

**PRESS RELEASE**

**MILANO ASSICURAZIONI S.p.A.: DRAFT ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS FOR 2006 APPROVED. UNIT DIVIDEND OF € 0.30 PROPOSED FOR ORDINARY SHARES (+ 7.1%) AND € 0.32 (+ 6.7%) FOR SAVINGS SHARES.**

**Milano Assicurazioni S.p.A.**

	<b>2006</b>	<b>2005</b>	<b>Var.%</b>
<b>Amounts in €m</b>			
<b>Total premium income</b>	<b>3,330.1</b>	<b>3,304.1</b>	<b>(+ 0.8 )</b>
<b>Technical balance Non-Life Business</b>	<b>142.0</b>	<b>182.3</b>	<b>(- 22.1)</b>
<b>Technical balance Life Business</b>	<b>52.1</b>	<b>24.8</b>	<b>(+ 110.1)</b>
<b>Ordinary Result</b>	<b>286.6</b>	<b>296.3</b>	<b>(- 3.3)</b>
<b>Profit for the year</b>	<b>195.5</b>	<b>233.1</b>	<b>(- 16.1)</b>

**Milano Assicurazioni Group**

<b>Total premium income</b>	<b>3,416.5</b>	<b>3,325.8</b>	<b>(+ 2.7)</b>
<b>Result before Taxes</b>	<b>390.3</b>	<b>396.6</b>	<b>(- 1.6)</b>
<b>Consolidated profit</b>	<b>247.9</b>	<b>283.7</b>	<b>(-12.6)</b>

**Amounts in €**

<b>Proposed dividend for ordinary shares</b>	<b>0.30</b>	<b>0.28</b>	<b>(+ 7.1)</b>
<b>Proposed dividend for savings shares</b>	<b>0.32</b>	<b>0.30</b>	<b>(+ 6.7)</b>
<b>Detachment of dividend on 7 May 2007</b>			

**Combined Cons. Operating Ratio** **90.8%** **90.2%**

**Combined Cons. Ratio** **94.1%** **92.2%**

**Milan, 22 March 2007.** The Board of Directors of Milano Assicurazioni S.p.A. met today under the chairmanship of Fausto Marchionni, and examined and approved the draft accounts for 2006.

## **Statutory Accounts**

Financial year 2006 showed a net profit of € 195.5m (- 16.1%); it should be noted that the 2005 result benefited from a lessened tax burden due to the withdrawal of € 31.5m from the deferred taxation fund, equal to the tax liability on the non-taxable portion of the increase in value occurring in 2004 on the Generali shares in the portfolio. With comparative data, the 2006 result would be down by 3%. The result for ordinary activity was € 286.6m (- 3.3%), with a decrease partly due to the greater write-downs on the bonds portfolio carried out in the year just ended.

Premium income amounts to a total of € 3,330.1m (+ 0.8%), of which € 2,729m (+ 1.1%) is in Non-Life business and € 580m (- 2.4%) is in Life business.

As regards income from Non-Life direct business, we should point out that the Motor sector totalled € 1,978.7m (+ 0.3%), while Non-Motor reached € 750.4m (+ 3.2%). In total the number of losses notified increased by 0.3%. In particular in TPL Motor there was a decrease of 1.8%, with an increase in the average cost of claims paid limited to 3.4%, due to both the reorganisation of the fleet portfolio and the streamlining carried out during the course of the year just ended.

The net technical balance of Non-Life business was € 142m (- 22.1%). This result is on the one hand influenced by the greater burden of technical charges, as already shown in previous quarters, and on the other by the negative trend recorded in the last quarter of the year just ended relating to some business sectors in the General TPL class of business.

In Life Direct business premiums written were € 580m, a decrease of 2.4%, due to the smaller contribution of index/unit linked policies and of capitalisation (-8.4%). We should point out the healthy increase in traditional products, which showed 2.8% growth. The technical result showed a profit of € 52.1m, a significant increase compared to the previous year (€ 24.8m) which was due both to the greater profit margins because of the increase in the traditional type portfolio, and to the lower requirement of additional reserves which benefited from the rise in rates.

