

**PRESS RELEASE**

**MILANO ASSICURAZIONI S.p.A.: CONSOLIDATED HALF-YEAR REPORT  
AT JUNE 30, 2008 APPROVED**

**IMPROVEMENT IN THE COMBINED RATIO TO 93.9% AND  
TOTAL PREMIUMS WRITTEN TO EURO 1,856.3 MILLION (EURO 1,816.4 MILLION IN  
FIRST HALF 2007)  
GROUP NET PROFIT OF EURO 121.1 MILLION (EURO 152.8 MILLION IN FIRST HALF  
2007)**

**Milano Assicurazioni Group**

|                                 | <b>First Half 2008</b> | <b>First Half 2007</b> | <b>Cge.%</b>    |
|---------------------------------|------------------------|------------------------|-----------------|
| <b>Amounts in Euro Millions</b> |                        |                        |                 |
| <b>Total premiums written</b>   | <b>1,856.3</b>         | <b>1,816.4</b>         | <b>(+ 2.2)</b>  |
| <b>Pre-tax profit</b>           | <b>168.5</b>           | <b>232.6</b>           | <b>(- 27.5)</b> |
| <b>Group net profit</b>         | <b>121.1</b>           | <b>152.8</b>           | <b>(- 20.8)</b> |
| <b>CoR</b>                      | <b>93.9%</b>           | <b>94.7%</b>           |                 |
| <b>Operating CoR</b>            | <b>89.5%</b>           | <b>90.9%</b>           |                 |

**Milan, August 27, 2008** - In a meeting chaired by Fausto Marchionni, the Milano Assicurazioni S.p.A. Board of Directors approved the consolidated results for the first half of 2008.

Total premiums written amounted to Euro 1,856.3 million, growth of 2.2% on the same period of the previous year.

In the Non-Life Division, direct premiums written decreased by 5.3%. Premiums in the Motor classes decreased by 7.6%, amounting to Euro 931.9 million, principally due to changed market conditions following recent regulatory changes, the greater notices given on the multi-claim portfolio and the reduction in new motor registrations, which fell by over 11% in the first six months of the year. A recovery in premiums is expected in the coming months, thanks to the new marketing initiatives implemented and a smaller contraction compared to the previous year thanks to a more uniform comparison between the figures.

In the other Non-Life Classes, premiums amounted to Euro 377.3 million, an increase of 0.9%. In particular, in the Retail segment the underwriting policy continues to focus on business areas with good profitability prospects while in the Corporate segment the strategy continues to be centred on a rigorous underwriting policy aimed at improving the technical performance of the sector.

Overall, the technical performance of the sector was very satisfactory, with a Combined Ratio of 93.9%, an improvement of 0.9 percentage points. The improvement in the Operating Combined Ratio (Loss + Expense Ratio) was even more pronounced - from 90.9% to 89.5% - thanks to the better claims to premium ratio in the year which decreased to 69.7% from 71.7% in the first half of 2007. The restructuring actions undertaken in the Motor TPL division by the Group continue to benefit results (as evidenced last year).

The overall claims reported decreased by 3.7%; in particular the Motor TPL segment recorded a strong decrease of 7.8%.

The result of the technical management is considered very positive and an improvement compared to the first half of the previous year; the strong profitability recovery in the non Motor classes was of particular note.

The pre-tax profit for the sector amounted to Euro 152.1 million (Euro 182.1 million in the first half of 2007), which decreased due to the well documented turbulence on the financial markets and the consequent reduced contribution from investment income.

The growth in the Life Classes was 26.9% with total premiums of Euro 543.3 million. The increase is due to the change in the consolidation method of Bipiemme Vita, from proportional to full consolidation. On a like-for-like basis, Life premiums would have decreased by 4.9%, principally due to the strategic choice of the Group to limit the underwriting of securitisation policies only to contracts capable of guaranteeing satisfactory margins: in fact the decrease of Class V premiums was over 78%.

A repositioning of the portfolio in favour of the Class I premiums is also reported, which now accounts for 75% of total premiums written.

