicurazioni and Fondiaria-SAI, for the determination of the relative purchase prices appointed the independent expert KPMG Advisory S.p.A. requesting a fairness opinion on each of the two operations stated above. These opinions were duly sworn as consisting of transactions with related parties and confirmed the correctness of the prices paid.

Atahotels S.p.A.

As communicated to the market on December 29, 2008 and January 5, 2009, on December 29, 2008, Fondiaria-SAI and Milano Assicurazioni signed a preliminary purchase contract with Sinergia Holding di Partecipazioni S.p.A. (hereafter: Sinergia) and Raggruppamento Finanziario for 100% of the share capital of Atahotels S.p.A., which – as noted – is a leading Italian hotel chain.
The effectiveness of the preliminary sales-purchase contract (hereafter: Contract) is conditional, among other matters, on the prior authorisation of Isvap, as well as the authorisation – already received – by the Anti-trust Authority.

Atahotels has an authorised share capital of Euro 40 million, subscribed and paid in for Euro 28 million, held 97.91% by Sinergia and 2.09% by Raggruppamento Finanziario.
Atahotels, created in 1967, is the 6th largest Italian hotel chain by room numbers (approx. 4,000) operating in the business and leisure segments; including the residences and new facilities opened in 2008, the total number of rooms is over 6,000.

The activities of the company are undertaken through direct management (and indirect, through subsidiary companies) of 24 facilities in Italy:
- 10 hotels (2,254 rooms)
- 6 resorts (2,178 rooms)
- 6 residences (1,577 rooms)
- 2 executive centers.

The facilities – with the exception of the Hotel Terme di Saint Vincent – are not owned by Atahotels but are leased from institutional investors with contracts which generally expire between 2015 and 2017, and precisely:
- 14 facilities leased from the Fondiaria-SAI Group (approx. Euro 11 million annual rent);
- 10 facilities leased from other institutional investors (approx. Euro 14 million annual rent).

During 2008, Atahotels opened 3 new facilities in properties owned by the Fondiaria-SAI Group (Pero, Varese and Petriolo), while three further facilities are planned in the coming years (Rome, Parma and San Donato Milanese), also owned by the Group. There are 1,500 employees, half of which are seasonal employees.

From a competitive standpoint, Atahotels has a number of distinguishing features compared to its competitors, in that it is a mixed operator (hotels, resort, residences) which manages large scale facilities (218 rooms on average per facility managed) and, finally, is present nationwide and also operates through a captive tour operator.

The corporate holdings of Atahotels are as follows:
- a 100% investment in the share capital of Hotel Terme di Saint Vincent S.r.l.;
- a 100% investment in the share capital of Tour Executive S.p.A., which operates in the travel agency and tourism sector;

- a 100% investment in the share capital of Italresidence S.r.l., which operates in the management of hotels;
- a 100% investment in the share capital of Ata Benessere S.r.l., which operates in the specialised sector of medical care and rehabilitation, diatetics, homeopathy and aesthetic medicine;
- a 98% investment in the share capital of AtaHotels Suisse S.A., currently non operative.

The operation would result in the acquisition of indirect control, by Fondiaria-Sai, of all these investments, while the investments already held by Atahotels in Fin.G.IT. S.p.A. (45%) was part of a separate sale to Sinergia for an amount of approx. Euro 16 million.

The company's market in recent years has seen a substantial stagnation principally attributable to the drop in the number of Italian clients and to a decrease registered in the art cities and in the seaside and mountain resorts. In 2007, in particular, the leading 7 Italian cities recorded a market decline with a RevPar (revenues per available room) decreasing by approx. 4%, a figure which deteriorated further in the first half of 2008 (approx. -5%), principally due to the effects of the world financial crisis.

With regard to the financial performance of Atahotels, the last three years, excluding extraordinary items which positively affected the results, illustrate:

- revenues substantially stable at around Euro 120 million annually (which reflects a decrease in the visitors compensated by an increase in prices);
- a GOP (Gross Operating Profit) decreasing due to the increase and rigidity of fixed costs (in particular personnel);
- a strong decrease in normalised EBITDA (loss in 2008) due to the increase in rent and fixed costs, advertising and promotions, as well as losses on receivables;
- strong decrease in EBIT due to the increase in depreciation on modernisation investments made in recent years to the facilities;
- a strong deterioration in the net loss.

From a management standpoint, the result of Atahotels are particularly concentrated on 6 "driving" facilities (on a total of 24) which represents over 70% of revenues and 80% of EBITDA.

In particular, 46% of the total revenues derives from the resorts, for a total of 6 facilities of which 3 (Tanka, Naxos and Capotaormina) represents 40% of the total revenues, while approx. 44% of the total revenues derives from the hotel business, for a total of 10 facilities of which 3 (Executive, Villa Pamphili and Quark Hotel) represents 29% of the total revenues.

Revenues are highly seasonal and are related to the activities of the resorts between May and October, with evident impact on the operating working capital and on the net financial position.

The structure of operating costs is rigid due to the high level of personnel costs and rental costs, in addition to other "fixed costs" of approx. Euro 13 million, of which:
- Euro 9 million/year for the significant depreciation related to the significant modernisation investments;
- approx. Euro 2 million of financial charges;
- approx. Euro 2 million of Irap.

In relation to the prospects of the company, the 2009-2015 business plan prepared by the management of Atahotels provides return to profit in 2013, with a requirement of funds to strengthen the balance sheet of around Euro 18 million in the current year. These funds principally derive from the necessity to recapitalise the company and they are not related to particular financial requirements in that the company at operating level has always produced positive cash flows. The plan is therefore characterised by the following key elements:
- change in business, with 3 new facilities opening in 2009 (Rome, Parma and San Donato) and the closure of 2 facilities (Executive Centre Rome in 2011 and Concord in 2012);
- slow start-up of the recent facilities opened (Pero, Petriolo, Varese);
- market recovery in terms of occupancy rate and prices, in particular in the facilities owned by the Fondiaria-SAI Group from 2010;
- "expo" effect in 2015;
- completion of the depreciation due to the extraordinary maintenance and modernisation works;
- investments of Euro 20 million for modernisation and opening of new facilities.

The purchase of Atahotels represents for the Fondiaria-SAI Group an opportunity of vertical integration in the tourist sector through the aggregation in the insurance companies, already owner of a large part of the facilities and of the management activities currently outsourced. This operation is against the backdrop of the hotel sector undergoing a difficult phase due to the protracted effects of the world financial crisis. Atahotels, for its part, which is impacted by a crisis similar to its competitors, at the same time is confronting a challenging development programme of its activities, both in relation to the investments already made, and the programme for new openings which are largely on properties owned by the Fondiaria-SAI Group.

This latter, in fact, in recent years, also following the merger between La Fondiaria Assicurazioni and SAI, and with the acquisitions and the current projects to be completed, significantly increased the component of tourist property investments with a property portfolio which in the coming years will amount to over Euro 500 million, part of which is managed by Atahotels and part still managed by various other operators until the expiry of the relative rental contracts. The significant and prestigious level of assets owned has therefore led the Company to undertake a direct presence in the management of these assets, with a view to obtaining better returns under a single management, thereby optimising time and procedures in obtaining rentals and to internalise the prospect of the creation of value from this activity. It is recalled that Atahotels was part of the former SAI Group in the '80s.

It is clearly evident that the current economic environment, while on the one hand requiring from the Fondiaria-SAI Group a financial and economic commitment (considering the capital needs and the losses forecast in the business plan of Atahotels) to maintain, sustain, expand and enhance its investments in the hotel sector, on the other represents an opportunity to acquire at very good levels one of the best national hotel chains, providing it with the appropriate capital and managerial levels to compete with greater efficiency and acquiring new market share and thereby laying the foundations to increase the value in the investment in the long-term period which will be achieved also through sector mergers and the eventual listing of the company.

The acquisition of Atahotels is part of a long-term investment policy adopted by the Group in the tourist-hotel sector, one of the driving sectors of the national economy, within the strategy of a captive management on which to concentrate also the numerous properties owned by the Group currently managed by third parties (for example Hotel Portofino Vetta, Hotel Lorenzo il Magnifico and Residence Guala). This development – as mentioned – is also opportune in the current economic environment which renders the strengthening of the capital and managerial capacities opportune and makes it possible to negotiate a good price for the acquisition. An almost equal joint equity investment by Fondiaria-SAI and Milano Assicurazioni for reasons of common interest was undertaken to maintain their respective real estate investments in the tourist segment, including through their holdings in Immobiliare Lombarda.

The Contract signed on December 29, 2008 provides for the purchase by Fondiaria-SAI of an investment of 51% of the share capital of Atahotels at a price of Euro 15.3 million and a holding of 49% of the share capital of Atahotels at a price of Euro 14.7 million by Milano Assicurazioni, for a total preliminary value of Euro 30 million. In accordance with the Contract, Fondiaria-SAI and Milano Assicurazioni made a provisional payment of 10% of the agreed price between the parties, while the remaining 90% of the price (subject to adjustments as described below) will be paid at the execution date.

The above-mentioned provisional price will be subject to an adjustment price procedure, either increasing or decreasing on the basis of the comparison of the net asset values and the net financial position of Atahotels, as resulting from the pro-forma statutory financial statements of Atahotels at December 31, 2008, and respective values in the financial statements of the company at December 31, 2008 as well as a comparison between the estimate of the net equity values and the net financial position of the subsidiary Italresidence

S.r.l. at December 31, 2008 and the respective values in the financial statements of the company at the same date.
The agreement also includes a system of variable earn-out for the selling party, up to a maximum amount of Euro 13 million payable in 2013, based on the profitability of the company.

The contract also provides a clause that the selling shareholders will ensure that, for all of the period between the subscription date of the Contract and the execution date, Atahotels and the subsidiary companies do not undertake operations other than those within the ordinary management without the prior approval of the buyers. Also in accordance with the Contract, some representatives of the buyers were nominated immediately as directors of Atahotels.

The Contract also includes declarations and standard guarantees given by the sellers with reference to Atahotels and the subsidiaries at the subscription date of the Contract and will also give such guarantees at the execution date.
The purchase operation will be financed by the two insurance companies entirely through own funds.

The above operation is an operation with related parties of Fondiaria-SAI and Milano Assicurazioni, in relation to the positions of some directors of the two companies in Sinergia and the fact that this latter, a subsidiary of Starlife S.A., participates in the shareholder agreement concerning the shares of Premafin Finanziaria Holding di Partecipazioni S.p.A., the parent company of Fondiaria-SAI as per article 93 of Legislative Decree 58/98 and Raggruppamento Finanziario is a subsidiary of Starlife S.A.

Considering the type of investment and the nature of operations with related parties, the Board of Directors of Fondiaria-SAI and Milano Assicurazioni, for the determination of the purchase price of 100% of the share capital of Atahotels, appointed the independent expert KPMG Advisory S.p.A., which issued an opinion on the range of values of Atahotels. This opinion was duly sworn as consisting of transactions with related parties.

The operation was unanimously approved by the Board of Directors meetings of Fondiaria-SAI and Milano Assicurazioni – with the only abstention being the Directors with interests pursuant to article 2391 of the civil code – both meetings were held on December 17, 2008, with prior examination by the respective Internal Control Committees.

Agricola Cesarina S.r.l.

As communicated to the market on December 29, 2008 and January 5, 2009, on December 29, 2008, Milano Assicurazioni signed a preliminary purchase contract with Sinergia Holding di Partecipazioni S.p.A. (hereafter: Sinergia) of 100% of the share capital of Società Agricola Azienda Cesarina S.r.l. (hereafter: Cesarina), an agricultural business which in turns controls 100% of Azienda Agricola Santa Lucia S.r.l. (hereafter: Santa Lucia).