The administrative costs, equal to € 70m are substantially in line with the previous year. The incidence on premiums of 2.1% is similar to that recorded at the end of 2005. Property and financial management produced net income of € 323.2m (+ 12.3%). The total amount of investments reached € 9.2bn compared to € 8.6bn in 2005.

## **Consolidated Accounts**

The consolidated accounts for 2006 closed with a Group net profit of € 247.9m compared to € 283.5m in the previous year(- 12.6%). When comparing the data it should be considered that the 2005 profit benefited from a lessened tax burden due to the withdrawal of € 31.5m from the deferred taxation fund, equal to the tax liability on the non-taxable portion of the increase in value occurring in 2004 on the Generali shares in the portfolio. With comparative data the 2006 result would be down by 1.7%.

The main aspects which characterised the result achieved in 2006 can be summarised as follows:

The insurance management of Non-Life business closed with a profit before tax of € 292.7m (- 11.9%), reflecting the technical trend recorded by the Parent Company.

Consequently, the Combined Ratio for 2006 is 94.1% compared to 92.2% for the previous year. From a strictly industrial point of view the operating Combined Ratio was slightly worse, rising from 90.2% to 90.8%, with a Loss Ratio rising from 72.3% to 72.7% and an Expense Ratio largely in line with the previous year (18.1% in 2006 compared to 17.9% in 2005).

The Life sector showed a pre- tax profit € 96.1m, a significant improvement compared to the 2005 result (€ 63.2 mil). The data includes € 9.5m relating to Bipiemme Vita, of which the parent company Milano Assicurazioni acquired a 50% quota during the year. With comparative data the profit would be € 86.6m, a net improvement, due both to the greater profit margins because of the increase in the traditional type portfolio and the lower requirement of additional reserves, which benefited from the rise in rates.

Property and financial management provided net income from financial instruments and capital assets of € 356.9m (+5.9%; + 2.1% with the same basis of consolidation).

The taxes relating to the current year amount to € 142.4m and show an incidence on the gross profit of 36.5%, higher than that in the previous year which, as already noted, was influenced positively by the withdrawal of € 31.5m from the deferred taxation fund, equal to the tax liability on the non-taxable portion of the increase in value occurring in 2004 on the Generali shares in the portfolio.

With regard to the imminent Shareholders' Meeting arranged for 11.00, 24 April in Milan at the Atahotel Executive (second one 26 April, same time and place), the Board of Directors passed a resolution to propose to members the distribution of a unit dividend of € 0.30 for ordinary shares and € 0.32 for savings shares, payment of which proposed as from 10 May 2007 (detachment date 7 May 2007). For financial year 2005, dividends of € 0.28 and € 0.30 respectively were distributed.

An Extraordinary Meeting has also been called to debate the proposal of adapting the Articles of Association to comply with, among other things, the so-called "Savings Law".

### **Management trends**

For 2007, despite an extremely competitive market, the Group will continue to pursue a policy of taking on risks which is consistent with the guidelines in the Industrial Plan of the Fondiaria-SAI Group and will increase business in the retail area of Non Motor as well as improve profitability in the Motor sector. Considering the one-off effect of some phenomena recorded during 2006 and in the light of the good results obtained in some areas of business in which a firm policy of streamlining has been adopted, we consider that developments in the year in progress will allow us to improve on our objectives.

The draft accounts for the year and consolidated accounts approved today by the Board of Directors will be made available to the public within the period of time determined by current legislation at Head Office and the Borsa Italiana S.p.A. (Italian Stock Exchange) replacing the quarterly report referring to the fourth quarter of 2006.

