



PRESS RELEASE

FONDIARIA-SAI S.p.A.: CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2008 APPROVED

TOTAL PREMIUMS WRITTEN OF EURO 5,926.6 MILLION (EURO 6,180.6 MILLION IN FIRST HALF 2007)
IMPROVEMENT IN THE COMBINED OPERATING RATIO TO 90.3%
CONSOLIDATED NET PROFIT OF EURO 261.3 MILLION (EURO 338.0 MILLION IN FIRST HALF 2007)
EURO 95 MILLION VALUATION LOSSES ON SECURITIES RECORDED IN THE INCOME STATEMENT

Fondiaria-SAI Group	First Half 2008	First Half 2007	Cge. %
Amounts in EURO MILLIONS			
Total Premiums Written	5,926.6	6,180.6	(-4.1)
Consolidated Net Profit	261.3	338.0	(-22.7)
Group net profit	208.4	276.8	(-24.7)
Operating CoR	90.3%	91.0%	
CoR	94.9%	94.6%	

Milan, August 27, 2008 - In a meeting chaired by Jonella Ligresti, the Fondiaria-SAI S.p.A. Board of Directors approved the consolidated half-year report at June 30, 2008.

Total premiums written amounted to Euro 5,926.6 million, a contraction of 4.1% year on year. Revenues in the first half of 2008 include for the first time the contribution from the Serbian subsidiary DDOR NOVI SAD, while the premiums from the investment contracts of the Life division amounting to approx. Euro 255.5 million (Euro 82.5 million in the first half of 2007) and the premiums written by Po Vita (sold in the first quarter) are not included; in the first six months of the previous year, the company contributed Euro 293.9 million to Group Life premiums written.

In the Non-Life Division, direct premiums written amounted to Euro 3,786.2 million, in line with the same period of the previous year (Euro 3,801.1 million, -0.4%). As already reported, the premiums include the contribution of the subsidiary DDOR, amounting to Euro 80.2 million, consolidated from the date of control (January 31). On a like-for-like consolidation scope, total premiums decreased by approx. 2.5%. In the Motor Classes, premiums written fell by 3.5%, amounting to Euro 2,558.3 million. In this area, the Group has undertaken a series of initiatives following increased competition and recent regulatory changes; these initiatives include the creation of tariffs aimed at increasing customisation, the promotion of further improvements in the services to customers and intensified marketing and communication activities. These initiatives are expected to lead to a recovery in premiums written in the second half of the year, with a consequent reduction in the contraction from the previous year.

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Capitale Sociale € 168.692.679,00
int. vers.
Codice Fiscale, Partita I.V.A. e
numero di iscrizione
al Registro delle Imprese di Firenze:
00818570012
Impresa autorizzata all'esercizio
delle assicurazioni
(art. 65 R.D.L. 29-4-1923 n. 966)

GRUPPO
FONDIARIA SAI



Premium growth in the other Non-Life Classes was reasonably satisfactory, with a strong increase of 6.7% over the first half of 2007, while the monitoring of the portfolio and the consequent elimination of the non-profitable contracts continued.

The growth principally relates to the retail sector, with the relaunch of some types of products and the implementation of new marketing initiatives; the rigorous underwriting policy adopted by the Group, aimed at maintaining profitability margins, voluntary limits growth in the corporate sector.

The number of claims reported was stable for the entire sector (+0.5%); The Motor TPL sector recorded a decrease in claims reported (-0.8%).

The restructuring actions and the efficiency drive of the Group are reflected in the Operating Combined Ratio (Loss + Expense Ratio) which improved further to 90.3% from 91.0% in the first half of 2007, thanks to the marked decrease of the Loss Ratio, from 70.1% to 67.9%. The improvement in the claims ratio was in part offset by the increase in the Expense Ratio from 20.9% to 22.4% following the higher charges incurred for the amortisation of commissions on long-term contracts.

The Combined Ratio was substantially stable on satisfactory values (94.9% vs. 94.6%) and underscores the operational efficiency in the Group processes, both of underwriting and settlements.