The effectiveness of the preliminary sales-purchase contract (hereafter: Contract) is conditional, among other matters, on the prior authorisation of Isvap, as well as the authorisation – already received – by the Anti-trust Authority.
Cesarina and Santa Lucia own land for agricultural, horticulture, plant and forestry cultivation and animal farming. They are also owners of buildings located in the immediate vicinity of the land, partly utilised – including by third parties – for the exercise of agricultural activities.
The land on which Cesarina and Santa Lucia undertake their agricultural activity is located in the agricultural area north east of Rome and covers approx. 730 hectares.

In particular, the land of Cesarina has a total area of approx. 680 hectares and is located within the "Natural Reserve of Marcigliana", beyond the Rome Ring Road, 13 km from the centre of Rome.

Among the buildings located in the area:
- service spaces: comprising 9 buildings for residential use, 18 agricultural buildings for stables, outhouses and poultry pens, 1 dairy farm and stables plus prefabricated shelters;
- private villa; comprising two floors above ground with outhouses, garage and garden with swimming pool, in excellent condition and with high quality finishings;
- other buildings for mixed use.

Santa Lucia, for its part, holds approx. 44 hectares of agricultural land adjacent to that of Cesarina, cultivated prevalently with intensive growing.
The land of Santa Lucia is also located in Rome in the "Natural Reserve of Marcigliana".
There are also some buildings in the land of Santa Lucia;
- 5 rural buildings utilised as outhouses, workshops and furnaces;
- 2 buildings in part for residential use and part rural use, outhouses and barns.

The balance sheet of Cesarina is principally composed of land. In fact the assets, which in 2007 amounted to Euro 19 million, represented approx. 88% of fixed assets, which is in turn principally composed of:
- land and buildings of Euro 12.7 million (Euro 10.7 million due to the exclusion of the transaction of land owned by Cesarina located at Casalboccone);
- plant and machinery of Euro 0.7 million;
- costs capitalised for Euro 1 million, which principally refer to the milk quota acquired in 2005 and maintenance on machinery capitalised under intangible assets;
- investment of Euro 1 million (Euro 0.8 million due to the exclusion of the transaction of the investment in Azienda Agricola Panda S.r.l., held 100% by Cesarina).

There is also a medium-term loan provided in favour of Cesarina by Banca Popolare di Novara, of Euro 10 million and expiring at the end of 2009.
In relation to the income statement, revenues principally refer to the sale of milk and agricultural products. The other revenues relate to the grants which the company annually receives from the European Community and which contribute to over 30% to the total value of production.

Costs for raw materials and services refer to the ordinary activity and include costs for feed stuff, seed, fuel for agricultural machinery and ordinary maintenance on buildings. The company also has 11 employees.

In relation to the reasons for the operation, the entity will be integrated into the activities of the subsidiary Saiagricola S.p.A., through the merger with this latter which will create a "unique" enterprise within the north Roman agricultural district (only 13 km from the centre of Rome) due to its size and natural countryside surroundings.
The area, principally agricultural land, although within the Natural Reserve of Marcigliana, which currently precludes all construction, could be subject to future revaluation based on the possibility, in the long-term period, of the promotion of urban development also on a limited portion of the land, in consideration of the residential pressures of the area and the vicinity of the area to medium and high density populations close to the Rome Ring Road which the area borders.

In the medium-short term, however, considering the significant size of the company and its reduced level of agricultural exploitation, it is possible to foresee a considerable increase in revenues, both through a series of initiatives focused on current activities, in particular milk and olive oil, as well as developing innovative projects for the utilisation of agricultural products for the production of "green" energy and in particular plants for the production of biogas which will allow the valuation of agricultural products such as yeast, medical herbs, trefoil, hay, rice, rejected cheese, reutilisation of livestock waste, rice straw etc. The availability of large land areas and livestock sewage are in fact the necessary conditions to produce biomass to obtain biogas utilised for fuelling "cogenerator" motors which produce electricity.
The maximum estimates of the depreciation period after which an average size plant of 1 - 1.5 Mw should generate a net profit of between Euro 500,000 and Euro 600,000 annually is 3 years.
It is expected that Cesarina will be integrated into the activities of Saiagricolo – 100% direct and indirect subsidiary of Fondiaria-SAI in which Milano Assicurazioni currently holds 6.81% and is the long-standing agricultural company of the SAI Group, owner of over 5 thousand hectares of land and prestigious producer of quality wine, rice and olive oil – through a merger of the two companies, within an overall operation which could result in the agricultural business being divided roughly equally between Fondiaria-SAI and Milano Assicurazioni, in line with the strategy adopted by the group in other investment sectors.

The integration of Cesarina and Saiagricola would create economies of scale and marketing synergies which would permit critical mass levels to facilitate a direct retail distribution approach, opening a small number of selected retail sales points in Rome to enhance the entire range of agricultural products of the group (wine, olive oil, rice, cheese, fruit, etc.) promoting the brand awareness of the Saiagricolo products within a marketing strategy aimed at bypassing the indirect commercial channel.

The operation, against a backdrop of high volatility in security markets, represents an interesting and solid long-term investment opportunity. The investment would in fact permit the Group, in the short-medium term period to expand and integrate the range of excellent agricultural products offered, guaranteeing an industrial return in line with that of the other areas held, as well as, in the long-term period, to hold an almost "unique" area in the northern agricultural area of Rome with extremely good revaluation possibility related to reasonable – although in the long-term period – prospects of construction, as well as having prestigious guest areas in the capital of the city for commercial and representative activities.

The Contract signed on December 29 provides for the purchase by Milano Assicurazioni of a direct investment of 100% in the share capital of Cesarina for a price of Euro 80 million. In accordance with the Contract, Milano Assicurazioni made a provisional payment of 20% of the agreed price between the parties, while the remaining 80% of the price (subject to adjustments as described below) will be paid at the execution date.
The above-mentioned provisional price will be subject to an adjustment price procedure, either increasing or decreasing, on the basis of the comparison of the net equity of Cesarina, according to the balance sheet at September 30, 2008 and the net equity reported in the financial statements of the company at December 31, 2008.
The contract also provides a clause that the selling shareholders will ensure that, for all of the period between the subscription date of the Contract and the execution date, Cesarina and Santa Lucia will not undertake operations other than those within the ordinary management without the prior approval of the buyers.
The Contract also includes declarations and standard guarantees given by the sellers with reference to Cesarina and Santa Lucia at the subscription date of the Contract and will also give such guarantees at the execution date.
The purchase operation will be financed by Milano Assicurazioni entirely with own funds.
The above operation is an operation with related parties of Milano Assicurazioni, as well as the parent company Fondiaria-SAI in relation to the positions of some directors of the two companies in Sinergia and the fact that this latter, a subsidiary of Starlife S.A., participates in the shareholder agreement concerning the shares of Premafin Finanziaria Holding di Partecipazioni S.p.A., the parent company of Fondiaria-SAI as per article 93 of Legislative Decree 58/98.
Considering the type of investment and the nature of operations with related parties, the Board of Directors of Milano Assicurazioni and Fondiaria-SAI, for the determination of the purchase price of 100% of the share capital of Cesarina, appointed the independent expert KPMG Advisory S.p.A. requesting a fairness opinion relating to the price of Euro 80 million indicated above. This opinion was duly sworn as consisting of transactions with related parties.
For the determination of the purchase price, Milano Assicurazioni, with the support of the Fondiaria-SAI Group organisation, and KPMG Advisory utilised the independent expert Scenari Immobiliari S.r.l., which prepared the expert opinion's report on the two real estate portfolios referring to the two agricultural companies.
The asset value estimates by Scenari Immobiliari for Cesarina and for Santa Lucia were respectively Euro 118 million and Euro 7 million including land and buildings.
In particular, the value of the land (amounting respectively to Euro 93 million and Euro 6.6 million) was calculated by Scenari Immobiliari utilising as the principal methodology the summary comparative method, or comparison of sales. For this purpose, Scenari Immobiliari

utilised transactions between the period 2004 and 2008, considered comparable for type, location and use of the asset, taking into account for the determination of the unitary price per square metre, the size and the characteristics of the land.

In particular, Scenari Immobiliari reports that for the agricultural areas located in the municipality of Rome, the market recognises an implicit premium compared to the average prices of agricultural land, to take into account the potential construction against a significant pressure in terms of local demand and the low offer especially in the northern area. The values determined by Scenari Immobiliari are therefore market values based on other similar lands which were recently subject to sales/purchases.

For the valuation of the buildings Scenari Immobiliari utilised as reference the market values indicated by the OMI (Real Estate Market Observatory) and its own Database, determining values of Euro 24.8 million and Euro 0.8 million respectively for Cesarina and Santa Lucia.
Based on the social-urban considerations highlighted, Scenari Immobiliari undertook a further valuation of the land of Cesarina and Santa Lucia in the medium-long term period (10-15 years) in which it is assumed a part of the land subject to valuation could change usage for the realisation of structures for recreational purposes and residential use with limited construction activity.
The total asset value attributed by Scenari Immobiliari to Cesarina and to Santa Lucia within a scenario of partial construction would amount to approx. Euro 156 million.

Given the importance of the real estate assets in the determination of the price attributed to the capital of Cesarina, Milano Assicurazioni also requested an expert’s valuation from CSGI S.r.l., in order to have a further valuation supporting the analysis prepared by Scenari Immobiliari with reference to the land and buildings.
This valuation, based on the application of the comparative method, indicated a total value of approx. Euro 131 million (compared to Euro 125 million of Scenari Immobiliari).

The operation was unanimously approved by the Board of Directors meetings of FONDIARIA-SAI and Milano Assicurazioni – with the only abstention being the Directors with interests pursuant to article 2391 of the civil code – both meetings were held on December 17, 2008, with prior examination by the respective Internal Control Committees.

Remuneration of directors and general managers

The remuneration of Directors and general managers is shown in the following table:

(in Euro thousands)	**31/12/2008**	**31/12/2007**
Remuneration	1,239	1,489
Bonus and other incentives	-	500
Non-monetary benefits	2	2
TOTAL	**1,241**	**1,991**

The remuneration recognised to directors and general managers is fixed based on the average market remuneration level, while the bonuses and the other incentives are normally determined ex-post in relation to the results achieved and/or in relation to particular operations.

PART I – Subsequent events after the year end

In order to reduce the exposure of the investment portfolio to the equity market, the Group in January and February concluded a hedging programme through the purchase of Put options on the Eurostoxx50 index, for a period of six months and a total value of nearly Euro 143 million, approx. 50% of the Group's equity exposure. This strategy will neutralise potential losses on the equity portfolio caused by the continued market crisis, while permitting gains from rises in equity markets.

PART L - Other Information

Employees

At December 31, 2008 the number of employees of the Parent Company (including the employees of Sasa Assicurazioni and Sasa Vita, incorporated during the year) and of the consolidated companies (including the employees of Liguria Assicurazioni, Liguria Vita and Pronto Assistance Servizi, consolidated from this year) was a total of 2,087.
The following table shows the composition and comparison at like-for-like terms with December 31, 2007:

	31/12/2008	31/12/2007
Executives	29	31
Managers & white collar	1,606	1,608
Building caretakers	5	5
Employees Milano Group (2007 consolidation area)	**1,640**	**1,644**
Executives	6	8
Managers & white collar	441	408
Building caretakers	-	-
Employees of Sasa, Liguria and Pronto Assistance Servizi	**447**	**416**
Total 2008 Milano Group on like-for-like consolidation area	**2,087**	**2,060**

Exchange Rates

The exchange rates of the principal currencies utilised for the conversion of the balance sheet accounts are as follows:

	2008	2007
US Dollar	1.3917	1.4721
UK Sterling	0.9525	0.73335
Swiss Franc	1.485	1.6547

Correct solvency

The verification of the correct solvency at 31/12/2008, pursuant to article 217 of Legislative Decree 209/2005 and made based on the provisions of Isvap regulation No. 18 of March 12, 2008, reports the following situation:

	31/12/2008	**31/12/2007**
Amount of the solvency margin requested	832,739	705,699
Total elements to be covered	1,662,870	1,386,854
Surplus	830,131	681,155

* * * * *

In addition, there were no positions or transactions deriving from atypical and/or unusual transactions.

