



FONDIARIA-SAI S.p.A.: DRAFT PARENT COMPANY AND CONSOLIDATED ACCOUNTS FOR FISCAL YEAR 2005 APPROVED.

- **PROPOSED DIVIDEND PER SHARE OF EURO 0.95 FOR ORDINARY SHARES (+ 26.7%) AND EURO 1.002 (+27.2%) FOR SAVINGS SHARES.**
- **CONSOLIDATED PROFIT: EURO 586.4M (2004 IAS/IFRS COMPLIANT EURO 445M, +31,8%)**

	2005	2004	Change%
Amounts in Euro(m)			
Fondiaria-SAI Group			
Total Gross Premiums Written	9,505.2	8,981.4*	(+ 5.8)
Pre Tax Profit	831.1	759.4	(+ 9.4)
Consolidated result	586.4	445.0	(+ 31.8)
Profit for the year	465.3	340.7	(+ 36.6)
*Net of investment contracts			
Fondiaria-SAI S.p.A.			
Total Direct Gross Premiums Written	5,224.7	4,998.5	(+ 4.5)
Non Life Technical Result	443.6	324.6	(+ 36.7)
Life Technical Result	16.7	12.3	(+ 35.4)
Ordinary Result	362.7	244.6**	(+ 48.3)
Net profit	300.6	258.5**	(+ 16.3)
** gross of "tax purging"			
Amounts in Euro			
Dividend proposed for ordinary shares	0.95	0.75	(+ 26.7)
Dividend proposed for savings shares	1.002	0.802	(+ 27.2)
Dividend detachment 22 nd May, 2006			
Combined Ratio Cons.	92.2%***	92.5%	
***IAS/IFRS			

Milan, 28th March 2006. The Board of Directors of Fondiaria-SAI S.p.A., chaired by Jonella Ligresti, met today, and examined and approved the FY2005 draft accounts.

Consolidated Accounts

The Profit and Loss account showed a consolidated profit of Euro 586.5m (Euro 445m in 2004, +31.8%) thanks to the high level of efficiency reached in claims handling processes, favourable financial trends and the confirmation of the current amount of goodwill, as stated by impairment tests. Net profit reached Euro 465.3m, posting a growth of 36.6% compared to 2004 (Euro 340.7m). Fiscal year 2005 was the first compliant with IAS/IFRS, including IFRS 4, IAS 32 and 39 applied only as from 1st January 2005.

Gross premiums written amounted to Euro 9,505.2m (+5.8% on the previous year in homogeneous terms, a decrease of 3.2% compared to 2004 Local Gaap data). The difference is entirely due to the application of IFRS 4, which implied the cancellation of Life premiums, according to Italian Gaap, for a total amount of Euro 718m. These premiums were mainly underwritten by bancassurance companies.

Direct premiums in Non Life Business amounted to Euro 7,133.7m (+2,1%). The Non Life technical result confirmed the excellent trend of the previous years, with a positive result of Euro 529m (Euro 502m in 2004, +5.4%). As a consequence, the Group's combined ratio remained at levels of absolute excellence, reaching 92.2% (92.5% in 2004, Local Gaap compliant).

Life Direct premiums totalled Euro 2,350.7m, a decrease of 16%, again attributable to the different accounting standards. This figure represents 24.8% of the total premiums written.

Operating costs amounted to Euro 1,528m (Euro 1,502m in 2004), representing 16.1% of premiums (16.7% in 2004 in homogeneous terms).

Net revenues from financial asset management totalled Euro 794m, while net profit from FVTPL financial instruments reached Euro 127m.

Taxes for the fiscal year amounted to Euro 245.8m, showing an incidence on the gross profit significantly lower than in the previous year. In fact the fiscal burden for 2005 is positively influenced by the new fiscal rules on the one hand, and by the withdrawal of Euro 51m from the deferred taxes provisions on the other, an

amount equal to the charge on the part no longer taxable on the write-ups on stakes decided in previous years.

Total investments reached Euro 30.1bn versus Euro 26.3bn in fiscal 2004 and included FV valuation effects on financial instruments.

Net technical reserves reached Euro 25.4bn (Euro 26.6bn in 2004, which included the debt for Life investment contracts).

Parent Company accounts

Fiscal year 2005 posted an excellent net result of Euro 300.6m. (+16.3%). It should be noted that the 2004 result benefited from the elimination of prior year tax interferences (so called "tax purging") for a total of Euro 66.8m. Net of this elimination, improvement on the previous year would have been equal to 56.8%. As a consequence, the ordinary result was considerably better and reached Euro 362.7m. (Euro 244.6m. in 2004, +48.3%), notwithstanding the write-downs decided in 2005 on the bond portfolio.

Gross premiums written totalled Euro 5,252m (+ 3.7%), of which Euro 3,881.3m. (n.m.) in Non Life business and Euro 1,370.6m (+ 15.4%) in Life business. In P&C direct business, Motor business accounted for Euro 2,674.5m (- 0.8%), whereas the Non Motor sector grew up to Euro 1,196.8m (+4.8%). On the whole, the number of reported claims decreased by 1.9%, and specifically in MotorTPL by 4.5%.