The Non-Life Division reports a pre-tax profit of Euro 285.0 million (Euro 401.8 million in the first half of 2007), reflecting the unfavourable financial market conditions which resulted in an income statement charge of approx. Euro 38 million for valuation losses.

In the Life Division, direct premiums written reached Euro 2,126.9 million (-10.3%): this decrease is due to the strong reduction in the Class V contracts (-60.4%) and the previously reported deconsolidation of Po Vita; however the strong growth in the Class I premiums of 22.2% within a re-equilibrium of the portfolio in favour of higher margin contracts is highlighted.

In addition, the first half of the current year includes the new partnership with the Banco Popolare Group, through Popolare Vita, which contributed Euro 998.2 million, as well as Euro 222.9 million of reclassified contracts classified under financial liabilities.

New premiums written, including all investment contracts amounting to Euro 256 million, recorded under the APE metrics, amounted to Euro 212 million, in line with the first half of 2007.

The Life Division reports a pre-tax profit of Euro 82.5 million (Euro 105.1 million in the first half of 2007): the decrease compared to the same period of the previous year is due to the uncertainties on the financial markets, which impacted the Life sector with losses of Euro 57 million and therefore reduced the contribution from investment income; it should also be noted that the result for the period benefits from the realisation of gains of Euro 29 million deriving from the above-mentioned sale of Po Vita.

The asset and financial management contributed gross income from financial instruments and investment property of Euro 590.2 million (Euro 587.4 million in the first half of 2007), confirming the prudent management strategies, which aims to effectively balance risk and return.

The turbulence on the financial markets resulted in a negative contribution from the fair value investment instruments of Euro 403.4 million, of which Euro 357.3 million relating to contracts whose risk is borne by the policyholders. This performance resulted in a significant change in the reserve relating to gains or losses on available-for-sale financial assets, amounting to approx. Euro 451 million, net of the reinsurers' share and of the related fiscal effects.

The consolidated net equity, including the result for the period and minority interest share, decreased from Euro 5,171 million at December 31, 2007 to Euro 4,501 million at June 30, 2008.

The real estate sector recorded a pre-tax loss of Euro 12.1 million (pre-tax loss of Euro 1.1 million in the first half of 2007): during the period, the real estate activity was limited due to the difficult economic environment.

Other Activities are in line with the previous year, recording a profit of Euro 19.1 million.

Finally, the tax rate for the period decreased, due to a reduction in the income tax rates and to the tax exemption on gains in the period.

The Group net profit amounted to Euro 208.4 million, compared to Euro 276.8 million in the first half of the previous year.

The results reported in the first half-year provide the basis, for the full year, of satisfactory technical results. The current market conditions however make it difficult to forecast the contribution of the financial management.

The Executive Responsible for the preparation of the corporate accounting documents, Pier Giorgio Bedogni, declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

Further details on the Group's financial results will be provided to the financial community by the CEO Mr. Fausto Marchionni today at the time of 16:30, through a conference call and webcasting. Information will be available on the Internet site of the company.

The presentation will also be available on the Internet site of the company at the beginning of the conference call.

Definitions and Glossary

Combined Ratio = the Loss Ratio and total expenses (general and acquisition charges and other net technical charges) on premiums.

Combined Operating Ratio = the Loss Ratio and general and acquisition charges (Expense Ratio) on premiums.

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BALANCE SHEET - ASSETS

(thousands of euro)

		30/06/2008	31/12/2007
1	INTANGIBLE ASSETS	1.944.347	1.754.254
1.1	Goodwill	1.636.233	1.474.258
1.2	Other intangible assets	308.114	279.996
2	PROPERTY, PLANT AND EQUIPMENT	1.242.998	1.201.862
2.1	Buildings	1.032.847	1.000.050
2.2	Other property, plant and equipment	210.151	201.812
3	REINSURERS' SHARE OF TECHNICAL RESERVES	848.147	905.307
4	INVESTMENTS	34.803.070	38.020.752
4.1	Investment property	2.257.836	2.142.923
4.2	Investments in subsidiaries, associates, joint ventures	283.673	270.025
4.3	Investments held to maturity	0	0
4.4	Loans and receivables	1.682.906	1.333.262
4.5	Available-for-sale financial assets	20.318.161	23.335.001
4.6	Assets at fair value through profit and loss	10.260.494	10.939.541
5	RECEIVABLES	2.391.316	2.574.174
5.1	Receivables relating to direct insurance business	1.686.101	1.812.015
5.2	Receivables relating to direct reinsurance business	168.445	183.476
5.3	Other receivables	536.770	578.683
6	OTHER ASSETS	900.301	822.370
6.1	Non-current assets held for sale or discontinued operations	0	1.366
6.2	Deferred acquisition costs	256.715	290.517
6.3	Deferred tax assets	156.951	103.867
6.4	Current tax assets	150.118	149.051
6.5	Other assets	336.517	277.569
7	CASH AND CASH EQUIVALENTS	592.399	701.195
	TOTAL ASSETS	42.722.578	45.979.914

BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

(thousands of euro)

		30/06/2008	31/12/2007
1	SHAREHOLDERS' EQUITY	4.501.389	5.170.935
1.1	attributable to the Group	3.430.647	3.857.752
1.1.1	Share capital	168.693	168.534
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	208.942	207.785
1.1.4	Retained earnings and other equity reserves	3.129.280	2.807.956
1.1.5	(Own shares)	-330.604	-310.961
1.1.6	Reserve for net exchange rate differences	-107	-1.623
1.1.7	Gains or losses on available-for-sale financial assets	-35.822	415.143
1.1.8	Other gains or losses written directly to equity	81.836	63.952
1.1.9	Profit (loss) for the year	208.429	506.966
1.2	attributable to minority interests	1.070.742	1.313.183
1.2.1	Capital and reserves	1.068.822	1.157.681
1.2.2	Gains or losses written directly to equity	-50.926	42.417
1.2.3	Profit (loss) for the year	52.846	113.085
2	PROVISIONS	271.913	236.155
3	TECHNICAL RESERVES	29.534.824	31.343.064
4	FINANCIAL LIABILITIES	6.452.373	7.185.687
4.1	Financial liabilities at fair value through profit and loss	3.858.838	5.031.453
4.2	Other financial liabilities	2.593.535	2.154.234
5	PAYABLES	1.201.490	1.141.625
5.1	Payables relating to direct insurance business	237.294	185.576
5.2	Payables relating to direct reinsurance business	89.439	106.259
5.3	Other payables	874.757	849.790
6	OTHER LIABILITIES	760.589	902.448
6.1	Held-for-sale liabilities of discontinued operations	0	0
6.2	Deferred tax liabilities	261.331	276.854
6.3	Current tax liabilities	40.558	110.729
6.4	Other liabilities	458.700	514.865
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42.722.578	45.979.914

PROFIT AND LOSS

(thousands of euro)

		30/06/2008	30/06/2007
1.1	Net Retained Premium	5.709.572	5.933.977
1.1.1	<i>Gross premiums written</i>	5.865.799	6.092.006
1.1.2	<i>Outwards reinsurance</i>	-156.227	-158.029
1.2	Commissino income	53.622	60.247
1.3	Net income on financial instruments at fair value through profit and loss	-403.385	-2.012
1.4	Income from subsidiaries, associates and joint ventures	30.174	19.038
1.5	Income from other financial instruments and investment property	676.126	654.380
1.5.1	<i>Interest income</i>	436.481	403.987
1.5.2	<i>Other income</i>	182.340	150.767
1.5.3	<i>Realised gains</i>	56.859	99.536
1.5.4	<i>Unrealised gains</i>	446	90
1.6	Other revenues	201.101	218.888
1	TOTAL REVENUES	6.267.210	6.884.518
2.1	Net charges relating to claims	-4.235.205	-4.866.502
2.1.2	<i>Amounts paid and change in technical reserves</i>	-4.314.287	-4.991.482
2.1.3	<i>Reinsurers' share</i>	79.082	124.980
2.2	Commission expense	-28.150	-32.956
2.3	Charges relating to subsidiaries, associates and joint ventures	-3.563	-2.460
2.4	Chargers relating to other financial instruments and investment property	-185.407	-147.491
2.4.1	<i>Interest expense</i>	-72.863	-63.922
2.4.2	<i>Other expense</i>	-32.893	-31.125
2.4.3	<i>Realised losses</i>	-57.638	-34.309
2.4.4	<i>Unrealised losses</i>	-22.013	-18.135
2.5	Management expense	-991.679	-930.157
2.5.1	<i>Commissions and other acquisition expense</i>	-761.604	-754.175
2.5.2	<i>Investment management expense</i>	-9.855	-6.059
2.5.3	<i>Other administrative expense</i>	-220.220	-169.923
2.6	Other costs	-448.717	-380.173
2	TOTAL COSTS AND CHARGES	-5.892.721	-6.359.739
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	374.489	524.779
3	Tax	-113.214	-186.580
	NET PROFIT (LOSS) FOR THE YEAR	261.275	338.199
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0	-197
	CONSOLIDATED PROFIT (LOSS)	261.275	338.002
	attributable to the Group	208.429	276.817
	attributable to Minorities	52.846	61.185

