



First Quarter Report 2009

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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.

The logo for GRUPPO FONDIARIASAI consists of a blue square with a white 'G' inside, followed by the words 'GRUPPO' and 'FONDIARIASAI' in a bold, blue, sans-serif font.



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BOARD OF DIRECTORS

Salvatore **Ligresti**

Honorary Chairman

Fausto **Marchionni** *

Chairman-Chief Executive Officer

Gioacchino Paolo **Ligresti** *

Vice Chairman

Cosimo **Rucellai** *

Vice Chairman

Umberto **Bocchino** *

Barbara **De Marchi**

Flavio **Dezzani**

Maurizio **Di Maio**

Emanuele **Erbetta**

Mariano **Frey**

Giulia Maria **Ligresti** *

Jonella **Ligresti**

Lia **Lo Vecchio**

Emilio **Perrone da Zara**

Massimo **Pini** *

Francesco **Randazzo**

Salvatore **Rubino** *

Simone **Tabacci**

Alessandra **Talarico**

Antonio **Talarico** *

Alberto **Marras**

Secretary of the Board and the Executive Committee

BOARD OF STATUTORY AUDITORS

Giovanni Ossola
Chairman

Maria Luisa Mosconi
Statutory Auditor

Alessandro Rayneri
Statutory Auditor

Giuseppe 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 Representative 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.

GROUP FINANCIAL HIGHLIGHTS

<i>(in Euro millions)</i>	Q1 2009	Q1 2008 Pro-forma
Group net profit	31.5	65.5
Gross premiums written	1.064.6	1.109.6
of which:		
Gross Non-Life premiums written	818.4	843.0
Gross Life premiums written	246.2	266.6
Investment policies written	3.7	4.6
APE (*)	22.9	24.5
Combined ratio Non-Life sector (**)	96.3	92.5
Loss ratio Non-Life sector	68.8	65.7

<i>(in Euro millions)</i>	31/03/2009	31/12/2008
Investments	12,552.7	12,562.8
Net technical reserves - Non-Life division	4,555.2	4,606.3
Net technical reserves - Life division	5,746.1	5,685.7
Financial liabilities	1,725.0	1,792.4
Group Net Equity	1,881.2	1,982.5

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

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

THE MILANO ASSICURAZIONI GROUP

The Milano Assicurazioni group consists of 12 companies including the parent company. Of these, 7 companies operate in the insurance sector, 3 in the real estate sector and 2 in the diversified services sector.

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 acquisitions and merger operations.

We recall in particular that during 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.

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.

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 coordination pursuant to article 2497 bis of the civil code.

Taking into account the operations illustrated above, the first quarter data in the present report is also shown for comparative purposes on a like-for-like basis (pro-forma), aggregating the amounts of Milano Assicurazioni, Sasa Assicurazioni, Sasa Vita, Liguria Assicurazioni and

Liguria Vita and where not otherwise specified, the comments on the operations refer to the pro-forma data.

PREMIUMS WRITTEN

The gross premiums and accessories of direct and indirect business in the first three months totalled Euro 1,064.6 million compared to Euro 906.4 million in the previous year (+17.4%). The increase is due to the corporate restructuring described in the introduction and, in particular, the premiums of Sasa Assicurazioni and Sasa Vita, incorporated into Milano Assicurazioni on December 31, 2008 and from Liguria Assicurazioni, conferred by Fondiaria-Sai to Milano Assicurazioni also at year-end.

On like-for-like terms, premiums decreased by 4.1% (-2.9% in the non-life division and -7.7% in the life division). In particular, with reference to the direct business, which represent almost the entire portfolio:

- Premiums written in the Non-Life Division amounted to Euro 816.2 million, of which Euro 561.8 million relate to the motor classes (-4.1% on like-for-like terms) and Euro 254.4 million relating to the other classes, which recorded a decline of 0.4%. These premiums continue to be impacted by the drop in new motor vehicle registrations, which in March began to report some improvements following the state scrapping incentives. Strong competition on prices has also affected premiums through increased personalisation of tariffs and the application of discounts.
- In the life division, premiums written amount to Euro 246.1 million, and on like-for-like terms report a decrease of 7.7%, due to the subsidiary Dialogo Vita which recorded premiums written of Euro 0.7 million in the quarter compared to Euro 20 million in the first quarter of 2008 and derived from the bancassurance agreement with UBS Italia S.p.A. This agreement in fact, following the sale of the company in the quarter, is currently operated by the Group company Systema Vita and no longer by Dialogo Vita, which operates through telephone and Internet channels, in line with the industrial plan of the Fondiaria-Sai Group.

In the indirect business, the premiums amounted to Euro 2.3 million compared to Euro 1.7 million in the same period of the previous year. The indirect business continues to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Fondiaria-SAI Group.

The breakdown of the premiums written with the changes to the first quarter of 2008 is shown in the table below at like-for-like terms (pro-forma):

(in Euro thousands)	Q1 2009	Q1 2008 <i>Pro-forma</i>	Change %	Q1 2008
DIRECT PREMIUMS				
Non-Life Division	816,201	841,387	-3.0	655,183
Life Division	246,136	266,558	-7.7	249,567
Total direct premiums	1,062,337	1,107,945	-4.1	904,750
INDIRECT PREMIUMS				
Non-Life Division	2,228	1,670	+33.4	1,670
Life Division	22	28	-21.4	28
Total indirect premiums	2,250	1,698	+32.5	1,698
TOTAL	1,064,587	1,109,643	-4.1	906,448
of which:				
Non-Life Division	818,429	843,057	-2.9	656,853
Life Division	246,158	266,586	-7.7	249,595

CONSOLIDATED INCOME STATEMENT

Group net profit in the first three months of 2009 amounted to Euro 31.5 million (Euro 65.5 million in the first three months of 2008).

The income statement in the first quarter of 2009 compared to the same period of 2008 is shown below: The changes are shown on a like-for-like consolidation basis and therefore including in 2008 Sasa and Sasa Vita, incorporated into Milano Assicurazioni at year-end and Liguria and Liguria Vita conferred by Fondiaria-Sai to Milano Assicurazioni also at the end of the previous year.