Milan, March 20, 2009

MILANO ASSICURAZIONI S.p.A.
The Board of Directors

Attachments

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of tangible and intangible fixed assets

	At cost	At revalued amount or fair value	Total book value
Investment property	561,055		561,055
Others buildings	43,323		43,323
Other tangible assets	132,262		132,262
Other intangible assets	123,833		123,833

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of the technical reserves - reinsurance amount

	Direct business	
	31/12/2008	**31/12/2007**
Non-Life reserves	***341,881***	***221,135***
Unearned premium reserve	51,262	22,943
Claims reserve	290,619	198,192
Other reserves		
Life reserves	***134,710***	***127,886***
Provision for claims to be paid	2,051	1,034
Actuarial reserves	132,658	126,852
Technical reserves where investment risk is borne by policyholders and from pension fund management		
Other reserves	1	
Technical reserves attributed to reinsurers	***476,591***	***349,021***

Indirect business		Total carrying value	
31/12/2008	31/12/2007	31/12/2008	31/12/2007
3,513	***2***	***345,394***	***221,137***
	2	51,262	22,945
3,513		294,132	198,192
		0	0
1,332	***1,415***	***136,042***	***129,301***
		2,051	1,034
1,332	1,415	133,990	128,267
		0	0
		1	0
4,845	***1,417***	***481,436***	***350,438***

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of financial assets

	Investments held to maturity		Loans and receivables		Available-for-sale financial assets	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Equity securities and derivatives valued at cost						
Equity securities at fair value					620,440	1,411,187
of which listed securities					*607,345*	*1,401,182*
Debt securities	174,946		47,966	30,742	8,041,170	7,473,408
of which listed securities	*81,630*		*19,122*		*8,036,525*	*7,462,250*
Fund units					578,464	532,694
Loans and receivables from banks						
Loans and interbank receivables						
Deposits with reinsurers			2,779	3,010		
Financial asset components of insurance contracts						
Other loans and receivables			222,414	111,435		
Non-hedging derivatives						
Hedging derivatives						
Other financial investments						
Total	**174,946**	**0**	**273,159**	**145,187**	**9,240,074**	**9,417,289**

Fin. assets designated at fair value through profit or loss				Total book value	
Financial assets held for trading		Financial assets at fair value through profit or loss			
31/12/2008	**31/12/2007**	**31/12/2008**	**31/12/2007**	**31/12/2008**	**31/12/2007**
				0	0
1,044	126,607	4	271	621,488	1,538,065
1,044	*126,607*	*4*	*271*	*608,393*	*1,528,060*
1,976	306,978	1,433,495	1,570,766	9,699,553	9,381,894
1,976	*295,092*	*578,065*	*688,874*	*8,717,318*	*8,446,216*
		562,091	811,786	1,140,555	1,344,480
				0	0
				0	0
				2,779	3,010
				0	0
				222,414	111,435
		580	235	580	235
		22,476	7,621	22,476	7,621
		9,473	12,702	9,473	12,702
3,020	**433,585**	**2,028,119**	**2,403,381**	**11,719,318**	**12,399,442**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of assets and liabilities relating to contracts issued by insurance companies where the investment risk is borne by policyholders and from pension fund management

	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Assets in accounts	1,950,211	2,359,112	4,655	899	1,954,866	2,360,011
Inter-group assets*				0	0	0
Total Assets	**1,950,211**	**2,359,112**	**4,655**	**899**	**1,954,866**	**2,360,011**
Financial liabilities in accounts	1,409,633	1,931,307	4,655	899	1,414,288	1,932,206
Technical reserves in accounts	540,187	427,583		0	540,187	427,583
Inter-group liabilities*				0	0	0
Total Liabilities	**1,949,820**	**2,358,890**	**4,655**	**899**	**1,954,475**	**2,359,789**

* Assets and liabilities eliminated in consolidation

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of technical reserves

	Direct business	
	31/12/2008	**31/12/2007**
Non-Life reserves	***4,926,464***	***4,277,219***
Unearned premium reserve	1,165,114	929,710
Claims reserve	3,756,827	3,343,809
Other reserves	4,523	3,700
of which reserves set aside following the liability adequacy test		
Life reserves	***5,819,967***	***5,546,923***
Reserves for claims to be paid	57,496	55,944
Actuarial reserves	5,283,382	5,073,073
Technical reserves where investment risk is borne by policyholders and from pension fund management	540,187	427,583
Other reserves	-61,098	-9,677
of which reserves set aside following the liability adequacy test		
of which deferred liabilities to policyholders	*-98,855*	*-42,171*
Total Technical Reserves	***10,746,431***	***9,824,142***

Indirect business		Total book value	
31/12/2008	31/12/2007	31/12/2008	31/12/2007
25,219	***20,106***	***4,951,683***	***4,297,325***
1,642	1,289	1,166,756	930,999
23,577	18,817	3,780,404	3,362,626
		4,523	3,700
		0	*0*
1,823	***1,949***	***5,821,790***	***5,548,872***
21	23	57,517	55,967
1,802	1,926	5,285,184	5,074,999
		540,187	427,583
		-61,098	-9,677
		0	*0*
		-98,855	*-42,171*
27,042	***22,055***	***10,773,473***	***9,846,197***

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of financial liabilities

	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Equity financial instruments				
Subordinated liabilities				
Liabilities from financial contracts issued by insurance companies deriving			1,414,288	1,932,206
From contracts for which the investment risk is borne by policyholders			*1,409,633*	*1,931,307*
From the management of pension funds			*4,655*	*899*
From other contracts				
Deposits received from reinsurers				
Financial liability components of insurance contracts				
Debt securities issued				
Payables to bank clients				
Interbank payables				
Other loans obtained				
Non-hedging derivatives		74		
Hedging derivatives		16,322		
Other financial liabilities			943	814
Total		**16,396**	**1,415,231**	**1,933,020**

Other financial liabilities		Total book value	
31/12/2008	**31/12/2007**	**31/12/2008**	**31/12/2007**
172,747	172,323	172,747	172,323
79	75	1,414,367	1,932,281
		1,409,633	*1,931,307*
		4,655	*899*
79	*75*	*79*	*75*
192,313	142,295	192,313	142,295
			74
			16,322
12,032	1,429	12,975	2,243
377,171	**316,122**	**1,792,402**	**2,265,538**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of insurance technical reserves

		2008		
		Gross amount	**reinsurers' share**	**Net amount**
Non Life Division				
	NET PREMIUMS	2,959,762	149,652	2,810,110
a	Premiums written	2,927,995	151,567	2,776,428
b	Change in unearned premium reserve	31,767	-1,915	33,682
	NET CHARGES RELATING TO CLAIMS	2,191,661	62,179	2,129,482
a	Amounts paid	2,454,280	97,021	2,357,259
b	Change in claims reserve	-233,121	-34,601	-198,520
c	Change in recoveries	-29,705	-241	-29,464
d	Change in other technical reserves	207		207
Life Division				
	NET PREMIUMS	1,169,672	17,264	1,152,408
	NET CHARGES RELATING TO CLAIMS	1,209,921	13,469	1,196,452
a	Sums paid	1,279,423	32,200	1,247,223
b	Change in reserve for sums to be paid	-4,140	-328	-3,812
c	Change in actuarial reserve	-94,437	-18,403	-76,034
d	Change technical reserves where investment risk borne by policyholders and from pension fund management	22,102		22,102
e	Change in other technical reserves	6,973		6,973

2007		
Gross amount	**reinsurers' share**	**Net amount**
2,687,756	94,567	2,593,189
2,660,089	95,216	2,564,873
27,667	-649	28,316
1,916,217	63,062	1,853,155
1,991,539	42,294	1,949,245
-38,065	20,768	-58,833
-38,210		-38,210
953		953
937,595	11,907	925,688
1,008,246	12,328	995,918
807,380	24,136	783,244
17,456	277	17,179
262,456	-12,085	274,541
-66,188		-66,188
-12,858		-12,858

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Financial income and charges and from investments

		Interest	Other Income	Other Expenses	Profits realised
Result from investments		**375,219**	**142,654**	**17,736**	**192,887**
a	Deriving from investment property		19,740	8,853	41,309
b	Deriving from investments in subsidiaries, associates and joint ventures		516	148	12
c	Deriving from investments held-to-maturity:	822			
d	Deriving from loans and receivables	6,489			
e	Deriving from available-for-sale financial assets	337,115	74,670	313	40,176
f	Deriving from financial assets held for trading	16,717	43,595	283	2,862
g	Deriving from financial assets designated at fair value through profit or loss	14,076	4,133	8,139	108,528
Result of other receivables		**3,789**			
Result of cash and cash equivalents		**11,547**			
Result of financial liabilities		**-19,134**	**0**	**0**	**1,407**
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	-19,134			1,407
Result of payables		**-339**			
Total		**371,082**	**142,654**	**17,736**	**194,294**

Losses realised	Total income and charges realised	Valuation gains		Valuation losses		Total income and charges not realised	Total income and charges 2008	Total income and charges 2007
		Valuation gains	Write-back of value	Valuation losses	Impairment			
147,711	**545,313**	**45,356**	**0**	**122,021**	**62,889**	**-139,554**	**405,759**	**388,830**
	52,196			9,853		**-9,853**	**42,343**	**2,239**
	380					**0**	**380**	**859**
	822					**0**	**822**	**0**
	6,489					**0**	**6,489**	**7,559**
87,079	**364,569**				55,976	**-55,976**	**308,593**	**393,326**
44,922	**17,969**	1,123		39,208	2,647	**-40,732**	**-22,763**	**-1,791**
15,710	**102,888**	44,233		72,960	4,266	**-32,993**	**69,895**	**-13,362**
	3,789					**0**	**3,789**	**4,485**
	11,547					**0**	**11,547**	**8,436**
0	**-17,727**	**0**	**0**	**13,247**	**0**	**-13,247**	**-30,974**	**2,282**
	0			13,247		**-13,247**	**-13,247**	**18,698**
	0					**0**	**0**	**0**
	-17,727					**0**	**-17,727**	**-16,416**
24	**-363**					**0**	**-363**	**-1,033**
147,735	**542,559**	**45,356**	**0**	**135,268**	**62,889**	**-152,801**	**389,758**	**403,000**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2008

In Euro thousands

Details of insurance management expenses

		Non-Life Division		Life Division	
		2008	2007	2008	2007
Gross commissions and other acquisition expenses		520,024	449,474	41,841	26,861
a	Acquisition commissions	396,677	349,316	24,507	10,649
b	Other acquisition expenses	78,085	60,864	11,183	9,850
c	Change in deferred acquisition costs	24,995	2,057	901	373
d	Collection commissions	20,267	37,237	5,250	5,989
Commissions and profit participation received from reinsurers		-27,298	-19,516	-3,189	-2,018
Investment management charges		5,242	3,757	6,849	5,606
Other administration expenses		93,424	59,314	15,617	14,443
Total		**591,392**	**493,029**	**61,118**	**44,892**

Information from the latest financial statements of the company that exercises direction and control of the company – in accordance with Article 2497 bis of the civil code.

