



PRESS RELEASE

Q3 2008 CONSOLIDATED RESULTS APPROVED
STEADY NON-LIFE PREMIUMS WRITTEN: EURO 5,294 MILLION (-0.2%)
CONSOLIDATED NET PROFIT OF EURO 385 MILLION (-16.8%)
SOLVENCY MARGIN 1.7 TIMES MINIMUM SUPERVISORY AUTHORITY REQUIREMENT

	September 30, 2008	September 30, 2007	Cge. %
Amounts in Euro Millions			
Fondiaria SAI Group			
Total Premiums Written	8,143	8,681	(- 6.2)
Non-Life Premiums	5,294	5,304	(- 0.2)
Life Division Premiums (*)	3,122	3,504	(-10.9)
Consolidated result	385	463	(-16.8)
Group profit	307	373	(-17.7)
(*) including investment contracts			
Combined Operating Ratio	92.16%	91.45%	
Combined Total Ratio	95.45%	94.19%	

Milan, November 12, 2008. In a meeting chaired by Jonella Ligresti, the Fondiaria-SAI S.p.A. Board of Directors reviewed and approved the consolidated results for the third quarter 2008.

The consolidated net profit for the first nine months of 2008 amounted to Euro 385.0 million (Euro 462.9 million in the first nine months of 2007, -16.8%), while the Group net profit amounted to Euro 306.7 million, a decrease of 17.7%.

Total gross premiums written amounted to Euro 8,143.5 million compared to Euro 8,681.2 million in the same period of the previous year (-6.2%).

Direct premiums written in the Non-Life Division amounted to Euro 5,286.9 million, in line with the same period of the previous year (Euro 5,297.0 million, -0.2%).

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(art. 65 R.D.L. 29-4-1923 n. 966)

**GRUPPO
FONDIARIA SAI**



Within the Motor Classes, premiums written amounted to Euro 3,589.0 million (-3.3% on the first nine months of 2007).

The Motor Classes were affected by the significant contraction in the registration of new motor vehicles, strong competitive pressures following greater price flexibility and tariff diversification and also the effects of Law No. 40/2007 (so-called Bersani bis) in relation to the attribution of the bonus/malus class, with a consequent drop in the average premium.

In the other Non-Life Classes, premiums written amounted to Euro 1,697.9 million, a satisfactory increase of 7.2%.

This growth prioritised the retail sector and is a result of a selective underwriting policy of risks in order to ensure adequate profitability.

Overall, reported claims increased by 2.5%. The Motor TPL class reports an evident reduction (-4.3%) due to the quality of the insurance portfolio and the previously reported contraction of premiums written.

The Group Combined Ratio was maintained at satisfactory levels, amounting to 95.45% (94.19% at September 30, 2007) as was the Combined Operating Ratio (Loss Ratio + Expense Ratio) which stood at 92.16% (91.45% at September 30, 2007).

The Loss Ratio improved slightly from 71.22% to 71.14%, confirming the good performance of the claims management; the Expense Ratio rose less than one point, amounting to 21.02% (20.23% in the same period of the previous year). This increase is due to the higher percentage of overhead costs and to loyalty programmes undertaken by the sales network following the abolition of the single mandate regime.

Therefore, the pre-tax result of the sector amounted to Euro 463.0 million, from Euro 533.2 million, also due to the deterioration of the financial markets.

Premiums written in the Life Division, including investment contracts, amounted to Euro 3,122 million, a decrease (-11%) compared to the same period of the previous year. On a like-for-like consolidation basis, excluding the contribution of Po Vita for 2007, sold during the year, premiums grew by 4%.

New premiums written in the sector, in terms of APE, amounted to Euro 281 million (Euro 262 million in the first nine months of 2007 on a like-for-like basis).

The result is affected by the current financial crisis which penalises funds invested in favour of the liquidation of financial resources. The result of the traditional activities remain positive and in line with the previous year.

The segment result before taxes amounted to Euro 71.7 million (Euro 136.3 million in the same period of the previous year), undoubtedly affected by the lower contribution to profits to be realised on security investments.

The "Other Activities" sector reports a profit before taxes of Euro 20.8 million (Euro 27.0 million in the same period of 2007), while the real estate sector, affected by the difficult economic climate, reports a loss before taxes of Euro 14.2 million (vs. profit of Euro 25.4 million).

Management expenses increased to Euro 1,422 million from Euro 1,351 million in the first nine months of 2007, an increase of 5.2%.

Gross investment income, excluding the fair value net income recorded through profit and loss, amounted to Euro 1,007 million (Euro 1,063 million in the same period of 2007).