	Q1 2009	Q1 2008	Changes	Q1 2008
		<i>Pro-forma</i>	%	
<i>(in Euro thousands)</i>				
Net premiums	1,007,993	1,074,141	-6.2	901,590
Commission income	7,618	7,747	-1.7	7,747
Net Income from financial instruments recorded at fair value through profit or loss	20,647	-22,454	+192.0	-17,851
Income from subsidiaries, ass. and jt. ventures	100	100	-	100
Income from other financial instruments and property investments	141,271	131,529	+7.4	121,947
- Interest income	84,777	89,882	-5.7	81,131
- Other income	21,666	22,251	-2.6	22,177
- Profits realised	34,828	19,396	+79.6	18,639
- Valuation gains	-	-	-	-
Other revenues	15,247	39,623	-61.5	34,794
Total revenues	1,192,876	1,230,686	-3.1	1,048,327
Net charges relating to claims	792,639	805,171	-1.6	694,228
Commission expenses	9,063	3,813	+137.7	3,813
Charges from subsid., ass. & jt. ven. charges	2,515	-	n.s.	-
Charges from other financial instruments and property investments	62,490	32,298	+93.5	31,584
- Interest expense	4,917	4,732	+3.9	4,258
- Other expenses	15,773	7,638	+106.5	7,549
- Losses realised	19,779	17,593	+12.4	17,547
- Valuation losses	22,021	2,335	+843.1	2,230
Management expenses	167,684	168,070	-0.2	135,406
- Commissions and other acquisition expenses	138,180	138,939	-0.5	113,397
- Investment management charges	2,592	2,114	+22.6	1,736
- Other administration expenses	26,912	27,017	-0.4	20,273
Other costs	97,601	125,121	-22.0	96,489
Total costs	1,131,992	1,134,473	-0.2	961,520
Profit before taxes in the period	60,884	96,213	-36.7	86,807
Income taxes for the period	27,931	32,291	-13.5	30,238
Net profit in the period	32,953	63,922	-48.4	56,569
Profit from discontinued operations	-	-	-	-
Consolidated Net Profit	32,953	63,922	-48.4	56,569
Minority interest share	1,488	-1,590	+193.6	-1,591
Group net profit	31,465	65,512	-52.0	58,160

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

- The non-life division recorded a pre-tax profit of Euro 54.6 million, compared to a pre-tax profit of Euro 89 million in the first three months of 2008 at like-for-like consolidation scope. The decrease principally relates to the Land Vehicles Class which although recording a positive technical balance was significantly impacted by claims relating to adverse atmospheric conditions.

The Motor TPL class benefited from the good performance of claims reported and records a positive technical balance, however within a market which continues to be impacted by the contraction of new motor registrations, strong competition following increased price flexibility and the penalising effects of the so-called Bersani bis Law in terms of bonus-malus class application. The Other Non-Life Classes report a largely positive overall technical balance within an increase in claims reported, especially in the Fire, Other Property Damage and General TPL Classes.

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

- The Life Division reports a pre-tax profit of Euro 2.4 million (Euro 3.2 million in the first quarter of 2008). The sector continues to be penalised by the current financial crisis, the worst since the second World War, which does not currently appreciate the real value of the in-force portfolio acquired, with an adequate technical profitability and a strong presence of traditional type products, with greater remuneration and capable of satisfying, for the quality and range of the policies available, all needs of the clientele.

However, towards the end of the quarter, the financial markets recorded modest signs of improvement and simultaneously there was a reduction in the advanced redemptions of contracts compared to the worst part of the crisis, in the period between the end of 2008 and the beginning of 2009;

- The real estate sector recorded a pre-tax profit of Euro 4.1 million, substantially stable compared to the first quarter of 2008 (profit of Euro 4.2 million) and deriving from the net income of the real estate companies consolidated, relating to rental income on property owned and income from the share in the real estate fund Tikal;

- The asset and financial management recorded net income of Euro 97 million, up 26% on the first quarter of 2008 (which on like-for-like consolidation scope recorded net income of Euro 76.9 million) in spite of the downward trend in interest rates of bond securities, implemented by the monetary authorities to combat the current financial crisis. The figure in the first quarter of 2009 is net of impairment charges of Euro 19.1 million on securities classified in the category Available-for-Sale, made in accordance with the fair value policy already applied in the 2008 annual accounts.

On the other hand, the comparison with the first quarter of 2008 benefits from the transfer of securities from the fair value through profit and loss category to the Available for Sale category, made in September 2008.

The net income deriving from other financial instruments and property investments amounted to Euro 78.8 million (Euro 99.2 million in the first quarter 2008), while the net

income deriving from fair value financial instruments recorded through profit or loss amounted to Euro 20.6 million compared to net charges of Euro 22.4 million in the previous year.

The significant change in the above two categories of income are prevalently related to the closure of residual combined put and call options, undertaken to hedge the non-realised gains relating to Unicredit shares held in portfolio.

The closure of these options resulted in net income of approx. Euro 2.9 million against gains on options of Euro 23.5 million, recorded in the account Income from financial instruments recorded at fair value through profit and loss, and Euro 20.6 million of losses on the correlated sales of the shares hedged, recorded in the account charges from other financial instruments and property investments, in line with the classification of these shares, recorded in the category Available for sale.

- The management expenses of the non-life sector amounted to Euro 152.5 million with a percentage on net premiums of 19.8%, an increase on the same period of the previous year (19%), also due to higher amortisation of the commissions on the long-term contracts. In the life division the management expenses amounted to Euro 15.2 million, with a percentage on net premiums of 6.4%.

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

The table below shows the 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 Assistenza Servizi, which operates in relation to guarantees in the assistance class present in the insurance contracts of the companies of the Fondiaria-Sai group.

<i>(in Euro thousands)</i>	Non-Life	Life	RE	Other activities	Total
Net premiums	769,316	238,677	-	-	1,007,993
Commission income	-	7,618	-	-	7,618
Net Income from financial instruments recorded at fair value through profit or loss	17,600	3,047	-	-	20,647
Income from subsidiaries, ass. and jt. ventures	100	-	-	-	100
Income from other financial instruments and property investments	54,889	80,824	5,558	-	141,271
- Interest income	29,059	55,687	31	-	84,777
- Other income	7,821	8,318	5,527	-	21,666
- Profits realised	18,009	16,819	-	-	34,828
- Valuation gains	-	-	-	-	-
Other revenues	12,918	1,623	33	673	15,247
Total revenues	854,823	331,789	5,591	673	1,192,876
Net charges relating to claims	529,509	263,130	-	-	792,639
Commission expenses	-	9,063	-	-	9,063
Charges from subsid., ass. & jt. ven. charges	2,515	-	-	-	-
Charges from other financial instruments and property investments	31,646	29,573	1,271	-	62,490
- Interest expense	2,446	2,471	-	-	4,917
- Other expenses	2,151	13,200	422	-	15,773
- Losses realised	18,993	786	-	-	19,779
- Valuation losses	8,056	13,116	849	-	22,021
Management expenses	152,502	15,178	4	-	167,684
- Commissions and other acquisition expenses	128,722	9,458	-	-	138,180
- Investment management charges	1,058	1,534	-	-	2,592
- Other administration expenses	22,722	4,186	4	-	26,912
Other costs	84,039	12,479	213	870	97,601
Total costs	800,211	329,423	1,488	870	1,131,992
Profit before taxes Q1 2009	54,612	2,366	4,103	-197	60,884
Profit before taxes Q1 2008 (pro-forma)	88,979	3,237	4,242	-245	96,213

NET FINANCIAL POSITION

The tables below show the situation at March 31, 2009 of the investments and other tangible fixed assets as well as the technical reserves, net of the reinsurance portion, and of the financial liabilities; all the data is compared with the end of the previous year and the first quarter 2008.