FONDIARIA - SAI SPA

CONDENSED BALANCE SHEET

(EURO thousand) ASSETS	31/12/2007 consolidated
Intangible assets	1,754,254
Fixed assets	1,201,862
Investments	38,020,752
Other receivables	2,574,174
Other asset accounts	1,523,565
TOTAL ASSETS	45,074,607

(EURO thousand) LIABILITIES	31/12/2007 consolidated
Net Equity	5,170,935
Provisions	236,155
Technical reserves	30,437,757
Financial liabilities	7,185,687
Payables	1,141,625
Other liabilities	902,448
TOTAL LIABILITIES	45,074,607

CONDENSED INCOME STATEMENT

(EURO thousands)	31/12/2007 consolidated
Net premiums	11,501,073
Commission income	119,597
Income	1,239,186
Other revenues	481,690
TOTAL REVENUES AND INCOME	13,341,546
Net charges relating to claims	-9,359,735
Commission expenses	-70,777
Charges	-357,017
Management expenses	-1,868,120
Other costs	-793,691
TOTAL COSTS AND CHARGES	-12,449,340
PROFIT BEFORE TAXES	892,206
Income taxes for the period	-273,235
NET PROFIT	618,971

Declaration of the consolidated financial statements

in accordance with article 81 ter of the Consob Resolution No. 11971 of May 14, 1999 as supplemented

1. The undersigned Fausto Marchionni (as Chief Executive Officer of Milano Assicurazioni) and Piergiorgio Bedogni (as Executive responsible for the preparation of the corporate accounting documents of Milano Assicurazioni) affirm, and also in consideration of article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February, 1998:
   - the accuracy of the information on company operations and
   - the application of the administrative and accounting procedures for the compilation of the consolidated financial statements for the period 1/1/2008 - 31/ 12/2008.

2. The valuation of the adequacy of the accounting and administrative procedures for the preparation of the consolidated financial statements at December 31, 2008 is based on a Model defined by Milano Assicurazioni in accordance with the “Internal Control – Integrated Framework” and “Cobit” which represent benchmarks for internal control systems generally accepted at international level.

3. It is also noted that:

3.1. the consolidated financial statements as at December 31, 2008:

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 July 19, 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 the ISVAP terms, regulations and circulars and provide a true and fair representation of the balance sheet, financial position and results of the issuer and of the consolidated companies;

3.2. The Directors’ Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, March 20, 2009

Fausto Marchionni
(Chief Executive Officer)

Pier Giorgio Bedogni
(Executive responsible for the preparation of the corporate accounting documents)

Independent Auditors’ Report
To the consolidated financial statements as at December 31, 2008

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
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www.deloitte.it

**RELAZIONE DELLA SOCIETA' DI REVISIONE
AI SENSI DELL'ART. 156 DEL D.LGS. 24.2.1998, N. 58
E DELL'ART. 102 DEL D.LGS. 7.9.2005, N. 209**

**Agli Azionisti di
MILANO ASSICURAZIONI S.p.A.**

1. Abbiamo svolto la revisione contabile del bilancio consolidato, costituito dallo stato patrimoniale, dal conto economico, dal prospetto delle variazioni di patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, di Milano Assicurazioni S.p.A. e sue controllate ("Gruppo Milano Assicurazioni") chiuso al 31 dicembre 2008. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché al Regolamento emanato in attuazione dell'art. 90 del D.Lgs. n. 209/2005 compete agli amministratori di Milano Assicurazioni S.p.A.. È nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

   Per il giudizio relativo al bilancio consolidato dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione da noi emessa in data 4 aprile 2008.

3. A nostro giudizio, il bilancio consolidato di Milano Assicurazioni S.p.A. al 31 dicembre 2008 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché al regolamento emanato in attuazione dell'art. 90 del D.Lgs. n. 209/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto ed i flussi di cassa del Gruppo Milano Assicurazioni per l'esercizio chiuso a tale data.

4. La responsabilità della redazione della relazione sulla gestione, in conformità a quanto previsto dalle norme di legge e dai regolamenti, compete agli amministratori di Milano Assicurazioni S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione con il bilancio, come richiesto dall'art. 156, comma 4-bis, lettera d), del D.Lgs. n. 58/1998. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n. 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob.

A nostro giudizio la relazione sulla gestione è coerente con il bilancio consolidato di Milano Assicurazioni S.p.A. al 31 dicembre 2008.

DELOITTE & TOUCHE S.p.A.

Enrico Ciai
Socio

Milano, 6 aprile 2009

Subsidiary and associated companies

Bipiemme Vita S.p.A.

Registered office Milan
Via del Lauro,1

Share capital at 31.12.08
Euro 103,500,000 divided into 20,700,000 shares of Euro 5
Our holding in the share capital:
direct: 51.00%

Balance sheet Year 2008

ASSETS		
A.	RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	
B.	INTANGIBLE ASSETS	113,283
C.	INVESTMENTS	1,755,808,620
D.	INVESTMENTS WHERE RISK IS BORNE BY LIFE POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	1,672,214,759
D.bis	TECHNICAL RESERVES - REINSURANCE AMOUNT	4,370,787
E.	RECEIVABLES	65,129,175
F.	OTHER ASSETS	37,114,681
G.	PREPAID AND ACCRUED INCOME	23,679,920
TOTAL ASSETS		**3,558,431,224**

LIABILITIES AND NET EQUITY		
A.	SHAREHOLDERS' EQUITY	108,749,578
B.	SUB-ORDINATED LIABILITIES	8,000,000
C.	TECHNICAL RESERVES	1,742,206,391
D.	TECHNICAL RESERVES WHERE INVESTMENT RISK BORNE BY POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	1,671,918,680
E.	PROVISIONS FOR RISKS AND CHARGES	
F.	DEPOSITS RECEIVED FROM REINSURERS	
G.	PAYABLES AND OTHER LIABILITIES	27,225,779
H.	ACCRUALS AND DEFERRED INCOME	330,796
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**3,558,431,224**

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	3,594,269,462

Income statement Year 2008

I	**TECHNICAL ACCOUNT - NON-LIFE DIVISION**		
1.	EARNED PREMIUMS NET OF REINSURANCE		1,171,409
2.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT		
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		-
4.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		1,005,860
5.	CHANGE IN OTHER TECHNICAL RESERVES NET OF REINSURANCE		-
6.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		-
7.	MANAGEMENT EXPENSES	-	12,734
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		-
9.	CHANGE IN EQUALISATION RESERVES		-
10.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION		178,283
II	**TECHNICAL ACCOUNT - LIFE DIVISION**		
1.	EARNED PREMIUMS NET OF REINSURANCE		612,731,836
2.	INVESTMENT INCOME		84,563,044
3.	INCOME AND GAINS NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		78,421,317
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		9,290,173
5.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		630,214,609
6.	CHANGES IN THE ACTUARIAL AND OTHER TECHNICAL RESERVES NET OF REINSURANCE	-	157,117,248
7.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		2,980
8.	MANAGEMENT EXPENSES		20,535,710
9.	ASSET AND FINANCIAL CHARGES		59,084,983
10.	ASSET AND FINANCIAL CHARGES AND LOSSES NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		250,628,861
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		3,666,147
12.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT		
13.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	-	22,009,672
III	**NON TECHNICAL ACCOUNT**		
1.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION		178,283
2.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	-	22,009,672
3.	INVESTMENT INCOME - NON-LIFE DIVISION		321,540
4.	QUOTA OF INVESTMENT INCOME TRANSFERRED FROM THE LIFE DIVISION TECHNICAL ACCOUNT		
5.	ASSET AND FINANCE CHARGES - NON-LIFE DIVISION		356,204
6.	QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON- LIFE DIVISION TECHNICAL ACCOUNT		
7.	OTHER INCOME		1,110,377
8.	OTHER CHARGES		993,468
9.	RESULT FROM ORDINARY ACTIVITY	-	21,749,143
10.	EXTRAORDINARY INCOME		75,614
11.	EXTRAORDINARY CHARGES		202,592
12.	RESULT FROM EXTRAORDINARY ACTIVITY	-	126,978
13.	RESULT BEFORE TAXES	-	21,876,120
14.	INCOME TAXES	-	6,170,309
15.	**PROFIT (LOSS) FOR THE YEAR**	**-**	**15,705,811**

Campo Carlo Magno S.p.A.

Registered office Trento
Via Brennero, 260/h

Share capital at 31/12/2008:
Euro 9,311,200
divided in 18,622,400 shares
of Euro 0.50

Our Shareholding
Share capital:
direct: 100,00%

Balance sheet Year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets	1,010,013	
II - Tangible assets	15,702,994	
III - Financial fixed assets	351,703	
Total fixed assets (B)		17,064,710
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	2,670,733	
III - Current financial assets		
IV - Cash and banks	995,939	
Total current assets		3,666,672
D - PREPAID AND ACCRUED INCOME		20,567
Total assets		**20,751,949**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	9,311,200	
II - Share premium reserve	10,690	
III. - Revaluation reserve	103,254	
IV - Legal reserve	55,322	
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	9,772,640	
VIII - Retained earnings	(179,190)	
IX - Profit/(loss) for the year	181,000	
Total shareholders' equity (A)		19,254,916
B - PROVISIONS FOR RISKS AND CHARGES		
C - EMPLOYEE LEAVING INDEMNITY PROVISION		
D - PAYABLES		937,948
E - ACCRUALS AND DEFERRED INCOME		559,085
Total liabilities		**1,497,033**
Total liabilities and shareholders' equity		**20,751,949**
Memorandum account:		
Guarantees given		

Income statement Year 2008

A -	**VALUE OF PRODUCTION**			
	1. Revenues from sales and services		1,529,191	
	2. Change in inventories, work in progress, semi-finished and finished products			
	4. Increase in internal work capitalised			
	5. Other revenues and income showing separately grants		34,542	
	Total value of production			1,563,733
B -	**COSTS OF PRODUCTION**			
	6. Raw materials, consumables and goods		84,543	
	7. Services		246,543	
	8. Rents, leases and similar		4,800	
	9. Personnel costs			
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	234,266		
	b) depreciation of tangible assets	799,437		
	d) doubtful debt provision		1,033,703	
	11. Change in inventory of raw materials, consumables and goods for re-sale			
	13. Other provisions			
	14. Other operating charges		58,403	
	Total cost of production			1,427,992
Difference between production value and costs (A - B)				135,741
C -	**FINANCIAL INCOME AND CHARGES**			
	15. investment income		1,206	
	16. Other financial income		88,632	
	17. Interest and other financial charges		(54,534)	
	Total financial income and expenses			35,304
D -	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**			
	Total adjustment of financial assets			
E -	**EXTRAORDINARY INCOME AND CHARGES**			
	20. Income			
	- gains on sales other than account 14	1,000		
	- other income	22,686	23,686	
	21. Charges			
	- losses on sales other than account 14			
	- other charges	(23,126)	(23,126)	
	Total extraordinary income and charges			560
Profit before income taxes (A - B + - C + - D + - E)				**171,605**
	22. Income taxes for the year			9,395
	23. Net profit for the year			**181,000**

Dialogo Assicurazioni S.p.A.