The Life Division reports a pre-tax profit of Euro 12.3 million, a significant decrease on Euro 47 million in the first half of 2007. This result is largely attributable to the negative performance of the financial markets and the reduced contribution from investment income.

The asset and financial management contributed net income from financial instruments and investment property of Euro 180.0 million (Euro 231.7 million in the first half of 2007). The above-mentioned uncertainties on the financial markets resulted in a negative contribution from the fair value investments recorded through profit or loss of Euro 29.2 million, compared to net income of Euro 15.4 million in the same period of the previous year. This limited the effect of the prudent investment policy which permitted a positive result of Euro 208.8 million

from other financial instruments and property investments, leading to a small decrease (3.1%) on the previous year.

Management expenses, amounting to Euro 281.7 million, were 15.5% of net premiums, in line with the first half of 2007.

The unfavourable performance on the financial markets resulted in a significant change in the reserve relating to gains or losses on available-for-sale financial assets, amounting to approx. Euro 256 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 2,111 million at December 31, 2007 to Euro 1,794 million at June 30, 2008.

Income taxes amounted to Euro 50.7 million, with a tax rate on gross profits of 30.1%, lower than the nominal rate, principally due to the dividends received, which are almost all non-taxable.

Considering the results reported above, the Group net profit for the period amounted to Euro 121.1 million, a decrease on the same period of 2007 (Euro 152.8 million).

In the second half of the year, Motor premiums are expected to be more in line with the previous year, due to the greater uniformity in the figures than in the first half year, the noted regulatory changes and the marketing initiatives undertaken, including the launch, in March, of the Nuova 1a Global product. In the other classes, the Group underwriting policy will continue to focus on the development of the retail segment, aided further by the marketing initiatives focused on specific customer segments.

In the Life sector, the focus is to increase the inherent value of the portfolio, providing incentives for the underwriting of traditional contracts in favour of securitisation contracts.

The asset and financial management will follow closely the uncertainties on the financial markets, maintaining a prudent management policy which effectively balances risk and return.

The current market conditions make it relatively difficult to forecast the contribution to the result for the year.

In relation to the corporate/industrial restructuring already approved by the Board of Directors and announced to the market and having obtained the necessary authorisations from Isvap, the Board approved the convocation of the extraordinary shareholders' meeting, in first call, for October 8, 2008 at a time of 11 AM at the Atahotel Quark in Milano and, if necessary, in second call, for the following day, at the same place and time, to discuss and deliberate upon:

- the paid-in share capital increase without any option right, reserved to Fondiaria-SAI S.p.A. to be paid through the conferment in kind of the entire shareholding held by the

latter in Liguria Assicurazioni S.p.A., amounting to 99.97% of the share capital, and a shareholding held by Fondiaria-SAI in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital;

- the approval of the merger by incorporation of the companies Sasa Assicurazioni Riassicurazioni S.p.A. and Sasa Vita S.p.A into Milano Assicurazioni S.p.A., with a share capital increase of this latter to service the merger.

The convocation notice of the shareholders' meeting and the documentation relating to the agenda will be published in accordance with the current regulatory requirements.