Segment P&L

(thousands of euro)

	Non Life Business		Life Business		Property Segment		Other Activities		Intersegmental		Total	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007	30/06/2008	30/06/2007	30/06/2008	30/06/2007	30/06/2008	30/06/2007	30/06/2008	30/06/2007
1.1 Net Retained Premium	3,594,836	3,571,235	2,114,736	2,362,743	0	0	0	0	0	0	5,709,572	5,933,978
1.1.1 Gross premiums written	3,737,547	3,717,198	2,128,252	2,374,809							5,865,799	6,092,007
1.1.2 Outwards reinsurance	-142,711	-145,963	-13,516	-12,066							-156,227	-158,029
1.2 Commission income			29,148	30,863			25,275	29,752	-801	-368	53,622	60,247
1.3 Net income on financial instruments at fair value through profit and loss	-23,957	36,004	-383,583	-41,600	-11	380	4,166	3,407		-203	-403,385	-2,012
1.4 Income from subsidiaries, associates and joint ventures	320		29,833	17,896	21			1,586		444	30,174	19,038
1.5 Income from other financial instruments and investment property	247,515	224,904	358,081	362,483	21,729	27,743	86,427	59,326	-37,626	-20,077	676,126	654,379
1.6 Other revenues	82,786	105,814	27,817	7,084	71,042	59,388	146,571	144,618	-127,115	-97,997	201,101	218,887
1 TOTAL REVENUES	3,901,500	3,937,957	2,176,032	2,739,469	92,781	87,491	262,439	238,689	-165,542	-119,089	6,267,210	6,884,517
2.1 Net charges relating to claims	-2,440,941	-2,503,417	-1,794,264	-2,363,288	0	0	0	0	0	203	-4,235,205	-4,866,502
2.1.2 Amounts paid and change in technical reserves	-2,507,382	-2,615,038	-1,806,905	-2,376,647						203	-4,314,287	-4,991,482
2.1.3 Reinsurers' share	66,441	111,621	12,641	13,359							79,082	124,980
2.2 Commission expense			-18,765	-22,184			-9,385	-10,771			-28,150	-32,955
2.3 Charges relating to subsidiaries, associates and joint ventures	-132	-66			-3,224	-2,394	-207				-3,563	-2,460
2.4 Charges relating to other financial instruments and investment property	-79,132	-59,040	-64,562	-48,434	-29,368	-26,701	-50,196	-31,531	37,851	18,216	-185,407	-147,490
2.5 Management expense	-810,200	-748,873	-144,226	-146,411	-105	-106	-37,148	-34,767			-991,679	-930,157
2.6 Other costs	-286,111	-224,761	-71,719	-54,051	-72,214	-59,385	-146,364	-142,647	127,691	100,670	-448,717	-380,174
2 TOTAL COSTS AND CHARGES	-3,616,516	-3,536,157	-2,093,536	-2,634,368	-104,911	-88,586	-243,300	-219,716	165,542	119,089	-5,892,721	-6,359,738
PROFIT (LOSS) FOR THE YEAR BEFORE TAX	284,984	401,800	82,496	105,101	-12,130	-1,095	19,139	18,973	0	0	374,489	524,779