Registered office Milan
Via Senigallia 18/2

Share capital at 31.12.08
Euro 8,831,774 divided into 8,831,774 shares of Euro 1.00
Our holding in the share capital:
direct: 99.85%

Balance sheet Year 2008

ASSETS		
A.	RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	
B.	INTANGIBLE ASSETS	-
C.	INVESTMENTS	32,084,409
D.	INVESTMENTS WHERE RISK IS BORNE BY LIFE POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	
D.bis	TECHNICAL RESERVES - REINSURANCE AMOUNT	1,990,302
E.	RECEIVABLES	1,209,451
F.	OTHER ASSETS	4,607,899
G.	PREPAID AND ACCRUED INCOME	358,959
TOTAL ASSETS		**40,251,020**

LIABILITIES AND NET EQUITY		
A.	SHAREHOLDERS' EQUITY	8,339,734
B.	SUB-ORDINATED LIABILITIES	
C.	TECHNICAL RESERVES	26,932,012
D.	TECHNICAL RESERVES WHERE INVESTMENT RISK BORNE BY POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	
E.	FONDI PER RISCHI ED ONERI	52,193
F.	DEPOSITI RICEVUTI DA RIASSICURATORI	
G.	DEBITI E ALTRE PASSIVITA'	4,927,081
H.	RATEI E RISCONTI	-
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**40,251,020**

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	32,672,337

Income statement Year 2008

I	**TECHNICAL ACCOUNT - NON-LIFE DIVISION**		
1.	EARNED PREMIUMS NET OF REINSURANCE		15,970,669
2.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT		530,979
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		204,452
4.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		13,803,443
5.	CHANGE IN OTHER TECHNICAL RESERVES NET OF REINSURANCE		
6.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		
7.	MANAGEMENT EXPENSES		12,911,510
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		140,872
9.	CHANGE IN EQUALISATION RESERVES		5,463
10.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	-	10,155,188
II	**TECHNICAL ACCOUNT - LIFE DIVISION**		
1.	EARNED PREMIUMS NET OF REINSURANCE		
2.	INVESTMENT INCOME		
3.	INCOME AND GAINS NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		
5.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		
6.	CHANGES IN THE ACTUARIAL AND OTHER TECHNICAL RESERVES NET OF REINSURANCE		
7.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		
8.	MANAGEMENT EXPENSES		
9.	ASSET AND FINANCIAL CHARGES		
10.	ASSET AND FINANCIAL CHARGES AND LOSSES NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		
12.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT		
13.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION		-
III	**NON TECHNICAL ACCOUNT**		
1.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	-	10,155,188
2.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION		
3.	INVESTMENT INCOME - NON-LIFE DIVISION		1,474,738
4.	QUOTA OF INVESTMENT INCOME TRANSFERRED FROM THE LIFE DIVISION TECHNICAL ACCOUNT		
5.	ASSET AND FINANCE CHARGES - NON-LIFE DIVISION		801,815
6.	QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON- LIFE DIVISION TECHNICAL ACCOUN		530,979
7.	OTHER INCOME		381,197
8.	OTHER CHARGES		252,242
9.	RESULT FROM ORDINARY ACTIVITY	-	9,884,289
10.	EXTRAORDINARY INCOME		12,469
11.	EXTRAORDINARY CHARGES		534,295
12.	RESULT FROM EXTRAORDINARY ACTIVITY	-	521,826
13.	PROFIT/(LOSS) BEFORE TAXES	-	10,406,116
14.	INCOME TAXES		
15.	**PROFIT (LOSS) FOR THE YEAR**	**-**	**10,406,116**

Dialogo Vita S.p.A.

Registered office Milan	Share capital at 31.12.08
Via L. il Magnifico 1	Euro 6,240,000 divided into 12,000,000 shares of Euro 0.52
	Our holding in the share capital:
	direct: 60.00%

Balance sheet Year 2008

ASSETS		
A.	RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	
B.	INTANGIBLE ASSETS	-
C.	INVESTMENTS	38,019,991
D.	INVESTMENTS WHERE RISK IS BORNE BY LIFE POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	504
D.bis	TECHNICAL RESERVES - REINSURANCE AMOUNT	1,800,290
E.	RECEIVABLES	371,394
F.	OTHER ASSETS	336,883
G.	PREPAID AND ACCRUED INCOME	637,305
TOTAL ASSETS		**41,166,367**

LIABILITIES AND NET EQUITY		
A.	SHAREHOLDERS' EQUITY	8,835,449
B.	SUB-ORDINATED LIABILITIES	
C.	TECHNICAL RESERVES	30,263,381
D.	TECHNICAL RESERVES WHERE INVESTMENT RISK BORNE BY POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	504
E.	PROVISIONS FOR RISKS AND CHARGES	
F.	DEPOSITS RECEIVED FROM REINSURERS	1,800,290
G.	PAYABLES AND OTHER LIABILITIES	266,743
H.	ACCRUALS AND DEFERRED INCOME	-
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**41,166,367**

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	37,994,475

Income statement Year 2008

I		**TECHNICAL ACCOUNT - NON-LIFE DIVISION**		
	1.	EARNED PREMIUMS NET OF REINSURANCE		-
	2.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT		-
	3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		-
	4.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		-
	5.	CHANGE IN OTHER TECHNICAL RESERVES NET OF REINSURANCE		-
	6.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		-
	7.	MANAGEMENT EXPENSES		-
	8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		-
	9.	CHANGE IN EQUALISATION RESERVES		-
	10.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION		-
II		**TECHNICAL ACCOUNT - LIFE DIVISION**		
	1.	EARNED PREMIUMS NET OF REINSURANCE		22,142,113
	2.	INVESTMENT INCOME		1,455,676
	3.	INCOME AND GAINS NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		12
	4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		
	5.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		738,199
	6.	CHANGES IN THE ACTUARIAL AND OTHER TECHNICAL RESERVES NET OF REINSURANCE		22,212,695
	7.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		
	8.	MANAGEMENT EXPENSES		251,200
	9.	ASSET AND FINANCIAL CHARGES		841,183
	10.	ASSET AND FINANCIAL CHARGES AND LOSSES NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		
	11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		
	12.	PORTION OF INVESTMENT INCOME TRANSFERRED TO NON TECHNICAL ACCOUNT		
	13.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	-	445,476
III		**NON TECHNICAL ACCOUNT**		
	1.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION		-
	2.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	-	445,476
	3.	INVESTMENT INCOME - NON-LIFE DIVISION		-
	4.	QUOTA OF INVESTMENT INCOME TRANSFERRED FROM THE LIFE DIVISION TECHNICAL ACCOUNT		-
	5.	ASSET AND FINANCE CHARGES - NON-LIFE DIVISION		-
	6.	QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON- LIFE DIVISION TECHNICAL ACCOUN		-
	7.	OTHER INCOME		48,726
	8.	OTHER CHARGES		43
	9.	RESULT FROM ORDINARY ACTIVITY	-	396,793
	10.	EXTRAORDINARY INCOME		780
	11.	EXTRAORDINARY CHARGES		5,797
	12.	RESULT FROM EXTRAORDINARY ACTIVITY	-	5,017
	13.	PROFIT/(LOSS) BEFORE TAXES	-	401,810
	14.	INCOME TAXES		
	15.	**PROFIT (LOSS) FOR THE YEAR**	**-**	**401,810**

Garibaldi S.C.S.

Registered office Luxembourg
L 5365 Munsbach
5, Parc d'Activité Syrdall

Share capital at 31.12.08
Euro 1,001
divided in 1,001 shares
of Euro 1.00

Our shareholding
Share capital:
direct: 47.95%

Balance sheet year 2008

in Euro thousands

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets		
II - Tangible assets		
III - Financial fixed assets	262,858	
Total fixed assets (B)		262,858
C - CURRENT ASSETS		
I - Inventories		
II - Receivables		
III - Current financial assets	14,997	
IV - Cash and banks	1,005	
Total current assets		16,002
D - PREPAID AND ACCRUED INCOME		
Total assets		**278,860**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	1	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve		
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	(17)	
VIII - Retained earnings	(3,167)	
IX - Profit/(loss) for the year	(840)	
Total shareholders' equity (A)		(4,023)
B - PROVISIONS FOR RISKS AND CHARGES		0
C - EMPLOYEE LEAVING INDEMNITY PROVISION		0
D - PAYABLES		282,883
E - ACCRUALS AND DEFERRED INCOME		0
Total liabilities		**282,883**
Total liabilities and shareholders' equity		**278,860**
Memorandum account:		
Guarantees given		0

Income statement Year 2008

A - VALUE OF PRODUCTION			
1. Revenues from sales and services			
5. Other revenues and income showing separately grants			
Total value of production (A)			0
B - COSTS OF PRODUCTION			
6. Raw materials, consumables and goods			
7. Services			
8. Rents, leases and similar			
9. Personnel costs			
10. Depreciation and write-downs			
a) amortisation of intangible assets			
b) depreciation of tangible assets		0	
13. Other provisions			
14. Other operating charges			
Total cost of production (B)			0
Difference between production value and costs (A - B)			0
C - FINANCIAL INCOME AND CHARGES			
16. Other financial income		1,962	
17. Interest and other financial charges		(2,402)	
Total financial income and expenses (C)			(440)
D - ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			
Total adjustment of financial assets			
E - EXTRAORDINARY INCOME AND CHARGES			
20. Income			
- gains on sales other than account 14			
- prior year income	0	0	
21. Charges			
- losses on sales other than account 14			
- prior year charges	0	0	
Total extraordinary income and charges (E)			0
Result before income taxes (A - B + - C + - D + - E)			**(440)**
22. Income taxes for the year			(400)
23. Net loss for the year			**(840)**

Global Card Service S.r.l.

Reg. office Milan
Via Milano, 2

Share capital at 31.12.08
Euro 98,800
divided in 98,800 shares
of Euro 1.00

Our shareholding
Share capital:
indirect: 94.97%

Balance sheet year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets		
II - Tangible assets	155	
III - Financial fixed assets		
Total fixed assets (B)		155
C - CURRENT ASSETS		
I - Inventories	179,977	
II - Receivables	57,388	
III - Current financial assets		
IV - Cash and banks	73,829	
Total current assets(C)		311,194
D - PREPAID AND ACCRUED INCOME		184
Total assets		**311,533**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	98,800	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve	3,720	
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves		
VIII - Retained earnings	(1,916)	
IX - Profit/(loss) for the year	(12,781)	
Total shareholders' equity (A)		87,823
B - PROVISIONS FOR RISKS AND CHARGES		
C - EMPLOYEE LEAVING INDEMNITY PROVISION		
D - PAYABLES		223,678
E - ACCRUALS AND DEFERRED INCOME		32
Total liabilities		**223,710**
Total liabilities and shareholders' equity		**311,533**
Memorandum account:		
Guarantees given		

Income statement Year 2008

A -	**VALUE OF PRODUCTION**			
	1. Revenues from sales and services		1,167	
	5. Other revenues and income showing separately grants			
	Total value of production			1,167
B -	**COSTS OF PRODUCTION**			
	6. Raw materials, consumables and goods			
	7. Services		(9,004)	
	8. Rents, leases and similar			
	9. Personnel costs			
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	(4,648)		
	b) depreciation of tangible assets	(154)		
	d) doubtful debt provision		(4,802)	
	13. Other provisions			
	14. Other operating charges		(510)	
	Total cost of production (B)			(14,316)
Difference between production value and costs (A - B)				(13,149)
C -	**FINANCIAL INCOME AND CHARGES**			
	16. Other financial income		1,059	
	17. Interest and other financial charges		(691)	
	Total financial income and expenses (C)			368
D -	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**			
	Total adjustment of financial assets			
E -	**EXTRAORDINARY INCOME AND CHARGES**			
	20. Income			
	- gains on disposals not recorded in account 5)			
	- prior year income		0	
	21. Charges			
	- losses on sales other than account 14			
	- prior year charges		0	
	Total extraordinary income and charges (E)			0
Result before income taxes (A - B + - C + - D + - E)				**(12,781)**
	22. Income taxes for the year			0
	23. Net loss for the year			**(12,781)**

Immobiliare Lombarda S.p.A.