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        |
|----------|---|-------------------|-------------------|
| <b>1</b> | <b>INTANGIBLE ASSETS</b>                                    | <b>306.155</b>    | <b>317.107</b>    |
| 1.1      | Goodwill  | 196.183           | 196.183           |
| 1.2      | Other intangible assets                                     | 109.972           | 120.924           |
| <b>2</b> | <b>PROPERTY, PLANT AND EQUIPMENT</b>                        | <b>187.584</b>    | <b>183.267</b>    |
| 2.1      | Buildings   | 29.648            | 30.022            |
| 2.2      | Other property, plant and equipment                         | 157.936           | 153.245           |
| <b>3</b> | <b>REINSURERS' SHARE OF TECHNICAL RESERVES</b>              | <b>337.702</b>    | <b>350.438</b>    |
| <b>4</b> | <b>INVESTMENTS</b>  | <b>11.957.765</b> | <b>12.800.654</b> |
| 4.1      | Investment property   | 388.852           | 388.425           |
| 4.2      | Investments in subsidiaries, associates, joint ventures     | 12.029            | 12.787            |
| 4.3      | Investments held to maturity                                |                   |                   |
| 4.4      | Loans and receivables                                       | 215.523           | 145.187           |
| 4.5      | Available-for-sale financial assets                         | 8.628.014         | 9.417.289         |
| 4.6      | Assets at fair value through profit and loss                | 2.713.347         | 2.836.966         |
| <b>5</b> | <b>RECEIVABLES</b>  | <b>733.341</b>    | <b>856.618</b>    |
| 5.1      | Receivables relating to direct insurance business           | 491.762           | 562.589           |
| 5.2      | Receivables relating to direct reinsurance business         | 26.412            | 27.551            |
| 5.3      | Other receivables   | 215.167           | 266.478           |
| <b>6</b> | <b>OTHER ASSETS</b>   | <b>274.963</b>    | <b>239.626</b>    |
| 6.1      | Non-current assets held for sale or discontinued operations |                   |                   |
| 6.2      | Deferred acquisition costs                                  | 67.617            | 76.658            |
| 6.3      | Deferred tax assets   | 63.891            | 20.127            |
| 6.4      | Current tax assets  | 64.887            | 57.363            |
| 6.5      | Other assets  | 78.568            | 85.478            |
| <b>7</b> | <b>CASH AND CASH EQUIVALENTS</b>                            | <b>165.466</b>    | <b>164.564</b>    |
|          | <b>TOTAL ASSETS</b>   | <b>13.962.976</b> | <b>14.912.274</b> |

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

Thousands of Euro

|            |   | 30/06/2008        | 31/12/2007        |
|------------|---|-------------------|-------------------|
| <b>1</b>   | <b>SHAREHOLDERS' EQUITY</b>                                 | <b>1.794.417</b>  | <b>2.110.592</b>  |
| <b>1.1</b> | <b>attributable to the Group</b>                            | <b>1.715.459</b>  | <b>2.017.854</b>  |
| 1.1.1      | Share capital   | 251.217           | 251.217           |
| 1.1.2      | Other equity instruments                                    |                   |                   |
| 1.1.3      | Capital reserves  | 425.373           | 425.373           |
| 1.1.4      | Retained earnings and other equity reserves                 | 1.033.974         | 945.647           |
| 1.1.5      | (Own shares)  | -23.775           | -19.579           |
| 1.1.6      | Reserve for net exchange rate differences                   |                   |                   |
| 1.1.7      | Gains or losses on available-for-sale financial assets      | -92.130           | 163.406           |
| 1.1.8      | Other gains or losses written directly to equity            | -332              | -314              |
| 1.1.9      | Profit (loss) for the year                                  | 121.132           | 252.104           |
| <b>1.2</b> | <b>attributable to minority interests</b>                   | <b>78.958</b>     | <b>92.738</b>     |
| 1.2.1      | Capital and reserves  | 92.869            | 92.592            |
| 1.2.2      | Gains or losses written directly to equity                  | -10.565           | -857              |
| 1.2.3      | Profit (loss) for the year                                  | -3.346            | 1.003             |
| <b>2</b>   | <b>PROVISIONS</b>   | <b>75.610</b>     | <b>76.012</b>     |
| <b>3</b>   | <b>TECHNICAL RESERVES</b>                                   | <b>9.700.206</b>  | <b>9.846.197</b>  |
| <b>4</b>   | <b>FINANCIAL LIABILITIES</b>                                | <b>1.909.413</b>  | <b>2.265.538</b>  |
| 4.1        | Financial liabilities at fair value through profit and loss | 1.600.072         | 1.949.416         |
| 4.2        | Other financial liabilities                                 | 309.341           | 316.122           |
| <b>5</b>   | <b>PAYABLES</b>   | <b>286.672</b>    | <b>375.054</b>    |
| 5.1        | Payables relating to direct insurance business              | 45.923            | 40.641            |
| 5.2        | Payables relating to direct reinsurance business            | 13.571            | 11.884            |
| 5.3        | Other payables  | 227.178           | 322.529           |
| <b>6</b>   | <b>OTHER LIABILITIES</b>                                    | <b>196.658</b>    | <b>238.881</b>    |
| 6.1        | Held-for-sale liabilities of discontinued operations        |                   |                   |
| 6.2        | Deferred tax liabilities                                    | 80.284            | 77.577            |
| 6.3        | Current tax liabilities                                     | 27                | 164               |
| 6.4        | Other liabilities   | 116.347           | 161.140           |
|            | <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>           | <b>13.962.976</b> | <b>14.912.274</b> |