The fair value net income recorded through profit and loss was a loss of Euro 443 million, of which Euro 597 million relating to losses on contracts whose risks are borne by policyholders. It should be noted that this figure is also affected by the reclassification of some financial instruments from the HFT segment to the AFS segment, with a total positive impact of Euro 119 million. This effect on the final result reduced to Euro 22 million, taking into account the shadow accounting and the related tax effect.

Total investments amounted to Euro 34.5 billion compared to Euro 38.0 billion at the end of 2007: the decrease is principally due to the deconsolidation of the subsidiary Po Vita for Euro 2,027 million, together with the consequences of the negative performance of the financial markets and the relative penalisation of the carrying value of the financial instruments valued at fair value.

Finally, with reference to the Lehman Brothers securities in portfolio, the Group holds debt financial instruments issued by Lehman Brothers of approx. Euro 139 million. Of these, Euro 125 million relate to contracts whose risks are borne by policyholders. The figure includes write-downs of Euro 131 million, of which Euro 109 million relating to the class D investments.

The net technical reserves (including the Life reserves) amounted to Euro 28.1 billion compared to Euro 30.4 billion at the end of the previous year.

The positive results up to September 30, 2008 provide the basis, for the full year, for the achievement of satisfactory technical results, although within a general market scenario which has penalised the motor sector.

The current strong turbulence and volatility in the financial markets, preoccupied with the liquidity crisis, inflationary concerns and recessionary fears, make it particularly difficult to forecast the contribution of the asset and financial management for the year 2008.

In this context it is underlined that the Group's solvency margin is 1.7 times the minimum supervisory authority requirement. This balance sheet ratio, even under stress testing conditions, assuming a further fall in all listed equity securities of 15% on the share prices at September 30, 2008, would be 1.4 times the minimum requirement at Group level, while the parent company Fondiaria-SAI S.p.A. would have a statutory solvency margin of 2 times the minimum requirement.

After the Board of Director meeting, Mr Fausto Marchionni, CEO of Fondiaria-SAI S.p.A. stated: "The results were affected by the current financial crisis and recession, but we remain confident. We have sound fundamentals and we are ready to meet this new challenge supported by a solid balance sheet which demonstrates a strong solvency margin. We have also prepared an action plan which will safeguard our excellent Combined Ratio: maintaining an equilibrium between expansion and protection of

profitability, implementing cost efficiencies with a plan which will be outlined in the 2009-2011 industrial plan.”

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 Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

At the time of 15.00, a conference call will be held with the financial community, in which Mr. Fausto Marchionni will comment on the results for the third quarter.

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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FONDIARIA-SAI GROUP

Highlights Profit&Loss

(€/000)

	9M 2008	9M 2007	3Q 2008	3Q 2007
Net premium	8.086.923	8.603.698	2.377.351	2.669.721
Commission income	73.526	89.946	19.904	29.699
Net income on financial instruments at fair value through profit and loss	-443.495	-138.561	-40.110	-136.549
Income from subsidiaries, associates and joint ventures	41.185	21.786	11.011	2.748
Income from other financial instruments and investment property	966.213	1.041.296	290.087	386.916
Interest income	668.097	626.972	231.616	222.985
Other income	206.836	192.451	24.496	41.684
Realised gains	90.762	221.717	33.903	122.181
Unrealised gains	518	156	72	66
Other revenues	280.732	252.622	79.631	33.734
TOTAL REVENUES	9.005.084	9.870.787	2.737.874	2.986.269
Net charges relating to claims	-6.080.669	-7.021.550	-1.845.464	-2.155.048
Commission expense	-36.835	-50.859	-8.685	-17.903
Charges from subsidiaries, associates and joint ventures	-3.736	-3.039	-173	-579
Charges from other financial instruments and investment property	-352.954	-237.685	-167.547	-90.194
Interest expense	-105.182	-90.413	-32.319	-26.491
Other expense	-48.781	-38.288	-15.888	-7.163
Realised losses	-133.190	-81.576	-75.552	-47.267
Unrealised losses	-65.801	-27.408	-43.788	-9.273
Management expense	-1.421.679	-1.351.421	-430.000	-421.264
Commissions and other acquisition expense	-1.077.398	-1.075.038	-315.794	-320.863
Investment management expense	-12.233	-14.341	-2.378	-8.282
Other administrative expense	-332.048	-262.042	-111.828	-92.119
Other costs	-568.887	-484.320	-120.170	-104.147
TOTAL COSTS AND CHARGES	-8.464.760	-9.148.874	-2.572.039	-2.789.135
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	540.324	721.913	165.835	197.134
Tax	-155.332	-259.007	-42.118	-72.427
NET PROFIT (LOSS) FOR THE PERIOD	384.992	462.906	123.717	124.707
PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0	-197	0	0
CONSOLIDATED PROFIT (LOSS)	384.992	462.709	123.717	124.707
attributable to the Group	306.691	372.558	98.262	95.741
attributable to Minorities	78.301	90.151	25.455	28.966