Investments and other tangible fixed assets

<i>(in Euro thousands)</i>	31/03/2009	31/12/2008	Change %	31/03/2008
Investment property	622,976	561,055	+11.0	387,356
Investments in subsidiaries, associates and joint ventures	279,333	282,457	-1.1	12,888
Investments held to maturity	201,303	174,946	+15.1	-
Loans and receivables	586,968	273,159	+114.9	295,534
Financial assets available -for-sale	8,907,192	9,240,074	-3.6	9,188,264
Financial assets at fair value through profit or loss	1,954,926	2,031,139	-3.8	2,755,696
TOTAL INVESTMENTS	12,552,698	12,562,830	-0.1	12,639,738
CASH AND CASH EQUIVALENTS	235,790	220,824	+6.8	163,205
PROPERTY, PLANT & EQUIPMENT				
Property	38,998	43,323	-10.0	29,740
Other tangible assets	140,217	132,262	+6.0	153,870
TOTAL PROPERTY, PLANT & EQUIPMENT	179,215	175,585	+2.1	183,610
TOTAL	12,967,703	12,959,239	+0.1	12,986,553

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 cost 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). Overall, the book value at March 31, 2009 was Euro 217.5 million lower than the expert's evaluations at December 31, 2008.

The account *Investments in Subsidiaries, Associates and Joint Ventures* includes the investments in the associated companies, which are valued under the equity method. In particular, the amount includes Euro 250.4 million relating to the 39.03% holding in Immobiliare Lombarda, conferred by Fondiaria-SAI to Milano Assicurazioni at the end of 2008, within the corporate restructuring project, already described.

The investments held to maturity exclusively relate to securities related to fixed income life policies, realised through covering the contractual obligations with specific assets.

The increase in the account *Loans and Receivables* is principally due to Euro 261.2 million of bond securities with subordination clauses previously classified in the category Available-for-sale and transferred into this account at the beginning of the current year in line with the characteristics of these assets in relation to the situation created in the financial markets.

In particular, the account is comprised of:

- Debt securities of Euro 309.3 million, of which Euro 261.2 million relating to securities with subordination clauses;
- Time deposits of Euro 149.4 million;
- Loans on life policies of Euro 27.5 million;
- Receivables from agents for payment of indemnities at the end of mandates (Euro 62 million);
- Deposits with reinsuring companies in relation to reinsurance contracts (Euro 2.8 million);
- Other loans and receivables for Euro 36 million, of which Euro 32.2 million provided to the associated company Garibaldi S.c.s., involved in 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 *available-for-sale financial assets* include debt and capital securities not otherwise classified and represents the largest category of the financial instruments, in line with the characteristics and purposes of the insurance activity.

In accordance with the fair value policy applied in the 2008 annual accounts, impairment charges were recorded in the quarter in this category for Euro 19.1 million. The adjustments principally relate to the equity securities for Euro 16.5 million, investment fund units for Euro 1.6 million and bond securities for Euro 1 million.

The *Financial assets valued at fair value through profit or loss* includes the securities held for trading as well as those designated by the group in this category. The composition of these categories of financial instruments is shown in the table below.

<i>(in Euro thousands)</i>	31/03/2009	31/12/2008	Change %	31/03/2008
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Financial assets available-for-sale	8,907,192	9,240,074	-3.6	9,188,264
Equity securities and investment funds	1,088,856	1,198,904	-9.2	1,774,674
Debt securities	7,818,336	8,041,170	-2.8	7,413,590
Financial assets at fair value through profit and loss	1,954,926	2,031,139	-3.8	2,755,696
Equity securities and investment funds	510,738	563,139	-9.3	819,540
Debt securities	1,412,980	1,435,471	-1.6	1,886,526
Other financial investments	31,208	32,529	-4.1	49,630

The account *Property*, recorded under *Tangible fixed assets*, includes buildings for use by the company. 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 *Other tangible fixed assets* mainly refers (Euro 133.6 million) to down-payments in relation to real estate operations regarding the areas in Milan - via Confalonieri, 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.

Financial instruments issued by Lehman Brothers

Lehman Brothers Holdings Inc. filed for "Chapter 11" bankruptcy on September 15, 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.

The bond securities issued by Lehman Brothers present at March 31 in the group companies portfolios had a carrying value of Euro 2.9 million, 20% of the reimbursable value and therefore based on prudent indications and information currently available in relation to the presumable recovery rate. The relative value adjustments were fully recorded in the accounts in the previous year.

Icelandic Banks

Finally, in relation to the financial difficulties of the Icelandic banks, we report that:

- Milano Assicurazioni has the Metal Oil index-linked product in portfolio, issued on November 28, 2005 with expiry on November 28, 2011. This product (relating to the ex Sasa Vita portfolio incorporated into Milano Assicurazioni at the end of 2008) 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 the repayment capacity of the underlying debt securities.