**Consolidated Profit and Loss**

Thousand of Euro

|          |   | <b>30/06/2008</b> | <b>30/06/2007</b> |
|----------|---|-------------------|-------------------|
| 1.1      | Net Retained Premium  | 1.811.955         | 1.755.000         |
| 1.1.1    | <i>Gross premiums written</i>   | 1.864.421         | 1.806.811         |
| 1.1.2    | <i>Outwards reinsurance</i>   | -52.466           | -51.811           |
| 1.2      | Commissino income   | 15.852            | 9.380             |
| 1.3      | Net income on financial instruments at fair value through profit and loss | -29.224           | 15.364            |
| 1.4      | Income from subsidiaries, associates and joint ventures                   | 411               | 810               |
| 1.5      | Income from other financial instruments and investment property           | 249.183           | 243.875           |
| 1.5.1    | <i>Interest income</i>  | 160.145           | 136.213           |
| 1.5.2    | <i>Other income</i>   | 71.728            | 51.104            |
| 1.5.3    | <i>Realised gains</i>   | 17.310            | 56.558            |
| 1.5.4    | <i>Unrealised gains</i>   | 0                 | 0                 |
| 1.6      | Other revenues  | 48.526            | 57.951            |
| <b>1</b> | <b>TOTAL REVENUES</b>   | <b>2.096.703</b>  | <b>2.082.380</b>  |
| 2.1      | Net charges relating to claims  | 1.461.899         | 1.408.405         |
| 2.1.1    | <i>Amounts paid and change in technical reserves</i>                      | 1.485.684         | 1.447.439         |
| 2.1.2    | <i>Reinsurers' share</i>  | -23.785           | -39.034           |
| 2.2      | Commission expense  | 7.530             | 6.851             |
| 2.3      | Charges relating to subsidiaries, associates and joint ventures           | 59                | 66                |
| 2.4      | Chargers relating to other financial instruments and investment property  | 40.341            | 28.272            |
| 2.4.1    | <i>Interest expense</i>   | 8.957             | 8.039             |
| 2.4.2    | <i>Other expense</i>  | 4.298             | 4.335             |
| 2.4.3    | <i>Realised losses</i>  | 22.550            | 13.154            |
| 2.4.4    | <i>Unrealised losses</i>  | 4.536             | 2.744             |
| 2.5      | Management expense  | 281.695           | 276.351           |
| 2.5.1    | <i>Commissions and other acquisition expense</i>                          | 233.817           | 230.822           |
| 2.5.2    | <i>Investment management expense</i>                                      | 3.672             | 3.226             |
| 2.5.3    | <i>Other administrative expense</i>                                       | 44.206            | 42.303            |
| 2.6      | Other costs   | 136.648           | 129.849           |
| <b>2</b> | <b>TOTAL COSTS AND CHARGES</b>  | <b>1.928.172</b>  | <b>1.849.794</b>  |
|          | <b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX</b>                              | <b>168.531</b>    | <b>232.586</b>    |
| <b>3</b> | Tax   | 50.745            | 79.508            |
|          | <b>NET PROFIT (LOSS) FOR THE YEAR</b>                                     | <b>117.786</b>    | <b>153.078</b>    |
| <b>4</b> | <b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>                           | <b>0</b>          | <b>-197</b>       |
|          | <b>CONSOLIDATED PROFIT (LOSS)</b>   | <b>117.786</b>    | <b>152.881</b>    |
|          | attributable to the Group   | 121.132           | 152.849           |
|          | attributable to Minorities  | -3.346            | 32                |

MILANO ASSICURAZIONI S.p.A.