FONDIARIA - SAI GROUP

Segment P&L

(€/000)

	Non-Life	Life	Real Estate	Other Activities	Intersegmental Elision	Total
1.1 Net Retained Premium	5.256.485	2.830.438				8.086.923
1.2 Commission income		37.941		36.785	-1.200	73.526
1.3 Net income on financial instruments at fair value through profit and loss	171.350	-621.137	-9	6.301		-443.495
1.4 Income from subsidiaries, associates and joint ventures	362	29.833	10.990			41.185
1.5 Income from other financial instruments and investment property	359.952	523.944	33.673	98.238	-49.594	966.213
1.6 Other revenues	119.197	37.615	96.080	217.791	-189.951	280.732
1 TOTAL REVENUES	5.907.346	2.838.634	140.734	359.115	-240.745	9.005.084
2.1 Net charges relating to claims	-3.739.715	-2.340.954				-6.080.669
2.2 Commission expense		-23.391		-13.444		-36.835
2.3 Charges relating to subsidiaries, associates and joint ventures	-202		-3.187	-347		-3.736
2.4 Charges relating to other financial instruments and investment property	-178.550	-118.501	-54.890	-50.779	49.766	-352.954
2.5 Management expense	-1.166.773	-198.613	-154	-56.139		-1.421.679
2.6 Other costs	-359.156	-85.518	-96.666	-217.592	190.045	-568.887
2 TOTAL COSTS AND CHARGES	-5.444.396	-2.766.977	-154.897	-338.301	239.811	-8.464.760
PROFIT (LOSS) FOR THE YEAR BEFORE TAX	462.950	71.657	-14.163	20.814	-934	540.324
PROFIT (LOSS) FOR THE YEAR BEFORE TAX PREVIOUS YEAR	533.188	136.282	25.409	27.034		721.913

FONDIARIA-SAI GROUP

Highlights Net Financial Position

(€/000)

	9M2008	1H2008	Change %	FY2007
INVESTMENTS				
Investment properties	2.381.872	2.257.836	5,49%	2.142.923
Investments in subsidiaries, associates and joint ventures	297.794	283.673	4,98%	270.025
Held to maturity assets	0	0	0,00%	0
Loans and receivables	2.069.121	1.682.906	22,95%	1.333.262
Available-for-sale financial assets	21.516.392	20.318.161	5,90%	23.335.001
Assets at fair value through profit and loss	8.243.389	10.260.494	-19,66%	10.939.541
Total investments	34.508.568	34.803.070	-0,85%	38.020.752
Tangible assets: buildings and other	1.229.933	1.242.998	-1,05%	1.201.862
Total no-current assets	35.738.501	36.046.068	-0,85%	39.222.614
Cash and cash equivalents	510.360	592.399	-13,85%	701.195
Total no-current assets and cash	36.248.861	36.638.467	-1,06%	39.923.809
NET TECHNICAL RESERVES				
Non-Life net technical reserves				
Provision for unearned premiums	2.378.108	2.622.836	-9,33%	2.498.348
Provision for outstanding claims	8.188.524	8.093.828	1,17%	8.393.164
Other provisions	16.145	16.901	-4,47%	14.463
Total Non-Life net technical reserves	10.582.778	10.733.565	-1,40%	10.905.975
Life net technical reserves				
Mathematical provision	13.292.469	13.488.813	-1,46%	14.804.316
Provision for outstanding claims	236.838	430.603	-45,00%	277.110
Provisions for policies where the investmen risk is borne by the policyholders	4.339.675	4.352.223	-0,29%	4.559.320
Other provisions	-325.017	-318.527	2,04%	-108.964
Total Life net technical reserves	17.543.965	17.953.112	-2,28%	19.531.782
Total net technical reserves	28.126.743	28.686.677	-1,95%	30.437.757
FINANCIAL LIABILITIES				
Hybrid liabilities	1.046.979	812.836	28,81%	820.007
Financial liabilities at fair value through profit and loss	3.564.407	3.858.838	-7,63%	5.031.453
Other financial liabilities	1.929.668	1.780.699	8,37%	1.334.227
Total financial liabilities	6.541.054	6.452.373	1,37%	7.185.687