The overall trend allowed a positive net technical result of Euro 443.6m, representing a further improvement (+36.7%) on the previous year.

In Life direct business, premiums totalled Euro 1,353.1m, an increase of 16.6%, thanks also to a sound contribution from the agency network. The net technical result reached Euro 16.7m (+ 35.4%), improving considerably.

Financial asset management produced net profit of Euro 515.5m (+16.2%), benefiting from the positive trend in the financial markets, a higher dividend impact from subsidiaries and from profitable trading activity.

Total investments reached Euro 15.4bn versus Euro 14.4bn in fiscal 2004.

The Board of Directors decided to propose to the Shareholders' Meeting, convened for 27th April 2006 at 11 a.m. local time at the offices of Fondiaria-SAI, no. 13, via Lorenzo il Magnifico, Florence (first call) and for 28th April 2006, at the same time, at the Palazzo dei Congressi, no. 1, Piazza Adua, Florence (second call), the payment of a gross dividend of Euro 0.95 per ordinary share and of Euro 1.002 per savings share, with payment to commence from 25th May 2006

(detachment date 22nd May 2006). In fiscal 2004 the dividends paid out were respectively Euro 0.75 and Euro 0.802.

The draft of the Parent Company's accounts and the consolidated accounts approved today by the Board of Directors will be available to the public, in accordance with the law, both at the Company's Head Office and from Borsa Italiana S.p.A. in lieu of the 4Q2005 quarterly report.

Lastly the Board decided to propose to the Shareholders' Meeting the approval of the Stock Option plans dedicated to Executive Board members and Management of Fondiaria-SAI, Subsidiaries and Holding Company with a consequent Share Capital increase through the issue of maximum 15,000,000 Fondiaria-SAI savings shares dedicated to the aforesaid plans. The Board's report for the Shareholders' Meeting will be available to the public according to the terms of current legislation.

Furthermore the presentation to the Financial Community of the new "Industrial Plan 2006-2008" has been scheduled for April 11th.

Chairman Jonella Ligresti, in concluding the Board Meeting, underlined that: *"The FY05 results confirm that not only have we achieved the targets set out in our Industrial Plan, but that we have done even better, thus creating value for all our shareholders. On the strength of these results we can face the next three years, confident that we shall be able to further increase efficiency and profitability"*.

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FONDIARIA-SAI GROUP

BALANCE SHEET - ASSETS

Thousands of Euro

		2005	2004
1	INTANGIBLE ASSETS	926.525	936.849
1.1	Goodwill	872.393	865.263
1.2	Other intangible assets	54.132	71.586
2	PROPERTY, PLANT AND EQUIPMENT	1.086.135	455.383
2.1	Buildings	959.414	332.448
2.2	Other property, plant and equipment	126.721	122.935
3	REINSURERS' SHARE OF TECHNICAL RESERVES	896.948	1.069.039
4	INVESTMENTS	30.065.020	26.297.585
4.1	Investment property	2.041.721	2.017.000
4.2	Investments in subsidiaries, associates, joint ventures	71.675	61.987
4.3	Investments held to maturity	0	0
4.4	Loans and receivables	1.408.658	896.160
4.5	Available-for-sale financial assets	20.972.111	18.427.454
4.6	Assets at fair value through profit and loss	5.570.855	4.894.984
5	RECEIVABLES	2.811.043	2.389.714
5.1	Receivables relating to direct insurance business	2.034.610	1.926.451
5.2	Receivables relating to direct reinsurance business	160.642	248.075
5.3	Other receivables	615.791	215.188
6	OTHER ASSETS	1.667.976	1.629.370
6.1	Non-current assets held for sale or discontinued operations	6.450	0
6.2	Deferred acquisition costs	306.954	294.254
6.3	Deferred tax assets	673.490	477.318
6.4	Current tax assets	449.841	624.124
6.5	Other assets	231.241	233.674
7	CASH AND CASH EQUIVALENTS	526.505	755.797
	TOTAL ASSETS	37.980.152	33.533.737