Reg. office in Milan

Via Fabio Filzi, 25

Share capital at 31.12.08

Euro 697,907,753,59

divided into 4,105,339,727 shares of Euro 0.17

Our shareholding
Share capital:
direct: 39.03%

Balance sheet year 2008

in Euro thousands

ASSETS

RECEIVABLES DUE FOR UNPAID CAPITAL		
NON-CURRENT ASSETS		
- Intangible assets	9,483	
- Tangible assets	1,932	
- Financial fixed assets	221,717	
- Other assets	2,210	
Total non-current assets		235,341
CURRENT ASSETS		
- Inventories	744,769	
- Receivables	73,580	
- Current financial assets	621	
- Cash and banks	35,892	
Total curent assets		854,861
PREPAID AND ACCRUED INCOME		
Total assets		**1,090,203**

LIABILITIES

SHAREHOLDERS' EQUITY		
- Share capital	697,908	
- Share premium reserve		
- Revaluation reserve		
- Legal reserve	955	
- Reserve for treasury shares in portfolio		
- Statutory reserves		
- Other reserves	(28,935)	
- Retained earnings/(accumulated losses)		
- Group net profit/(loss)	(19,822)	
Total Group shareholders' equity		650,105
- Minority interest capital and reserves	12,382	
- Profit/(loss) for the year - minority interests	486	
Total shareholders' equity pertaining to minority interests		12,868
NON-CURRENT LIABILITIES		
- Loans and financing	177,518	
- Provisions for risks and charges	12,548	
- Other liabilities	27,237	
Total non-current liabilities		217,302
CURRENT LIABILITIES		
- Trade and other payables	86,922	
- Short-term loans	120,747	
- Other liabilities	2,259	
Total non-current liabilities		209,928
Total liabilities and shareholders' equity		**1,090,203**

Income statement year 2008

in Euro thousands

Revenues from sales and services	132,945	
Change in inventories	7,757	
Share of associate companies	76	
Raw materials and consumables	(18,515)	
Labour costs	(8,785)	
Amortisation & depreciation	(1,010)	
Loss in value of assets	(10,514)	
Other operating costs	(99,817)	
Financial charges	(17,232)	
Valuation of financial assets	(5)	
Result before taxes		(15,100)
Income taxes for the year		(4,239)
Consolidated profit		**(19,339)**
Net profit (loss) of minority interests		**486**
Group net loss		**(19,825)**

Liguria Vita S.p.A.

Reg. office in Milan
Via Milano, 2

Share capital at 31.12.08
Euro 6,000,000 divided in 1,200,000 shares of Euro 5.00
Our holding in the share capital:
indirect: 99.97%

Balance sheet Year 2008

ASSETS		
A.	RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	
B.	INTANGIBLE ASSETS	178,416
C.	INVESTMENTS	90,230,033
D.	INVESTMENTS WHERE RISK IS BORNE BY LIFE POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	4,925,770
D.bis	TECHNICAL RESERVES - REINSURANCE AMOUNT	17,830,347
E.	RECEIVABLES	5,987,074
F.	OTHER ASSETS	4,130,608
G.	PREPAID AND ACCRUED INCOME	1,747,265
TOTAL ASSETS		**125,029,513**

LIABILITIES AND NET EQUITY		
A.	SHAREHOLDERS' EQUITY	7,030,272
B.	SUB-ORDINATED LIABILITIES	
C.	TECHNICAL RESERVES	91,891,069
D.	TECHNICAL RESERVES WHERE INVESTMENT RISK BORNE BY POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	4,731,378
E.	PROVISIONS FOR RISKS AND CHARGES	
F.	DEPOSITS RECEIVED FROM REINSURERS	18,258,827
G.	PAYABLES AND OTHER LIABILITIES	3,117,257
H.	ACCRUALS AND DEFERRED INCOME	710
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**125,029,513**

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	91,968,293

Income statement Year 2008

I	**TECHNICAL ACCOUNT - NON-LIFE DIVISION**	
1.	EARNED PREMIUMS NET OF REINSURANCE	-
2.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT	-
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE	-
4.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE	-
5.	CHANGE IN OTHER TECHNICAL RESERVES NET OF REINSURANCE	-
6.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE	-
7.	MANAGEMENT EXPENSES	-
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE	-
9.	CHANGE IN EQUALISATION RESERVES	-
10.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	-
II	**TECHNICAL ACCOUNT - LIFE DIVISION**	
1.	EARNED PREMIUMS NET OF REINSURANCE	21,971,125
2.	INVESTMENT INCOME	4,186,621
3.	INCOME AND GAINS NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS	191,327
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE	369,276
5.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE	8,447,530
6.	CHANGES IN THE ACTUARIAL AND OTHER TECHNICAL RESERVES NET OF REINSURANCE	12,364,277
7.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE	
8.	MANAGEMENT EXPENSES	1,501,231
9.	ASSET AND FINANCIAL CHARGES	1,612,265
10.	ASSET AND FINANCIAL CHARGES AND LOSSES NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS	693,974
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE	1,158,380
12.	PORTION OF INVESTMENT INCOME TRANSFERRED TO NON TECHNICAL ACCOUNT	
13.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	940,693
III	**NON TECHNICAL ACCOUNT**	
1.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	-
2.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	940,693
3.	INVESTMENT INCOME - NON-LIFE DIVISION	-
4.	QUOTA OF INVESTMENT INCOME TRANSFERRED FROM THE LIFE DIVISION TECHNICAL ACCOUNT	-
5.	ASSET AND FINANCE CHARGES - NON-LIFE DIVISION	-
6.	QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON- LIFE DIVISION TECHNICAL ACCOUN	-
7.	OTHER INCOME	27,340
8.	OTHER CHARGES	508,825
9.	RESULT FROM ORDINARY ACTIVITY	459,208
10.	EXTRAORDINARY INCOME	61,848
11.	EXTRAORDINARY CHARGES	387,117
12.	RESULT FROM EXTRAORDINARY ACTIVITY	- 325,269
13.	PROFIT BEFORE TAXES	133,939
14.	INCOME TAXES	100,000
15.	**NET PROFIT FOR THE YEAR**	**33,939**

Liguria
Società di Assicurazioni S.p.A.

Reg. office in Milan
Via Milano, 2

Share capital at 31.12.08
Euro 23,000,000 divided in 23,000,000 shares of Euro 1.00
Our holding in the share capital:
direct: 99.97%

Balance sheet Year 2008

ASSETS		
A.	RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	
B.	INTANGIBLE ASSETS	2,231,558
C.	INVESTMENTS	248,597,646
D.	INVESTMENTS WHERE RISK IS BORNE BY LIFE POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	-
D.bis	TECHNICAL RESERVES - REINSURANCE AMOUNT	42,321,023
E.	RECEIVABLES	92,943,506
F.	OTHER ASSETS	15,128,211
G.	PREPAID AND ACCRUED INCOME	3,120,202
TOTAL ASSETS		**404,342,146**

LIABILITIES AND NET EQUITY		
A.	SHAREHOLDERS' EQUITY	32,623,992
B.	SUB-ORDINATED LIABILITIES	
C.	TECHNICAL RESERVES	306,049,668
D.	TECHNICAL RESERVES WHERE INVESTMENT RISK BORNE BY POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	-
E.	PROVISIONS FOR RISKS AND CHARGES	90,728
F.	DEPOSITS RECEIVED FROM REINSURERS	23,121,164
G.	PAYABLES AND OTHER LIABILITIES	42,268,919
H.	ACCRUALS AND DEFERRED INCOME	187,675
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**404,342,146**

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	242,761,788

Income statement Year 2008

I	**TECHNICAL ACCOUNT - NON-LIFE DIVISION**		
1.	EARNED PREMIUMS NET OF REINSURANCE		224,496,576
2.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT		4,270,195
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		3,252,998
4.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		191,443,987
5.	CHANGE IN OTHER TECHNICAL RESERVES NET OF REINSURANCE		4,689
6.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		-
7.	MANAGEMENT EXPENSES		46,429,395
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		11,193,281
9.	CHANGE IN EQUALISATION RESERVES		102,078
10.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	-	17,153,661
II	**TECHNICAL ACCOUNT - LIFE DIVISION**		
1.	EARNED PREMIUMS NET OF REINSURANCE		-
2.	INVESTMENT INCOME		-
3.	INCOME AND GAINS NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		-
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		
5.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE		-
6.	CHANGES IN THE ACTUARIAL AND OTHER TECHNICAL RESERVES NET OF REINSURANCE		-
7.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE		
8.	MANAGEMENT EXPENSES		-
9.	ASSET AND FINANCIAL CHARGES		-
10.	ASSET AND FINANCIAL CHARGES AND LOSSES NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS		
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		-
12.	PORTION OF INVESTMENT INCOME TRANSFERRED TO NON TECHNICAL ACCOUNT		-
13.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION		-
III	**NON TECHNICAL ACCOUNT**		
1.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	-	17,153,661
2.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION		-
3.	INVESTMENT INCOME - NON-LIFE DIVISION		9,910,635
4.	QUOTA OF INVESTMENT INCOME TRANSFERRED FROM THE LIFE DIVISION TECHNICAL ACCOUNT		-
5.	ASSET AND FINANCE CHARGES - NON-LIFE DIVISION		5,081,666
6.	QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON- LIFE DIVISION TECHNICAL ACCOUN		4,270,195
7.	OTHER INCOME		301,411
8.	OTHER CHARGES		3,285,594
9.	RESULT FROM ORDINARY ACTIVITY	-	19,579,070
10.	EXTRAORDINARY INCOME		324,185
11.	EXTRAORDINARY CHARGES		247,198
12.	RESULT FROM EXTRAORDINARY ACTIVITY		76,987
13.	RESULT BEFORE TAXES	-	19,502,083
14.	INCOME TAXES	-	1,229,388
15.	**PROFIT (LOSS) FOR THE YEAR**	**-**	**18,272,695**

Meridiano Eur S.r.l.

Registere office in Milan
Via Senigallia 18/2

Share capital at 31.12.08
Euro 10,000
divided in 10,000 shares
of Euro 1.00

Our shareholding
Share capital:
direct: 100%

Balance sheet year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets		
II - Tangible assets	164,604,932	
III - Financial fixed assets		
Total fixed assets (B)		164,604,932
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	2,818,794	
III - Current financial assets	76,505,881	
IV - Cash and banks	904,384	
Total current assets		80,229,059
D - PREPAID AND ACCRUED INCOME		
Total assets		**244,833,991**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	10,000	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve	2,000	
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	239,536,855	
VIII - Retained earnings		
IX - Profit/(loss) for the year	2,750,453	
Total shareholders' equity (A)		242,299,308
B - PROVISIONS FOR RISKS AND CHARGES		665,147
C - EMPLOYEE LEAVING INDEMNITY PROVISION		
D - PAYABLES		1,869,536
E - ACCRUALS AND DEFERRED INCOME		0
Total liabilities		**2,534,683**
Total liabilities and shareholders' equity		**244,833,991**
Memorandum account:		
Guarantees given		-

Income statement Year 2008

A -	**VALUE OF PRODUCTION**			
	1. Revenues from sales and services		0	
	5. Other revenues and income showing separately grants		0	
	Total value of production (A)			0
B -	**COSTS OF PRODUCTION**			
	6. Raw materials, consumables and goods		(334,071)	
	7. Services		(54,103)	
	8. Rents, leases and similar		0	
	9. Personnel costs			
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	0		
	b) amortisation of tangible assets	0	0	
	13. Other provisions			
	14. Other operating charges		(86,004)	
	Total cost of production (B)			(474,178)
Difference between production value and costs (A - B)				(474,178)
C -	**FINANCIAL INCOME AND CHARGES**			
	16. Other financial income		4,273,491	
	17. Interest and other financial charges		(153)	
	Total financial income and expenses (C)			4,273,338
D -	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**			
	Total adjustment of financial assets			
E -	**EXTRAORDINARY INCOME AND CHARGES**			
	20. Income			
	- gains on sales other than account 14			
	- prior year income	400	400	
	21. Charges			
	- losses on sales other than account 14	0		
	- prior year charges	(8)	(8)	
	Total extraordinary income and charges (E)			392
Profit before income taxes (A - B + - C + - D + - E)				**3,799,553**
	22. Income taxes for the year			(1,049,100)
	23. Net profit for the year			**2,750,453**

Meridiano Orizzonti S.r.l.