Net technical reserves

<i>(in Euro thousands)</i>	31/03/2009	31/12/2008	Change %	31/03/2008
NON-LIFE DIVISION				
Unearned premium reserve	1,135,240	1,115,494	+1.8	883,792
Claims reserve	3,416,177	3,486,272	-2.0	3,085,069
Other reserves	3,757	4,523	-16.9	3,890
Total Non-Life Division	4,555,174	4,606,289	-1.1	3,972,751
LIFE DIVISION				
Actuarial reserves	5,236,446	5,151,194	+1.7	5,003,490
Reserve for claims to be paid	33,073	55,466	-40.4	41,198
	529,608	540,187	-2.0	415,252

Technical reserves where investment risk is borne by policyholders and pension fund management				
Other reserves	-53,022	-61,099	+13.2	-11,801
Total Life Division	5,746,105	5,685,748	+1.1	5,448,139
TOTAL	10,301,279	10,292,037	+0.1	9,420,890

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

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

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

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

Financial liabilities

<i>(in Euro thousands)</i>	31/03/2009	31/12/2008	Change %	31/03/2008
Financial liabilities recorded at fair value through profit or loss	1,356,200	1,415,231	-4.2	1,786,110
Other financial liabilities	368,754	377,171	-2.2	314,099
TOTAL	1,724,954	1,792,402	-3.8	2,100,209

The *liabilities at fair value through profit and loss* fully relate to unit-linked policies, pure capitalisation index-linked policies and units of the Milano Assicurazioni Open Pension Fund, all contracts which, not having significant insurance risk, in accordance with IFRS 4 are treated under the deposit accounting method.

The account *other financial liabilities* consists of deposits from reinsurers according to various contractual provisions (Euro 186.6 million) and subordinated loans of Euro 170.1 million. Subordinated loans relates to:

- Euro 50.8 million relates to the residual book value (net of the repayment of Euro 100 million made in July 2008) of the subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an original amount of Euro 150 million. This loan provides for an interest rate of Euribor at 6 months +180 basis points and repayable in five equal annual instalments from the 16th anniversary of the loan. The loan may also be repaid in advance, including partially, from the tenth anniversary of the loan and with authorisation from ISVAP.
- Euro 100.6 million represents the amortised cost of a nominal loan of Euro 100 million provided to Milano Assicurazioni by Mediobanca in July 2008. This loan is a hybrid loan and has perpetual duration and is therefore included for the solvency margin up to 50% of the relative amount. The payment of the interest is made in arrears on a half-yearly basis, at an interest rate of Euribor at 6 months +350 basis points for the first ten years and subsequently 450 basis points. The repayment should be made in one repayment after 10 years.
- Euro 10.2 million relates to the amortised cost of the subordinated loan of Euro 10 million provided in 2003 by Fondiaria-Sai to Sasa Assicurazioni, incorporated in Milano Assicurazioni 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 8.5 million relating to two subordinated loans for an indefinite period, at Euribor 12 months +250 basis points, provided to Bipiemme Vita by Banca Popolare di Milano (Euro 5.1 million) and Banca di Legnano (Euro 3.4 million).

SHAREHOLDERS' EQUITY

Group net equity at March 31, 2009 was Euro 1,898 million compared to Euro 1,982.5 million at December 31, 2008. The decrease is principally due to the adjustment of the carrying values of the securities recorded in the Available-for-Sale category to the stock exchange prices at the end of the quarter which, taking into account the movements in the quarter resulted in an increase on the accumulated losses on these assets of Euro 115.3 million. This negative impact was however offset by the result in the quarter.

The composition is as follows:

<i>(in Euro thousands)</i>	31/03/2009	31/12/2008	Changes %	31/03/2008
Group Net Equity	1,881,184	1,982,519	-5.1	2,001,296
Share Capital	305,851	305,851	-	251,217
Other equity instruments	-	-	-	-
Capital reserves	718,147	718,147	-	425,373
Retained earnings and other reserves	1,272,192	1,103,937	+15.2	1,197,581
<i>Treasury shares</i>	-31,353	-31,353	-	-20,541
Translation reserve	-	-	-	-
Profit or loss on available-for-sale financial assets	-413,680	-281,502	-47.0	89,825
Other gains and losses recorded directly in equity	-1,438	-477	-201.5	-319
Group net profit	31,465	167,916	-81.3	58,160
Minority interest equity	103,530	102,119	+1.4	91,208
Minority capital and reserves	104,430	109,067	-4.3	93,604
Gains and losses recorded directly in equity	-2,388	-1,293	-84.7	-805
Minority interest profit	1,488	-5,655	+126.3	-1,591
TOTAL	1,984,714	2,084,638	-4.8	2,092,504

The *Capital reserve* account includes the share premium reserve for shares issued, created on the increases in share capital.

The account *Retained earnings and other reserves* includes the reserve deriving from the first time application of IAS/IFRS (negative for Euro 45.3 million), the consolidation reserve (Euro 18.3 million) and other equity reserves of Euro 1,299.2 million.

The profits or losses on available-for-sale financial assets derive from the adjustment to fair value of the financial instruments classified in this category, net of the relative deferred

amount and of the part attributed to policyholders in application of the so-called Shadow Accounting, in accordance with paragraph 30 of IFRS 4 (insurance contracts).

We recall that the utilisation of the shadow accounting method creates the possibility to correlate the value of the life technical reserves and the value, determined under IAS/IFRS, of the assets included in the separated management.

The *other gains and losses recorded directly in equity* essentially include the actuarial losses from the determination of the employee leaving indemnity in accordance with the provisions of IAS 19 (Employee benefits).

OPERATIONAL PERFORMANCE AND NOTES

Non-Life Insurance Sector

Premiums written

Relating to direct business, which represents almost the entire portfolio, premiums written in the first quarter amounted to Euro 816.2 million, an increase of 24.6% on the first quarter of 2008 due to the corporate restructuring at the end of the previous year, which resulted in the incorporation of Sasa Assicurazioni into Milano Assicurazioni and the entry into the consolidation area of Liguria Assicurazioni, following the conferment, by Fondiaria-SAI of the investment.

On like-for-like terms, premiums decreased by 3% (-4.1% in the Motor Classes and -0.4% in the Other Classes). In particular:

- Premiums written in the Motor Classes amount to Euro 561.8 million, of which Euro 487.2 million refer to the Motor TPL Class (-3.9% compared to first quarter of 2008 on like-for-like basis) and Euro 74.6 million relating to the Land Vehicle Class (-5.3%). These performances are again impacted by the drop in new motor vehicle registrations, which in March began to report some improvements following the state scrapping incentives. Strong competition on prices has also affected premiums through increased personalisation of tariffs and the application of discounts.
- Premiums written in the Other Non-Life Classes amounted to Euro 254.4 million. The substantial stability compared to the first quarter of 2008 illustrates the already stated wish to implement an underwriting policy which ensures portfolio profitability through the application of correct technical parameters and selection of risks. The commercial initiatives will be primarily directed at the Retail sector, with adequate profitability while, in the Corporate sector greater caution will be applied in underwriting risk.

In the indirect business, the premiums amounted to Euro 2.2 million compared to Euro 1.7 million in the same period of the previous year. The indirect business continues to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Fondiaria-SAI Group.