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**MILANO ASSICURAZIONI S.p.A.**  
**CONSOLIDATED BALANCE SHEET**

Thousands of Euro

**BALANCE SHEET - ASSETS**

		<b>2006</b>	<b>2005</b>
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>241.896</b>	<b>176.088</b>
1.1	Goodwill	195.926	175.338
1.2	Other intangible assets	45.970	750
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>154.077</b>	<b>110.625</b>
2.1	Buildings	29.706	30.519
2.2	Other property, plant and equipment	124.371	80.106
<b>3</b>	<b>REINSURERS' SHARE OF TECHNICAL RESERVES</b>	<b>344.656</b>	<b>358.527</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>11.291.660</b>	<b>9.044.687</b>
4.1	Investment property	375.294	370.136
4.2	Investments in subsidiaries, associates, joint ventures	13.469	4.820
4.3	Investments held to maturity		
4.4	Loans and receivables	148.619	212.874
4.5	Available-for-sale financial assets	8.836.179	7.580.602
4.6	Assets at fair value through profit and loss	1.918.099	876.255
<b>5</b>	<b>RECEIVABLES</b>	<b>869.635</b>	<b>973.729</b>
5.1	Receivables relating to direct insurance business	632.261	651.820
5.2	Receivables relating to direct reinsurance business	41.893	68.095
5.3	Other receivables	195.481	253.814
<b>6</b>	<b>OTHER ASSETS</b>	<b>281.295</b>	<b>288.545</b>
6.1	Non-current assets held for sale or discontinued operations	772	1.416
6.2	Deferred acquisition costs	79.088	66.236
6.3	Deferred tax assets	26.841	36.353
6.4	Current tax assets	117.929	128.752
6.5	Other assets	56.665	55.788
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>136.906</b>	<b>156.649</b>
	<b>TOTAL ASSETS</b>	<b>13.320.125</b>	<b>11.108.850</b>

**MILANO ASSICURAZIONI S.p.A.**  
**CONSOLIDATED BALANCE SHEET**

Thousands of Euro

**Balance Sheet - Shareholders' equity and liabilities**

		<b>2006</b>	<b>2005</b>
<b>1</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>1.989.151</b>	<b>1.721.171</b>
<b>1.1</b>	<b>attributable to the Group</b>	<b>1.985.504</b>	<b>1.717.584</b>
1.1.1	Share capital	242.981	238.575
1.1.2	Other equity instruments		
1.1.3	Capital reserves	360.041	325.145
1.1.4	Retained earnings and other equity reserves	838.567	684.889
1.1.5	(Own shares)	-8.271	-374
1.1.6	Reserve for net exchange rate differences		
1.1.7	Gains or losses on available-for-sale financial assets	306.681	191.125
1.1.8	Other gains or losses written directly to equity	-2.349	-5.298
1.1.9	Profit (loss) for the year	247.854	283.522
<b>1.2</b>	<b>attributable to minority interests</b>	<b>3.647</b>	<b>3.587</b>
1.2.1	Capital and reserves	3.572	3.391
1.2.2	Gains or losses written directly to equity	-6	17
1.2.3	Profit (loss) for the year	81	179
<b>2</b>	<b>PROVISIONS</b>	<b>79.271</b>	<b>63.453</b>
<b>3</b>	<b>TECHNICAL RESERVES</b>	<b>9.081.110</b>	<b>8.468.790</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>1.547.796</b>	<b>244.431</b>
4.1	Financial liabilities at fair value through profit and loss	1.233.285	84.488
4.2	Other financial liabilities	314.511	159.943
<b>5</b>	<b>PAYABLES</b>	<b>391.797</b>	<b>392.953</b>
5.1	Payables relating to direct insurance business	73.429	89.036
5.2	Payables relating to direct reinsurance business	14.278	13.272
5.3	Other payables	304.090	290.645
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>231.000</b>	<b>218.052</b>
6.1	Held-for-sale liabilities of discontinued operations	762	
6.2	Deferred tax liabilities	53.597	11.474
6.3	Current tax liabilities	1.474	131
6.4	Other liabilities	175.167	206.447
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>13.320.125</b>	<b>11.108.850</b>