Reg. office in Milan
Via Senigallia 18/2

Share capital at 31.12.08
Euro 10,000
divided in 10,000 shares
of Euro 1.00

Our shareholding
Share capital:
direct: 100%

Balance sheet year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets		
II - Tangible assets	55,207,780	
III - Financial fixed assets		
Total fixed assets (B)		55,207,780
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	410,826	
III - Current financial assets		
IV - Cash and banks	695,456	
Total current assets		1,106,282
D - PREPAID AND ACCRUED INCOME		461
Total assets		**56,314,523**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	10,000	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve	2,000	
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	53,038,732	
VIII - Retained earnings		
IX - Profit/(loss) for the year	887,001	
Total shareholders' equity (A)		53,937,733
B - PROVISIONS FOR RISKS AND CHARGES		1,466,399
C - EMPLOYEE LEAVING INDEMNITY PROVISION		5,871
D - PAYABLES		904,520
E - ACCRUALS AND DEFERRED INCOME		0
Total liabilities		**2,376,790**
Total liabilities and shareholders' equity		**56,314,523**
Memorandum account:		
Guarantees given		183,750

Income statement year 2008

A -	**VALUE OF PRODUCTION**			
	1. Revenues from sales and services		1,900,599	
	5. Other revenues and income showing separately grants		0	
	Total value of production (A)			1,900,599
B -	**COSTS OF PRODUCTION**			
	6. Raw materials, consumables and goods		(180,224)	
	7. Services		(209,639)	
	8. Rents, leases and similar		0	
	9. Personnel costs		(29,927)	
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	0		
	b) depreciation of tangible assets	0		
	d) doubtful debt provision	0	0	
	13. Other provisions			
	14. Other operating charges		(178,670)	
	Total cost of production (B)			(598,460)
Difference between production value and costs (A - B)				1,302,139
C -	**FINANCIAL INCOME AND CHARGES**			
	16. Other financial income		65,893	
	17. Interest and other financial charges		(8,984)	
	Total financial income and expenses (C)			56,909
D -	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**			
	Total adjustment of financial assets			
E -	**EXTRAORDINARY INCOME AND CHARGES**			
	20. Income			
	- gains on sales other than account 14			
	- prior year income	5,655	5,655	
	21. Charges			
	- losses on sales other than account 14			
	- prior year charges	(3)	(3)	
	Total extraordinary income and charges (E)			5,652
Profit before income taxes (A - B + - C + - D + - E)				**1,364,701**
	22. Income taxes for the year			(477,700)
	23. Net profit for the year			**887,001**

Pronto Assistance Servizi S.p.A.

Registered office in Turin

Via Carlo Marenco, 25

Share capital at 31/12/2008:

Euro 516,000

divided in 516,000 shares
of Euro 1.00

Our Shareholding
Share capital:
direct: 28.00%
indirect: 26.51%

Balance sheet Year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets	185,273	
II - Tangible assets	121,858	
III - Financial fixed assets		
Total fixed assets (B)		307,131
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	6,779,525	
III - Current financial assets		
IV - Cash and banks	2,399,385	
Total current assets		9,178,910
D - PREPAID AND ACCRUED INCOME		2,744
Total assets		**9,488,785**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	516,000	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve	94,385	
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	125,937	
VIII - Retained earnings	990,862	
IX - Profit/(loss) for the year	1,372,876	
Total shareholders' equity (A)		3,100,060
B - PROVISIONS FOR RISKS AND CHARGES		
C - EMPLOYEE LEAVING INDEMNITY PROVISION		357,874
D - PAYABLES		6,030,851
E - ACCRUALS AND DEFERRED INCOME		
Total liabilities		**6,388,725**
Total liabilities and shareholders' equity		**9,488,785**
Memorandum account:		
Guarantees given		

Income statement year 2008

A - VALUE OF PRODUCTION			
1. Revenues from sales and services		24,375,810	
5. Other revenues and income showing separately grants		167	
Total value of production (A)			24,375,977
B - COSTS OF PRODUCTION			
6. Raw materials, consumables and goods		(16,509)	
7. Services		(18,391,306)	
8. Rents, leases and similar		(396,333)	
9. Personnel costs		(2,906,471)	
10. Depreciation and write-downs			
a) amortisation of intangible assets	(78,825)		
b) depreciation of tangible assets	(105,086)		
d) doubtful debt provision		(183,911)	
13. Other provisions			
14. Other operating charges		(17,075)	
Total cost of production (B)			(21,911,605)
Difference between production value and costs (A - B)			2,464,372
C - FINANCIAL INCOME AND CHARGES			
16. Other financial income		101,151	
17. Interest and other financial charges		(16,476)	
Total financial income and expenses (C)			84,675
D - ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			
Total adjustment of financial assets			
E - EXTRAORDINARY INCOME AND CHARGES			
20. Income			
- gains on disposals not recorded in account 5)			
- other income	124,550	124,550	
21. Charges			
- losses on sales other than account 14			
- other charges	(66,839)	(66,839)	
Total extraordinary income and charges (E)			57,711
Profit before income taxes (A - B + - C + - D + - E)			**2,606,758**
22. Income taxes for the year			(1,233,882)
23. Net profit for the year			**1,372,876**

SAI Investimenti SGR

Registered office in Turin
Via Carlo Marenco, 25

Share capital at 31.12.08
Euro 3,913,588 divided into 3,913,588 shares of Euro 1.00

Our shareholding
Share capital:
direct: 29%

Balance Sheet year 2008

ASSETS

Cash and cash equivalents	216
Available-for-sale financial assets	6,252,880
Receivables	571,815
Tangible assets	1,718
Intangible assets	37,183
Tax assets	166,172
Other assets	9,238,861
Total assets	**16,268,845**

LIABILITIES

Payables	1,541,481
Tax liabilities	162,496
Other liabilities	8,640,837
Provisions for risks and charges	20,000
Total liabilities	**10,364,814**
Share capital	3,913,588
Reserves	708,445
Valuation reserves	(117,683)
Retained earnings	
Profit/(loss) for the year	1,399,681
Total shareholders' equity	**5,904,031**
Total liabilities and shareholders' equity	**16,268,845**

Income statement year 2008

Commission income	4,802,286	
Commission expenses	(1,175,406)	
Net commissions		**3,626,880**
Interest income and similar		306,347
Interest expense and similar charges		(15,928)
Gain/loss from sale or repurchase of financial assets available-for-sale		(7,156)
Brokerage margin		**3,910,143**
Administrative expenses		(1,758,630)
A) personnel costs	(1,146,865)	0
B) Other administrative expenses	(611,765)	0
Net adjustments of property, plant & equipment		(1,267)
Net adjustments of intangible assets		(18,183)
Net provisions for risks and charges		0
Other operating expenses		(24,865)
Other operating income		31,944
Operating result		**2,139,142**
Profit before taxes from current operations		**2,139,142**
Income tax on current operations		(739,461)
Net profit from current operations		**1,399,681**
Net profit for the year		**1,399,681**

Service Gruppo Fondiaria-Sai S.r.l.

Registered office in Florence
Via L. il Magnifico 1

Share capital at 31.12.08
Euro 104,000
divided into 204,000 shares of Euro 0.52

Our shareholding
Share capital:
direct: 30,-%

Balance sheet year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets	3,903	
II - Tangible assets	0	
III - Financial fixed assets	8,083	
Total fixed assets (B)		11,986
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	120,013	
III - Current financial assets	844,219	
IV - Cash and banks	40,367	
Total current assets		1,004,599
D - PREPAID AND ACCRUED INCOME		5,394
Total assets		**1,021,979**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	104,000	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve	4,446	
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	630,358	
VIII - Retained earnings	75,508	
IX - Profit/(loss) for the year	54,462	
Total shareholders' equity (A)		868,774
B - PROVISIONS FOR RISKS AND CHARGES		0
C - EMPLOYEE LEAVING INDEMNITY PROVISION		0
D - PAYABLES	153,205	153,205
E - ACCRUALS AND DEFERRED INCOME		0
Total liabilities		**153,205**
Total liabilities and shareholders' equity		**1,021,979**
Memorandum account:		
Guarantees given		0

Income statement year 2008

A -	**VALUE OF PRODUCTION**			
	1. Revenues from sales and services		302,297	
	5. Other revenues and income showing separately grants			
	Total value of production (A)			302,297
B -	**COSTS OF PRODUCTION**			
	6. Raw materials, consumables and goods		0	
	7. Services		(164,904)	
	8. Rents, leases and similar			
	9. Personnel costs		(86,646)	
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	(6,094)		
	b) depreciation of tangible assets	0	(6,094)	
	13. Other provisions			
	14. Other operating charges		(16,184)	
	Total cost of production (B)			(273,828)
Difference between production value and costs (A - B)				28,469
C -	**FINANCIAL INCOME AND CHARGES**			
	16. Other financial income		30,967	
	17. Interest and other financial charges		(701)	
	Total financial income and expenses (C)			30,266
D -	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**			
	Total adjustment of financial assets			
E -	**EXTRAORDINARY INCOME AND CHARGES**			
	20. Income			
	- gains on sales other than account 14			
	- prior year income	2	2	
	21. Charges			
	- losses on sales other than account 14			
	- prior year charges	0	0	
	Total extraordinary income and charges (E)			2
Profit before income taxes (A - B + - C + - D + - E)				**58,737**
	22. Income taxes for the year			**(4,275)**
	23. Net profit for the year			**54,462**

Sistemi Sanitari S.c.r.l.