**Segment Profit and Loss**

(thousands of euro)

|  | Non Life Business |                  | Life Business  |                | Property Segment |              | Other Activities Segment |              | 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       |
| 1.1  | 1,275,881         | 1,333,055        | 536,074        | 421,945        | -                | -            | -                        | -            | 1,811,955        | 1,755,000        |
| 1.1.1  | 1,321,115         | 1,378,680        | 543,306        | 428,131        | -                | -            | -                        | -            | 1,864,421        | 1,806,811        |
| 1.1.2  | - 45,234          | - 45,625         | - 7,232        | - 6,186        | -                | -            | -                        | -            | - 52,466         | - 51,811         |
| 1.2  | -                 | -                | 15,852         | 9,380          | -                | -            | -                        | -            | 15,852           | 9,380            |
| 1.3  | - 14,438          | 14,732           | - 14,786       | 632            | -                | -            | -                        | -            | - 29,224         | 15,364           |
| 1.4  | 411               | 810              | -              | -              | -                | -            | -                        | -            | 411              | 810              |
| 1.5  | 107,732           | 103,863          | 135,511        | 134,832        | 5,940            | 5,167        | 13                       | 13           | 249,183          | 243,875          |
| 1.6  | 46,073            | 53,294           | 1,003          | 2,991          | 30               | 28           | 1,420                    | 1,638        | 48,526           | 57,951           |
| <b>1</b>                                     | <b>1,415,659</b>  | <b>1,505,754</b> | <b>673,654</b> | <b>569,780</b> | <b>5,970</b>     | <b>5,195</b> | <b>1,420</b>             | <b>1,651</b> | <b>2,096,703</b> | <b>2,082,380</b> |
| 2.1  | 888,699           | 956,307          | 573,200        | 452,098        | -                | -            | -                        | -            | 1,461,899        | 1,408,405        |
| 2.1.1  | 907,104           | 989,202          | 578,580        | 458,237        | -                | -            | -                        | -            | 1,485,684        | 1,447,439        |
| 2.1.2  | - 18,405          | - 32,895         | - 5,380        | - 6,139        | -                | -            | -                        | -            | - 23,785         | - 39,034         |
| 2.2  | -                 | -                | 7,530          | 6,851          | -                | -            | -                        | -            | 7,530            | 6,851            |
| 2.3  | 59                | 66               | -              | -              | -                | -            | -                        | -            | 59               | 66               |
| 2.4  | 13,833            | 11,390           | 25,022         | 15,474         | 1,486            | 1,397        | 11                       | 11           | 40,341           | 28,272           |
| 2.5  | 254,085           | 256,483          | 27,596         | 19,839         | 14               | 15           | 14                       | 14           | 281,695          | 276,351          |
| 2.6  | 106,932           | 99,412           | 28,016         | 28,487         | 352              | 239          | 1,348                    | 1,711        | 136,648          | 129,849          |
| <b>2</b>                                     | <b>1,263,608</b>  | <b>1,323,658</b> | <b>661,364</b> | <b>522,749</b> | <b>1,852</b>     | <b>1,651</b> | <b>1,348</b>             | <b>1,736</b> | <b>1,928,172</b> | <b>1,849,794</b> |
| <b>PROFIT (LOSS) FOR THE YEAR BEFORE TAX</b> | <b>152,051</b>    | <b>182,096</b>   | <b>12,290</b>  | <b>47,031</b>  | <b>4,118</b>     | <b>3,544</b> | <b>72</b>                | <b>85</b>    | <b>168,531</b>   | <b>232,586</b>   |