**MILANO ASSICURAZIONI S.p.A.**  
**Consolidated Profit and Loss**

Thousand of Euro

**Profit and Loss**

		<b>2006</b>	<b>2005</b>
1.1	Net Retained Premium	3.348.998	3.219.614
1.1.1	<i>Gross premiums written</i>	3.447.881	3.291.125
1.1.2	<i>Outwards reinsurance</i>	-98.883	-71.511
1.2	Commissino income	4.560	1.239
1.3	Net income on financial instruments at fair value through profit and loss	23.705	56.660
1.4	Income from subsidiaries, associates and joint ventures	3.227	295
1.5	Income from other financial instruments and investment property	372.427	308.263
1.5.1	<i>Interest income</i>	241.554	200.656
1.5.2	<i>Other income</i>	58.363	34.277
1.5.3	<i>Realised gains</i>	72.510	73.330
1.5.4	<i>Unrealised gains</i>		
1.6	Other revenues	82.494	108.788
<b>1</b>	<b>TOTAL REVENUES</b>	<b>3.835.411</b>	<b>3.694.859</b>
2.1	Net charges relating to claims	2.668.448	2.599.816
2.1.1	<i>Amounts paid and change in technical reserves</i>	2.721.426	2.649.040
2.1.3	<i>Reinsurers' share</i>	-52.978	-49.224
2.2	Commission expense	606	289
2.3	Charges relating to subsidiaries, associates and joint ventures	49	3
2.4	Chargers relating to other financial instruments and investment property	42.397	28.089
2.4.1	<i>Interest expense</i>	12.483	6.591
2.4.2	<i>Other expense</i>	8.178	7.977
2.4.3	<i>Realised losses</i>	16.225	8.830
2.4.4	<i>Unrealised losses</i>	5.511	4.691
2.5	Management expense	530.166	500.834
2.5.1	<i>Commissions and other acquisition expense</i>	449.357	429.792
2.5.2	<i>Investment management expense</i>	6.565	2.800
2.5.3	<i>Other administrative expense</i>	74.244	68.242
2.6	Other costs	203.407	169.209
<b>2</b>	<b>TOTAL COSTS AND CHARGES</b>	<b>3.445.073</b>	<b>3.298.240</b>
	<b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX</b>	<b>390.338</b>	<b>396.619</b>
3	Tax	142.403	119.361
	<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>247.935</b>	<b>277.258</b>
4	<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>		<b>6.443</b>
	<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>247.935</b>	<b>283.701</b>
	<b>attributable to the Group</b>	<b>247.854</b>	<b>283.522</b>
	<b>attributable to Minorities</b>	<b>81</b>	<b>179</b>

**MILANO ASSICURAZIONI S.p.A.**  
**Résumé Statutory Balance Sheet**

ASSETS (thousands of euro)	31/12/2006	31/12/2005
Intangible assets	127.919	153.574
Investments	9.175.917	8.609.751
Receivables	1.031.282	1.151.486
Other Assets	453.917	495.547
<b>Total Assets</b>	<b>10.789.035</b>	<b>10.410.358</b>

SHAREHOLDERS' EQUITY and LIABILITIES (thousands of euro)	31/12/2006	31/12/2005
Shareholders' Equity	1.605.665	1.502.515
Subordinated liabilities	150.000	
Net Technical Reserves	8.138.200	7.987.383
Provision for risks and charges	158.151	149.462
Deposits from reinsurers	145.834	153.778
Payables and other liabilities	591.185	617.220
<b>Total Shareholders' Equity and Liabilities</b>	<b>10.789.035</b>	<b>10.410.358</b>

**Résumé Statutory Profit and Loss**

(thousands of euro)	31/12/2006	31/12/2005
Non-Life Business Technical Result	233.753	275.867
Life Business Technical Result	52.088	24.755
Net Investments Income*	120.513	120.596
Income from investments transferred from the Life Business technical account	15.891	13.787
Income from investments transferred to the Non-Life Business technical account	-92.689	-94.510
Other Income/(Charges)	-42.998	-44.193
<b>Profit (Loss) of ordinary business</b>	<b>286.558</b>	<b>296.302</b>
Extraordinary income	21.631	38.942
Extraordinary charges	-3.419	-11.951
<b>Net Extraordinary items</b>	<b>18.212</b>	<b>26.991</b>
<b>Result before tax</b>	<b>304.770</b>	<b>323.293</b>
Income Tax for the period	-109.278	-90.187
<b>Net Profit (Loss) for the period</b>	<b>195.492</b>	<b>233.106</b>

(\* ) in Statutory Profit and Loss, they refer only for Non-Life Business