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

<i>(in Euro thousands)</i>	Q1 2009	Q1 2008 Pro-forma	Changes %	Q1 2008
Accident & health	70,620	73,479	-3.9	58,076
Marine, aviation and transport	19,922	20,719	-3.8	2,559
Fire and other property damage	80,641	81,060	-0.5	69,146
General TPL	57,369	56,430	+1.7	48,716
Credit & Bonds	13,350	13,270	+0.6	6,926
General pecuniary losses	2,871	2,852	+0.7	1,065
Legal expenses	2,362	2,051	+15.2	1,625
Assistance	7,251	5,531	+31.1	3,716
TOTAL OTHER NON-LIFE DIVISION	254,386	255,392	-0.4	191,829
Land Motor TPL	487,210	507,202	-3.9	399,521
Motor vehicles – other classes	74,605	78,793	-5.3	63,833
TOTAL MOTOR	561,815	585,995	-4.1	463,354
TOTAL	816,201	841,387	-3.0	655,183

Claims

The total number of claims reported in the period was 222,464 (+2% compared to the first quarter of 2008, on like-for-like terms). In the Motor TPL class, the claims reported in the first three months of 2009 were 118,936, compared to 123,249 in the first three months of the previous year (-3.5%).

The claims paid in the first three months of 2009, gross of outward reinsurance, amounted to Euro 592.3 million, compared to Euro 644.1 million in the first three months of 2008 (-8%).

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

	Claim reported Number			Claims paid (in Euro thousands)		
	Q1 2009	Q1 2008 <i>Pro-forma</i>	Cge. %	Q1 2009	Q1 2008 <i>Pro-forma</i>	Cge. %
Accident & health	22,503	21,936	+2.6	33,970	31,939	+6.4
Marine, aviation and transport	183	208	-12.0	1,641	19,788	-91.7
Fire and other property damage	25,513	19,543	+30.5	59,223	46,847	+26.4
General TPL	12,549	10,968	+14.4	43,453	35,784	+21.4
Credit & Bonds	144	168	-14.3	4,963	4,208	+17.9
General pecuniary losses	642	693	-7.4	2,213	1,029	+115.1
Legal expenses	237	196	+20.9	204	100	+104.0
Assistance	7,418	11,737	-36.8	1,784	2,476	-27.9
TOTAL OTHER NON-LIFE DIVISION	69,189	65,449	+5.7	147,451	142,171	+3.7
Land Motor TPL (*)	118,936	123,249	-3.5	400,852	462,710	-13.4
Land vehicles	34,339	29,386	+16.9	44,019	39,202	+12.3
TOTAL MOTOR	153,275	152,635	+0.4	444,871	501,912	-11.4
TOTAL	222,464	218,084	+2.0	592,322	644,083	-8.0

(*) the claims reported relate to claims caused (no card, card debtor and reciprocal claims). The amount of the payments also includes the difference between payments made and the flat rate recovery in relation to the card management.

Technical performance

At March 31, 2009, the combined ratio of the non-life division, net of outward reinsurance, was 96.3% compared to 92.5% in the same period of the previous year and 99.2% for the full year 2008.

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

The Motor TPL class benefited from the good performance of claims reported and records a positive technical balance, however within a market which continues to be impacted by the

contraction of new motor registrations, strong competition following increased price flexibility and the penalising effects of the so-called Bersani bis Law in terms of bonus-malus class application.

The technical balance in the Land Vehicles Class was also positive but was significantly impacted in the quarter by a large amount of claims relating to adverse atmospheric conditions.

The Other Non-Life Classes report a largely positive overall technical balance within an increase in claims reported (as shown in the table above), especially in the Fire, Other Property Damage and General TPL Classes.

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

In the telephone and Internet channels, the actions continued supporting Dialogo Assicurazioni S.p.A. (99.85% subsidiary of Milano Assicurazioni).

In particular, in the first quarter of 2009 the new advertising campaign contained in the industrial plan of the company began. The cost incurred in the quarter, amounting to Euro 1.8 million, was entirely expensed in the income statement.

The gross premiums recorded in the first quarter amounted to Euro 6.6 million and recorded an increase of 45.1% on the first quarter of 2008 (Euro 4.5 million). The Motor TPL Class, which represents the largest part of the portfolio, reports an improvement in the claims to premiums ratio, decreasing to 93.3% compared to 96.5% in the first quarter of 2008.

The contribution of Dialogo Assicurazioni S.p.A. to the consolidated income statement of the period is a loss of Euro 3.2 million (Euro 2.1 million in the first quarter of 2008), due to the costs relating to the current advertising campaign and IT investments and greater structural costs necessary to support the growth of the company.

In relation to the standardised products distributed by partner banks, Systema Compagnia di Assicurazioni S.p.A. (wholly owned by Milano Assicurazioni) recorded premiums in the period of Euro 3.2 million, an increase of 23.7% on the same period in the previous year (+17.8% in the Motor class and +37.5% in the other non-life classes).

The premiums/claims ratio of the Motor TPL class improved from 79.7% in the first quarter of 2008 to 73.3% in the current quarter.

The contribution to the consolidated result for the period was a profit of Euro 0.1 million.

Reinsurance

The premiums ceded to reinsurers amounted to Euro 57.5 million compared to Euro 24.3 million in the same period of the previous year.

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

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

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

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

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

The reinsurance contracts are with the Irish 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.

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

Life Insurance Sector

Direct premiums written in the first quarter of 2009 amounted to Euro 246.1 million and recorded a decrease of 7.7% on the first quarter of the previous year on like-for-like terms and therefore taking into account the contributions deriving from Sasa Vita (incorporated into Milano Assicurazioni at the end of the previous year) and of Liguria Vita which is consolidated from the current quarter following the conferment to Milano Assicurazioni, by Fondiaria-SAI, and of the investment in Liguria Assicurazioni, also at the end of 2008.

The decrease is due to the subsidiary Dialogo Vita which recorded premiums written of Euro 0.7 million in the quarter compared to Euro 20 million in the first quarter of 2008 and derived from the bancassurance agreement with UBS Italia S.p.A. This agreement in fact, following the sale of the company in the quarter, is currently operated by the Group company Systema Vita and no longer by Dialogo Vita, which operates through telephone and Internet channels, in line with the industrial plan of the Fondiaria-Sai Group.

In relation to the type of contracts issued, no new commercial initiatives were launched on products with financial risks borne by the policyholders (index and unit-linked), in line with the wish to promote underwriting policies favouring traditional type products with greater profit margins and better satisfying the needs of the clientele in a period of strong financial turbulence.