FONDIARIA-SAI GROUP

BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

Thousands of Euro

	2005	2004	
1	SHAREHOLDERS' EQUITY	4.508.889	3.274.768
1.1	attributable to the Group	3.459.660	2.633.399
1.1.1	Share capital	173.114	170.554
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	193.729	190.532
1.1.4	Retained earnings and other equity reserves	2.378.368	2.108.421
1.1.5	(Own shares)	-270.057	-171.371
1.1.6	Reserve for net exchange rate differences	-441	-394
1.1.7	Gains or losses on available-for-sale financial assets	535.891	0
1.1.8	Other gains or losses written directly to equity	-16.227	-5.034
1.1.9	Profit (loss) for the year	465.283	340.691
1.2	attributable to minority interests	1.049.229	641.369
1.2.1	Capital and reserves	892.353	536.978
1.2.2	Gains or losses written directly to equity	35.809	55
1.2.3	Profit (loss) for the year	121.067	104.336
2	PROVISIONS	229.075	171.294
3	TECHNICAL RESERVES	25.359.603	26.628.021
4	FINANCIAL LIABILITIES	5.172.378	1.371.254
4.1	Financial liabilities at fair value through profit and loss	3.231.858	31.443
4.2	Other financial liabilities	1.940.520	1.339.811
5	PAYABLES	1.100.580	720.836
5.1	Payables relating to direct insurance business	210.047	189.936
5.2	Payables relating to direct reinsurance business	113.541	111.166
5.3	Other payables	776.992	419.734
6	OTHER LIABILITIES	1.609.627	1.367.564
6.1	Held-for-sale liabilities of discontinued operations	0	0
6.2	Deferred tax liabilities	724.243	413.588
6.3	Current tax liabilities	272.838	289.844
6.4	Other liabilities	612.546	664.132
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	37.980.152	33.533.737

FONDIARIA-SAI GROUP

PROFIT AND LOSS

Thousands of Euro

		2005	2004
1.1	Net Retained Premium	9.096.306	9.442.459
1.1.1	<i>Gross premiums written</i>	9.341.801	9.759.964
1.1.2	<i>Outwards reinsurance</i>	-245.495	-317.505
1.2	Commissino income	70.613	15.979
1.3	Net income on financial instruments at fair value through profit and loss	126.561	294.124
1.4	Income from subsidiaries, associates and joint ventures	46.838	2.451
1.5	Income from other financial instruments and investment property	993.096	1.115.689
1.5.1	<i>Interest income</i>	613.165	612.388
1.5.2	<i>Other income</i>	172.411	161.130
1.5.3	<i>Realised gains</i>	205.392	307.954
1.5.4	<i>Unrealised gains</i>	2.128	34.217
1.6	Other revenues	393.594	359.030
1	TOTAL REVENUES	10.727.008	11.229.732
2.1	Net charges relating to claims	7.497.780	7.954.119
2.1.2	<i>Amounts paid and change in technical reserves</i>	7.680.639	8.130.883
2.1.3	<i>Reinsurers' share</i>	-182.859	-176.764
2.2	Commission expense	30.837	12.820
2.3	Charges relating to subsidiaries, associates and joint ventures	2.976	12
2.4	Chargers relating to other financial instruments and investment property	198.720	328.467
2.4.1	<i>Interest expense</i>	50.078	52.249
2.4.2	<i>Other expense</i>	32.771	38.476
2.4.3	<i>Realised losses</i>	50.814	94.599
2.4.4	<i>Unrealised losses</i>	65.057	143.143
2.5	Management expense	1.602.649	1.535.705
2.5.1	<i>Commissions and other acquisition expense</i>	1.219.864	1.208.281
2.5.2	<i>Investment management expense</i>	74.522	33.845
2.5.3	<i>Other administrative expense</i>	308.263	293.579
2.6	Other costs	562.918	639.194
2	TOTAL COSTS AND CHARGES	9.895.880	10.470.317
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	831.128	759.415
3	Tax	244.778	314.388
	NET PROFIT (LOSS) FOR THE YEAR	586.350	445.027
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0	0
	CONSOLIDATED PROFIT (LOSS)	586.350	445.027
	attributable to the Group	465.283	340.691
	attributable to Minorities	121.067	104.336

Earning per share (EURO)	3,60	2,56
Earning per share diluted (EURO)	3,39	2,56

FONDIARIA - SAI SPA

Résumé Statutory Balance Sheet

ASSETS (Thousands of Euro)	31/12/2005	31/12/2004
Intangibles assets	476.807	551.121
Investments	15.815.929	14.861.063
Receivables	2.495.592	2.409.644
Other assets	1.058.136	915.383
TOTAL ASSETS	19.846.464	18.737.211

SHAREHOLDERS' EQUITY AND LIABILITIES (Thousands of Euro)	31/12/2005	31/12/2004
Shareholders' Equity	2.694.674	2.509.580
Subordinated debt	500.000	400.000
Net technical reserves	14.538.394	13.873.420
Provision for future risks and charges	508.321	469.931
Deposits from reinsurers	153.360	162.288
Debts and other liabilities	1.451.715	1.321.992
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	19.846.464	18.737.211

Résumé Statutory Profit and Loss

Thousands of Euro	31/12/2005	31/12/2004
Non-Life technical result	443.607	324.646
Life technical result	16.703	12.327
Net income from investments (*)	197.147	116.151
Shares transferred from the Life technical account	24.626	30.382
Shares transferred to the P&C technical account	-148.186	-89.469
Sundry income and charges balance	-171.221	-149.406
ORDINARY RESULT	362.676	244.631
Extraordinary income	68.506	234.584
Extraordinary charge	-38.424	-95.330
NET EXTRAORDINARY ITEMS	30.082	139.254
PROFIT BEFORE TAX	392.758	383.885
Tax income	-92.155	-125.412
NET PROFIT	300.603	258.473

(*) Regarding Statutory Profit and loss account concern P&C business