Registered office Milan
Via Senigallia, 18/2

Share capital at 31.12.08
Euro 1,000,000
divided in 1,000,000 shares
of Euro 1.00

Our shareholding
Share capital:
direct: 19.63%
indirect: 0.49%

Balance sheet year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets	671,674	
II - Tangible assets	5,872	
III - Financial fixed assets	1,751	
Total fixed assets (B)		679,297
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	2,972,490	
III - Current financial assets		
IV - Cash and banks	25,347	
Total current assets		2,997,837
D - PREPAID AND ACCRUED INCOME		
Total assets		**3,677,134**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	1,000,000	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve		
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	2	
VIII - Retained earnings	0	
IX - Profit/(loss) for the year	(23,586)	
Total shareholders' equity (A)		976,416
B - PROVISIONS FOR RISKS AND CHARGES		
C - EMPLOYEE LEAVING INDEMNITY PROVISION		153,541
D - PAYABLES		2,472,929
E - ACCRUALS AND DEFERRED INCOME		74,248
Total liabilities		**2,700,718**
Total liabilities and shareholders' equity		**3,677,134**

Income statement year 2008

A -	**VALUE OF PRODUCTION**			
	1. Revenues from sales and services		3,564,709	
	5. Other revenues and income showing separately grants		472	
	Total value of production (A)			3,565,181
B -	**COSTS OF PRODUCTION**			
	6. Raw materials, consumables and goods		0	
	7. Services		(1,413,282)	
	8. Rents, leases and similar		(101,572)	
	9. Personnel costs		(1,838,676)	
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	(212,417)		
	b) depreciation of tangible assets	(2,687)	(215,104)	
	13. Other provisions			
	14. Other operating charges		(807)	
	Total cost of production (B)			(3,569,441)
Difference between production value and costs (A - B)				(4,260)
C -	**FINANCIAL INCOME AND CHARGES**			
	16. Other financial income		4,260	
	17. Interest and other financial charges			
	Total financial income and expenses (C)			4,260
D -	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**			
	Total adjustment of financial assets			
E -	**EXTRAORDINARY INCOME AND CHARGES**			
	20. Income			
	- gains on sales other than account 14			
	- prior year income		0	
	21. Charges			
	- losses on sales other than account 14			
	- prior year charges		0	
	Total extraordinary income and charges (E)			0
Result before income taxes (A - B + - C + - D + - E)				**0**
	22. Income taxes for the year			(23,586)
	23. Net loss for the year			**(23,586)**

Sogeint S.r.l.

Registered office in Milan
Via Senigallia 18/2

Share capital at 31.12.08
Euro 100,000
divided into 1 share
of Euro 100,000

Our shareholding
Share capital:
direct: 100%

Balance sheet year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets	991	
II - Tangible assets	55,752	
III - Financial fixed assets	3,196	
Total fixed assets (B)		59,939
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	1,086,018	
III - Current financial assets		
IV - Cash and banks	1,241,134	
Total current assets		2,327,152
D - PREPAID AND ACCRUED INCOME		15,673
Total assets		**2,402,764**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	100,000	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve		
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	1	
VIII - Retained earnings	1,787	
IX - Profit/(loss) for the year		
Total shareholders' equity (A)		101,788
B - PROVISIONS FOR RISKS AND CHARGES		
C - EMPLOYEE LEAVING INDEMNITY PROVISION		41,797
D - PAYABLES		2,259,179
E - ACCRUALS AND DEFERRED INCOME		
Total liabilities		**2,300,976**
Total liabilities and shareholders' equity		**2,402,764**
Memorandum account:		
Guarantees given		-

Income statement Year 2008

A -	VALUE OF PRODUCTION			
	1. Revenues from sales and services		2,318,972	
	5. Other revenues and income showing separately grants		1,539,627	
	Total value of production (A)			3,858,599
B -	COSTS OF PRODUCTION			
	6. Raw materials, consumables and goods		(38,276)	
	7. Services		(2,251,809)	
	8. Rents, leases and similar		(472,310)	
	9. Personnel costs		(789,249)	
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	(991)		
	d) doubtful debt provision	(11,816)	(12,807)	
	13. Other provisions			
	14. Other operating charges		(184,652)	
	Total cost of production (B)			(3,749,103)
Difference between production value and costs (A - B)				109,496
C -	FINANCIAL INCOME AND CHARGES			
	16. Other financial income		7	
	17. Interest and other financial charges		(45)	
	Total financial income and expenses (C)			(38)
D -	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			
	Total adjustment of financial assets			
E -	EXTRAORDINARY INCOME AND CHARGES			
	20. Income			
	- gains on sales other than account 14		1	
	- other income			
	21. Charges			
	- losses on sales other than account 14			
	- other charges		(12,052)	
	Total extraordinary income and charges (E)			(12,052)
Profit before income taxes (A - B + - C + - D + - E)				**97,406**
	22. Income taxes for the year			(95,620)
	23. Net profit for the year			**1,786**

Systema
Compagnia di Assicurazioni S.p.A.

Reg. office in Milan
Via Senigallia 18/2

Share capital at 31.12.08
Euro 5,164,600 divided in 10.000 shares of Euro 516.46
Our holding in the share capital:
direct: 100.00%

Balance sheet Year 2008

ASSETS		
A.	RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	
B.	INTANGIBLE ASSETS	-
C.	INVESTMENTS	25,627,652
D.	INVESTMENTS WHERE RISK IS BORNE BY LIFE POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	-
D.bis	TECHNICAL RESERVES - REINSURANCE AMOUNT	1,666,581
E.	RECEIVABLES	3,040,145
F.	OTHER ASSETS	5,076,546
G.	PREPAID AND ACCRUED INCOME	219,045
TOTAL ASSETS		**35,629,969**

LIABILITIES AND NET EQUITY		
A.	SHAREHOLDERS' EQUITY	16,171,471
B.	SUB-ORDINATED LIABILITIES	
C.	TECHNICAL RESERVES	16,206,858
D.	TECHNICAL RESERVES WHERE INVESTMENT RISK BORNE BY POLICYHOLDERS AND FROM PENSION FUND MANAGEMENT	-
E.	PROVISIONS FOR RISKS AND CHARGES	25,235
F.	DEPOSITS RECEIVED FROM REINSURERS	-
G.	PAYABLES AND OTHER LIABILITIES	3,226,405
H.	ACCRUALS AND DEFERRED INCOME	-
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**35,629,969**

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	28,763,400

Income statement Year 2008

I	**TECHNICAL ACCOUNT - NON-LIFE DIVISION**	
1.	EARNED PREMIUMS NET OF REINSURANCE	9,264,210
2.	PORTION OF INVESTMENT INCOME TRANSFERRED FROM NON TECHNICAL ACCOUNT	298,164
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE	73,083
4.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE	5,177,178
5.	CHANGE IN OTHER TECHNICAL RESERVES NET OF REINSURANCE	-
6.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE	-
7.	MANAGEMENT EXPENSES	2,416,219
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE	470,075
9.	CHANGE IN EQUALISATION RESERVES	1,186
10.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	1,570,799
II	**TECHNICAL ACCOUNT - LIFE DIVISION**	
1.	EARNED PREMIUMS NET OF REINSURANCE	-
2.	INVESTMENT INCOME	-
3.	INCOME AND GAINS NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS	-
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE	
5.	CLAIMS INCURRED NET OF RECOVERIES AND REINSURANCE	-
6.	CHANGES IN THE ACTUARIAL AND OTHER TECHNICAL RESERVES NET OF REINSURANCE	-
7.	PROFIT-SHARING AND REVERSALS NET OF REINSURANCE	
8.	MANAGEMENT EXPENSES	-
9.	ASSET AND FINANCIAL CHARGES	-
10.	ASSET AND FINANCIAL CHARGES AND LOSSES NOT REALISED RELATING TO INVESTMENTS WHERE THE RISK IS BORNE BY THE POLICYHOLDER AND FROM THE MANAGEMENT OF PENSION FUNDS	
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE	-
12.	PORTION OF INVESTMENT INCOME TRANSFERRED TO NON TECHNICAL ACCOUNT	-
13.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	-
III	**NON TECHNICAL ACCOUNT**	
1.	RESULT OF TECHNICAL ACCOUNT - NON LIFE DIVISION	1,570,799
2.	RESULT OF TECHNICAL ACCOUNT - LIFE DIVISION	-
3.	INVESTMENT INCOME - NON-LIFE DIVISION	1,448,456
4.	QUOTA OF INVESTMENT INCOME TRANSFERRED FROM THE LIFE DIVISION TECHNICAL ACCOUNT	-
5.	ASSET AND FINANCE CHARGES - NON-LIFE DIVISION	860,729
6.	QUOTA OF INVESTMENT INCOME TRANSFERRED TO THE NON- LIFE DIVISION TECHNICAL ACCOUN	298,164
7.	OTHER INCOME	343,192
8.	OTHER CHARGES	210,469
9.	RESULT FROM ORDINARY ACTIVITY	1,993,085
10.	EXTRAORDINARY INCOME	17,314
11.	EXTRAORDINARY CHARGES	255,657
12.	RESULT FROM EXTRAORDINARY ACTIVITY	- 238,343
13.	PROFIT/(LOSS) BEFORE TAXES	1,754,742
14.	INCOME TAXES	642,693
15.	**NET PROFIT FOR THE YEAR**	**1,112,049**

Uniservizi S.c.r.l.

Registered office in Milan
Via Senigallia, 18/2

Share capital at 31.12.08
Euro 5,250,000
divided in 10,000,000 shares
of Euro 0.52

Our shareholding
Share capital:
direct: 34.19%
indirect: 0.40%

Balance sheet year 2008

ASSETS

A - RECEIVABLES DUE FOR UNPAID CAPITAL		
B - FIXED ASSETS		
I - Intangible assets	38,081,185	
II - Tangible assets	4,253,689	
III - Financial fixed assets	2,076,700	
Total fixed assets (B)		44,411,574
C - CURRENT ASSETS		
I - Inventories		
II - Receivables	10,631,670	
III - Current financial assets		
IV - Cash and banks	2,792,895	
Total current assets		13,424,565
D - PREPAID AND ACCRUED INCOME		14,428,477
Total assets		**72,264,616**

LIABILITIES

A - SHAREHOLDERS' EQUITY		
I - Share Capital	5,200,000	
II - Share premium reserve		
III. - Revaluation reserve		
IV - Legal reserve		
V - Reserve for treasury shares in portfolio		
VI - Statutory reserves		
VII - Other reserves	35,201,961	
VIII - Retained earnings		
IX - Profit/(loss) for the year	0	
Total shareholders' equity (A)		40,401,961
B - PROVISIONS FOR RISKS AND CHARGES		
C - EMPLOYEE LEAVING INDEMNITY PROVISION		
D - PAYABLES		31,860,862
E - ACCRUALS AND DEFERRED INCOME		1,793
Total liabilities		**31,862,655**
Total liabilities and shareholders' equity		**72,264,616**
Memorandum account:		
Guarantees given		

Income statement year 2008

A -	**VALUE OF PRODUCTION**			
	1. Revenues from sales and services		211,975,403	
	5. Other revenues and income showing separately grants		33,726	
	Total value of production (A)			212,009,129
B -	**COSTS OF PRODUCTION**			
	6. Raw materials, consumables and goods			
	7. Services		(184,311,897)	
	8. Rents, leases and similar		(9,805,167)	
	9. Personnel costs		(239,775)	
	10. Depreciation and write-downs			
	a) amortisation of intangible assets	(16,438,460)		
	b) depreciation of tangible assets	(1,816,040)		
	d) doubtful debt provision		(18,254,500)	
	13. Other provisions			
	14. Other operating charges		(300,243)	
	Total cost of production (B)			(212,911,582)
Difference between production value and costs (A - B)				(902,453)
C -	**FINANCIAL INCOME AND CHARGES**			
	16. Other financial income		857,618	
	17. Interest and other financial charges		(180)	
	Total financial income and expenses (C)			857,438
D -	**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**			
	Total adjustment of financial assets			
E -	**EXTRAORDINARY INCOME AND CHARGES**			
	20. Income			
	- gains on disposals not recorded in account 5)			
	- other income	180,972	180,972	
	21. Charges			
	- losses on sales other than account 14			
	- other charges	(135,957)	(135,957)	
	Total extraordinary income and charges (E)			45,015
Result before income taxes (A - B + - C + - D + - E)				**0**
	22. Income taxes for the year			0
	23. Net profit/(loss) for the year			**0**

Structure of the Group

RAPPRESENTAZIONE GRAFICA DEL GRUPPO
AL 31 DICEMBRE 2008

MILANO ASSICURAZIONI