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

<i>(in Euro thousands)</i>	31/03/2009	31/03/2008 <i>Pro-forma</i>	Change %	31/03/2008
I - Insurance on human life expectancy	221,648	231,066	-4.1	218,001
III - Insurance related to market indices	59	16,054	-99.6	13,857
IV - Health insurance	15	15	-	15
V - Securitisation operations	24,414	19,423	+25.7	17,694
TOTAL	246,136	266,558	-7.7	249,567

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

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

<i>(in Euro thousands)</i>	31/03/2009	31/03/2008	Changes %
Class I – Insurance on human life expectancy	159,903	161,089	-0.7
Class III – Insurance related to market indices	567	15,587	-96.4
Class IV - Health insurance		249	-
Class V – Securitisation operations	12,839	3,285	290.8
TOTAL	173,309	180,210	-3.8

The gross sums paid amounted to Euro 212.9 million (Euro 238.5 million in the first three months of 2008).

The pre-tax profit of the life sector amounted to Euro 2.4 million (Euro 3.2 million in the first three months of 2008). The sector continues to be penalised by the current financial crisis, the worst since the second World War, which does not currently appreciate the real value of the in-force portfolio acquired, with an adequate technical profitability and a strong presence of traditional type products, with greater remuneration and capable of satisfying, for the quality and range of the policies available, all needs of the clientele.

However, towards the end of the quarter, the financial markets recorded modest signs of improvement and simultaneously there was a reduction in the advanced redemptions of contracts compared to the worst part of the crisis, in the period between the end of 2008 and the beginning of 2009.

Individual Insurance

In the first three months of 2009 the placement of individual policies principally related to:

- fixed yield policies with coverage of specific contractual commitments. The third edition of the product achieved good success, although guaranteeing a more contained return compared to the versions in 2008, in line with the downward trend of interest rates implemented by the monetary authorities to counter the current economic crisis.
- products related to the Separated Management, characterised by a guaranteed minimum return and capital protection, as a single premium with attention paid to the important segment of the life capital maturity policies and securitisation and as an annual constant premium product. Good results continue on the marketing of the OPEN PIU' product, launched in 2008, with very good results from the launch of the product for younger policyholders (OPEN BRAVO), available from the first quarter of 2009.

The good placement continues of the “DEDICATA” policies (Term Life) introduced in the previous year with differentiation for policyholders' smoking habits.

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

Collective Insurance

In the first quarter of 2009 there was a reduction in the advanced redemptions of securitisation products and at the same time, in spite of the continued evident financial and liquidity problems, with negative repercussions on business, signs were evident, although still sporadic, of a renewed interest in insurance investment, which could be again competitive against the continued reduction in market rates.

Good results continue in the insurance conventions agreed by the Pre-existing Pension Funds for employees, providing incentives to remain in the fund, thanks to the possibility, contained in the legislation, to continue the pension plan even after the termination of employment, and a greater inflow of voluntary contributions from individual subscribers, related to the fiscal benefit similar to those contained in the law on Open Pension Funds and on PIPs. Some conventions were also agreed for the provision of pension capital annuity plans.

The implementation of the necessary tariff reforms also continue in the sector to adjust the financial and demographic basis to the updated statistical data.

In relation to the Company's Open Pension Fund the number of new subscribers recorded a small decrease in the contribution inflows compared to the first quarter of 2008.

For the products related to the leaving indemnities (VALORE TFR and VALORE TFM), subscriptions were substantially maintained, both for new and recurring annual premiums of the previous contracts, although in the presence of a decrease in premiums due to the noted obligation to allocate to the Inps Treasury Fund for companies with at least 50 employees.

Finally, the risk coverage segment recorded good results of insurance deriving from collective negotiation, with a renewal in the current year of the coverage and a substantial maintenance of the portfolio. Agreements for the coverage of loans improved, despite the current stagnation in the real estate sector and the relative bank lending.

In relation to the bancassurance activities of Bipiemme Vita (51% subsidiary of Milano Assicurazioni) premiums written amounted to Euro 126.4 million, substantially in line with the first quarter of 2008 and the rationalisation of its product portfolio continued with a view to better satisfying the needs of the clientele, in this period of strong financial turbulence.

Dialogo Vita (100% subsidiary of Milano Assicurazioni) transferred in the quarter the bancassurance agreement with UBS Italia to the Group company Systema Vita. The transfer of the agreement is within the Fondiaria-Sai Group strategic plan with Dialogo Vita concentrated on the telephone and Internet channels, similar to the company Dialogo Assicurazioni in the non-life division. Following the transfer, and not yet fully operational, premiums written in the quarter amounted to Euro 0.7 million, compared to Euro 20 million in the first quarter of 2008.

Reinsurance

The premiums ceded amounted to Euro 7.5 million compared to Euro 5 million in the previous year. The reinsurance structure is unchanged compared to 2008, 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, incorporated into Milano Assicurazioni at the end of 2008, quota coverage were applied (both on commercial premiums and on risk premium) and excess coverage on the risk premium.

Real Estate Sector

The real estate sector comprises the companies Meridiano Eur, Meridiano Orizzonti and Campo Carlo Magno, all wholly owned by Milano Assicurazioni.

In January 2009, Meridiano Eur 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. Following this purchase, utilising liquidity from a share capital increase provided by Milano Assicurazioni, the carrying value of the real estate assets at March 31, 2009 amounted to Euro 219.9 million.

The company also holds a share in the Common Real Estate Fund “Tikal R.E. Fund”, with a carrying value of Euro 92.6 million, deriving from the conferment to this Fund, in 2004, of the building located at Rome - Piazzale dell’Industria.

The contribution to the consolidated results in the first three months of 2009 was Euro 2.8 million (Euro 2.9 million in the first three months of 2008), deriving from the income distributed by the Tikal Fund and building rental income.

Meridiano Orizzonti S.r.l. owns a building in Milan, Piazza S.M. Beltrade, No. 1 for a carrying value of Euro 52 million, net of depreciation. The net contribution to the consolidated results in the first three months of the year was Euro 0.1 million (in line with the first three months of 2008).

Campo Carlo Magno S.p.A. 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, among other matters, is currently undertaking a large restructuring and modernisation project of the hotel real estate complex.

The net contribution to the consolidated result for the first three months of 2009 was a profit of Euro 0.1 million (in line with the first three months of 2008).

Other Sectors

The diversified activities sector includes the companies SOGEINT and PRONTO ASSISTANCE SERVIZI, acquired during the previous year.

SOGEINT (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At March 31, 2009, the company had 43 employees and 23 agencies. The company recorded a loss of Euro 0.2 million in the quarter in line with first quarter of 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.

Asset and financial management

The first quarter of 2009 will be remembered for the worsening of the global economic crisis which resulted in all the principal public and private Research Institutes significantly altering their forecasts for economic slowdown in the principal world markets. We are witnessing the first global contraction in GDP since World War II, with Japan, Europe and USA forecasting deep recession for all of 2009 and with only China among major countries reporting growth, although significantly contained compared to the past.

Concurrent to the crisis, the majority of the Monetary Authorities and Governments across the world intensified the economic policy actions to combat the deterioration in all real economy indicators, with rising unemployment and consequently a drop in consumption and investments.

At a monetary level, the largest Central Banks, except the European Central Bank, at the moment, have also undertaken non traditional policies, known as Quantitative Easing, which, through the direct purchase of Government Bonds, Corporate bonds, and private debt instruments, injects liquidity into the system, resulting in a decrease in interest rates and reducing, at the same time, risks of deflation with the stark negative consequences experienced during the great American depression and more recently from the Japanese “lost decade”.

At the same time the governments of the principal countries (mainly the USA and China) are implementing Neo Keynesian fiscal stimulus policies.

The combination of these “extraordinary” monetary and fiscal actions should permit the global economy to halt the continual deceleration and show first signs of growth at the end of 2009 and the beginning of 2010, although largely under the relative potential growth, and with a geographic shift in power with China first recovering to a “new normal”, followed by

the US, by the Emerging Countries in general and, finally by continental Europe and by Japan.

There remains great awareness that the secondary effects of the monetary and fiscal actions still needs to be viewed with great caution, to the point where the debate is growing on the consequent inflation risk fears of these choices of a medium term period, or excessive State intervention in the economy.

In relation to the equity market, the first part of the quarter saw still elevated levels of turbulence due to the negative reports on the real United States economy and the strong deterioration also in the European economy, significantly impacted by the weakness in the German economy, with the fall in the confidence index, the drop in exports and strong weakness in the labour market. However volatility decreased in March, when the principal stock markets reacted positively to the declarations of the American government and to the presentation of a new plan to offload the *toxic assets* from the banks. Some positive indications on the microeconomic front are added to this, with better performances than expected in the first quarter of the year for important financial operators such as Citigroup. These signs resulted in an improvement in a market with very compressed valuations and for months dominated by pessimism. In particular the recovery of the financial securities drove the indices, but an excellent performance was also reported by the technological sector, illustrated by the recovery of the NASDAQ index.

On an operating level, the activities of the Company developed in the first quarter on Fixed Income securities benefited, in the Non-Life segment, from discrete levels of trading favoured by the conviction at the beginning of the year and subsequently proved correct, that the European Central Bank would be forced to lower the European interest rates with significant performances for the short-term bond segment. In fact the European Central Bank lowered the European discount rate to 1.5%, the lowest level since the inception of the Euro and, probably, not yet the bottom of the current lowering cycle.

In relation to the geographic composition of the government bond securities there was an increase, especially in the medium/short term securities, in the securities of “core” countries with good Risk/Liquidity/Returns combinations.

It was decided therefore to reduce the Covered Bonds component, which performed well in the face of higher illiquidity and financial tensions, in consideration that the new guaranteed bank issues on similar maturities are becoming a highly competitive product, in terms of rating, yield and liquidity.

Overall the duration of the portfolios, based also on the constant monitoring of the Asset Liability Management requirements did not record significant changes in the Life segment, while in the Non-Life segment there was a small reduction in the duration.

The approach to the corporate bonds, increasingly more selective and concentrated on sectors less connected to the volatility of the financial world was aimed, residually, to issuers with conservative ratings and in anti-cyclical and “cash” generating business areas such as Telecoms, Utilities and Energy.

On the equity front, the activity was characterised by continual caution on the Cyclical and Industrial sectors and favouring more defensive sectors. 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, through the sale of call options on securities in portfolio, thus supporting ordinary yields of separated management. In relation to the strategic portfolio, the partial release from favourable hedges in previous years and the simultaneous reduction of underlying securities continued; these operations began in the second half of 2008.

In order to reduce the exposure of the investment portfolio to the equity market, a hedging programme through the purchase of Put options on the Eurostoxx50 index was concluded, 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.

At consolidated level the percentage of equity net of hedging was 5.8%, with an average yield of 2.6%. The Non-Life Division has an equity holding of around 9%, while the Life Division had 4.5%. At geographic level, the greatest exposure refers to the Euro Zone with 60%, while the currency exposure amounts to 14%.

Currently, the overall view on equity remains prudent in the short-term period but with a view to the progressive increase of the positions in the medium-long term period.

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 March 31, 2009 represented 81.8% of the total portfolio, with a total duration of approx. 3.6 years.

The Non-Life Division is composed of fixed interest securities of 58.6%, and variable interest securities for 35.9%. The residual is represented by liquidity and time deposits. The total duration is 1.6 years and the return is 3.25%.

The Life Division has an asset allocation based primarily on fixed interest securities (81.8%) while the variable portion accounts for 17.5%. The monetary component is contained at approx. 0.7%. The total duration of the portfolio is 5.1 years and the return is 4.97%.

The Corporate Securities are, largely, belonging to the investment grade category.

The table below shows the results of the financial and real estate activities in the first quarter of 2009 compared with the same period of the previous year:

<i>(in Euro thousands)</i>	Q1 2009	Q1 2008 <i>Pro-forma</i>	Q1 2008
Net income from financial instruments recorded at fair value through profit or loss	20,647	-22,454	-17,851
Income from investments in subsidiaries, associates and joint ventures	100	100	100
Income from other financial instruments and	141,271	131,529	121,947

property investments of which:

Interest income	84,777	89,882	81,131
Other income	21,666	22,251	22,177
Profits realised	34,828	19,396	18,639
Valuation gains	-	-	-
Total income	162,018	109,175	104,196
Charges from investments in subsidiaries, associates and joint ventures	-2,515	-	-
Charges from other financial instruments and property investments of which:	-62,490	-32,298	-31,584
Interest expense	-4,917	-4,732	-4,258
Other charges	-15,773	-7,638	-7,549
Losses realised	-19,779	-17,593	-17,547
Valuation losses	-22,021	-2,335	-2,230
Total charges	-65,005	-32,298	-31,584
TOTAL NET INCOME	97,013	76,877	72,612

Net income from financial instruments recorded at fair value through profit or loss includes Euro 23.5 million deriving from the closure of the residual put and call combined options on 5,980,000 Unicredit shares to hedge the unrealised gains on the shares held in portfolio.

Therefore, on the correlated sale of the shares, hedged losses were recorded of Euro 20.6 million to the account *losses realised* on other financial instruments, in line with the classification of these shares, recorded in the Available-for-sale category.

In accordance with the fair value policy applied in the 2008 annual accounts, impairment charges were recorded in the quarter in the Available for sale category for Euro 19.1 million. The adjustments principally relate to the equity securities for Euro 16.5 million, investment fund units for Euro 1.6 million and bond securities for Euro 1 million.

Treasury shares and shares of holding companies

At March 31, 2009, the Parent Company Milano Assicurazioni held treasury shares, shares of the direct parent company Fondiaria-SAI and of the indirect parent company Premafin as shown in the table below:

<i>(in Euro thousands)</i>	Number	Amount
Treasury shares	6,764,860	31,353
Fondiaria-SAI shares	9,982,557	85,483
Premafin shares	9,157,710	9,162

In the first three months of 2009, a total of 1,600,000 Fondiaria-SAI shares were purchased on the market in the manner laid down by the relative Shareholder Resolutions.

Performance of Milano Assicurazioni shares

At March 31, 2009, the share capital of the parent company Milano Assicurazioni comprised 588,175,656 shares of Euro 0.52 each, of which 557,435,774 ordinary shares and 30,739,882 saving shares.

The share prices at the end of March 2009 and December 2008 were as follows:

<i>(in Euro)</i>	31/03/2009	31/12/2008	Change %
Milano Assicurazioni ord.	1.7425	2.2166	-21.4
Milano Assicurazioni sav.	1.9166	2.2495	-14.8

The corresponding stock exchange capitalisation at March 31, 2009 was Euro 1,030.2 million (Euro 1,304.8 million at December 31, 2008).

Employees

At March 31, 2009, the number of employees of the Parent Company and of the consolidated companies amounted to 2,072 (2,087 at December 31, 2008) divided as follows:

	31/03/2009	31/12/2008
Executives	31	35
Managers & white collar	2,037	2,047
Building caretakers	4	5
	2,072	2,087

OTHER INFORMATION

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

- has complied with the communication obligations pursuant to article 2497 bis of the civil code;
- has an independent trading capacity with clients and suppliers;
- has, with the parent company Fondiaria-SAI S.p.A. (company which exercises management and coordination), centralised treasury operations;
- has a Board of Directors comprised of 19 members, of which 7 are independent as per article 147 ter of Legislative Decree No. 58 of February 24, 1998.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

After the end of the quarter and up to the date of the preparation of the present interim report, there were no significant events.

OUTLOOK

The continued serious economic crisis, beginning with the bursting of the US real estate bubble, spreading to the financial markets and then to the real economy, necessitates a prudent approach with regard to the forecast for the current year.

The financial markets are currently showing signs of recovery, while the financial authorities and the major economic institutes forecast a steep contraction in Gross Domestic Product for the current year.

In this context, the insurance management of the non-life classes will lean even further toward the safeguarding of the profitability of the portfolio acquired through the application of correct technical parameters and a careful risk selection with the objective to re-establish the best levels of Combined Ratio achieved in the recent past.

In the life sector the objective is to create value over the long-term period, based on underwriting policies which favour products centred on the insurance risk, providing better returns and more appropriate to the needs of the clientele in this period of great economic uncertainty.

The continued strong turbulence on the financial markets, although showing some signs of improvement, 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.

PREPARATION CRITERIA AND CONSOLIDATION SCOPE

The present interim report was prepared on a consolidated basis and in accordance with the provisions of article 154-ter of Legislative Decree No. 58/98. In accordance with the indications provided by Consob with communication No. 8041082 of April 30, 2008 it was considered appropriate to present the data in line with the previous quarterly reports, prepared in accordance with the Issuers' Regulations issued by Consob.

In particular:

- The present Interim Report was prepared on a consolidated basis. The consolidation scope did not change compared to December 31, 2008. With reference to Liguria Assicurazioni and Liguria Vita we report that: the entry into the consolidation area was already recorded in the 2008 financial statements following the conferment to Milano Assicurazioni, by Fondiaria-SAI, of the relative investments; however, as the conferment took place at the end of the year, the 2008 financial statements only included the balance sheet data, while the consolidation of the income statement data commenced from 2009.
A list of the Subsidiaries and Associated Companies in accordance with ISVAP Regulation No. 7 of July 13, 2007 is provided as an attachment. The amounts are expressed in millions or thousands of Euro, as indicated.
- In the preparation of the income statement and net financial position, consideration was taken of ISVAP Regulation No. 7 of July 13, 2007 concerning the instructions for the format of the consolidated financial statements as per the international accounting standards;
- The data contained in the accounting statements derive from the application of the same accounting principles utilised for the preparation of the annual accounts. The determination of some accounts of a technical nature, principally relating to the Motor TPL, was however made on the basis of management data for the period, supplemented by statistical evaluations which take account of the probable evolution, during the period, of the indices to which the technical results of the class is related.

The quarterly financial statements have not been audited.

Milan, May 13, 2009

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

CONSOLIDATION SCOPE

FIRST QUARTER REPORT 2009

Consolidation scope

Company	State	Method (1)	Activities (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)	% votes at ordinary shareholders' meeting (4)	% of consolidation
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

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Non consolidated investments

Company	State	Activities (1)	Type (2)
GARIBALDI S.C.S.	LUXEMBOURG	10	B
GLOBAL CARD SERVICE S.r.l.	ITALY	11	A
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	ITALY	11	B
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

(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)	% votes at ordinary shareholders' meeting (4)	Book Value
47.95	47.95	47.95	0
-	94.97	95.00	0
34.19	34.63	34.65	13,813
39.03	39.03	39.03	250,378
29.00	29.00	29.00	1,831
30.00	30.00	30.00	265
19.63	20.12	20.31	198
49.00	49.00	49.00	12,838

Declaration of the Executive Responsible

in accordance with art. 154 bis, paragraph 2 of Legislative Decree 24/02/1998, No. 58

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

AFFIRMS

pursuant to the provisions of article 154 bis of the “Finance Act for financial intermediaries” that the Interim Report as at March 31, 2009 corresponds to the underlying accounting documents, records and accounting entries.

Milan, May 13, 2009

The Executive responsible for the preparation
of corporate accounting documents
Dr. Pier Giorgio BEDOGNI