

PRESS RELEASE

FONDIARIA-SAI S.p.A.: CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2010 APPROVED

GROWTH IN TOTAL PREMIUMS WRITTEN: EURO 7,413.9 MILLION (+15%)
LIFE DIVISION PREMIUMS WRITTEN OF EURO 3,709.7 MILLION (+35.2%)
IMPROVED COMBINED RATIO ON FY 2009

Direct premiums written

- Non-Life division: Euro 3,699.2 million (unchanged on H1 09)
- Life division: Euro 3,709 million (+35.2% on H1 09)

Technical performance

- Combined Operating Ratio of 101.1% from 105.4% in FY 2009 (97.9% in H1 2009)
Combined Ratio (inclusive of technical charges) of 105.4% from 108% in FY 2009 (101.8% in H1 2009)
- APE of Euro 336 million (+33%)

Group net result: loss of Euro 144.8 million (profit of Euro 20.8 million in H1 09)

Balance Sheet Solidity

- Shareholders' equity of Euro 3,035 million (Euro 3,711 million at 31/12/2009)

Following the Board of Directors' meeting, the Chief Executive Officer Mr. Fausto Marchionni commented:

"The technical results in the half-year confirm the validity of the actions taken, with operating results in line with the Industrial Plan objectives and which we continue to consider appropriate. We however remain both vigilant and prudent. Recent meetings with the Supervisory Authority have highlighted a common will to cooperate in solving the problems affecting the Motor sector.

The results in the half year continue to be affected on the one hand by financial market volatility and interest rate movements and on the other by the strong performance in the Life sector, which has been principally guided by the existing bancassurance agreements in place."



Milan, August 5, 2010 - The Fondiaria-SAI S.p.A. Board of Directors, meeting today, approved the consolidated report at June 30, 2010.

Total premiums written amounted to Euro 7,413.9 million, an increase of 15% on the same period of the previous year.

This amount does not include premiums from investment contracts in the Life Division of approx. Euro 24 million (Euro 28 million in H1 2009).

In the Non-Life Division, direct premiums written amounted to Euro 3,699.2 million, remaining substantially stable.

In the Motor sector, premiums in the Motor TPL class increased by 1.6% while the continued market difficulties affected the Land Vehicle class results - recording a decrease of 4.3%.

In the other Non-Life classes, premiums amounted to Euro 1,234.2 million (-1.4%) due to increased prudence in the corporate sector along with a general review of contracts with unsatisfactory technical performances.

The turnaround in the Motor TPL class is more significant in consideration of the significant drop in new vehicle registrations in the second quarter of the year due to the unfavourable economic climate and the discontinuation of government incentives.

The problems related to personal injury claims continue however - with significant numbers of fraudulent claims.

However an improvement was seen in the current generation with a reduction both in the number of claims made (-3.4%) and in the frequency.

The Land Vehicle class also saw a technical improvement following a reduction in claims, with the previous period affected by extraordinary climatic events. Total current generation claim charges decreased by 5.9%.

In relation to the Non-Motor sector, the review of the product catalogue and more prudent commercial retail policies together with prudent assumption of corporate risk have resulted in a significant technical improvement. Total current generation claim charges decreased by 7.5%.

As a result of that highlighted, the Combined Operating Ratio (Loss+Expense Ratio) amounts to 101.1% (97.9% in H1 2009) with a Loss Ratio of 79.3% and an Expense Ratio of 21.8% (respectively 76.6% and 21.3% in H1 2009); the combined ratio including technical charges amounted to 105.4% (101.8% in H1 2009).

The restructuring actions undertaken principally in the last part of the previous year are beginning to bear fruit - as illustrated through comparison with the corresponding data at the end of 2009: a combined operating ratio of 105.4%, loss ratio of 83.6% and an expense ratio of 21.8%, for a total of 108.0%. Current operating activities are showing signs of recovering profitability.

The Non-Life division recorded a pre-tax loss of Euro 221 million (profit of Euro 25 million in H1 2009). The reduction is principally due to the strengthening of the technical claims reserves - more than doubling on the first half of 2009 due to the gradual rolling out across Italy of the new physical injury compensation tables. Despite this, it is expected that the full year result will improve on 2009 following the realisation of the full benefit of the actions undertaken to recover profitability.

In the Life Division, direct premiums written reached Euro 3,709 million (+35.2%): this increase is principally due to the strong class I performance - Euro 2,215 million (+80%), in addition to the recovery of class V product sales (Euro 264 million, +40.5%) with strong performances by both the bancassurance companies (overall recording an increase in excess of 65%) and by the traditional companies; the Parent Company recorded growth of 14.2% with Milano Assicurazioni premiums increasing by 16.3%.

New premiums written in terms of APE improved to Euro 336.0 million (+32.6%).

The New Business Margin in the first half of 2010 was 11.6%, an improvement on 11.2% for the full year 2009.

The Division reports a pre-tax profit of Euro 107 million (Euro 22 million in H1 2009): along with strong premium growth the financial area made a significant contribution, recording significant gains, with a reduced impact from the valuation of financial instruments available-for-sale (Euro 15 million vs. Euro 50.3 million at June 30, 2009).

Management expenses amounted to Euro 979 million (Euro 973 million in H1 2009).

Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the total net income from investments amounted to Euro 406 million (Euro 339 million in H1 2009). This amount consists of Euro 351 million of interest income, Euro 62 million of net income and net profits to be realised on real estate and securities of Euro 154 million, while net valuation gains and losses recorded a loss of approx. Euro 110 million.

Interest expense of approx. Euro 37 million (Euro 59 million in H1 2009) decreased due to lower interest rate against a gradually reducing overall net debt.

The total impairment on financial instruments available-for-sale was Euro 76 million (Euro 65 million in H1 2009).

At June 30, 2010, the volume of investments amounted to Euro 36,660 million, an increase of 6% on 31/12/2009.

The Real Estate division recorded a pre-tax loss of Euro 16 million (pre-tax loss of Euro 23 million in the first half of 2009) due to a lack of significant sales in the period.



Other Activities recorded a pre-tax loss of Euro 30 million (profit of Euro 3 million in H1 2009); this loss principally concerns the Atahotels Group, owing in large part however to the seasonality of the business.

The Group net result was a loss of Euro 144.8 million compared to a profit of Euro 20.8 million in the first half of the previous year.

The consolidated result reported a loss of Euro 157.4 million (profit of Euro 32.4 million in H1 2009).

The consolidated net equity, including the result for the period and minority interest share, decreased from Euro 3,711 million at 31/12/2009 to Euro 3,035 million at 30/06/2010. The Group Solvency Margin decreased on 31/12/2009 due to high levels of financial market volatility: the latest data available (at the end of July) indicates a margin of 112%.

In relation to that stated above, it is necessary to highlight that at the end of July a re-absorption of the negative component of the net equity reserve on investments available-for-sale for approx. Euro 160 million concerning the portion pertaining to the Group and gross of the tax effects had occurred.

In the remainder of the year the Fondiaria-SAI Group will focus on the re-launch actions implemented, the continued recovery in the Non-Life division (and particularly in the Motor sector) and the positive trend established in the Life sector, while also ensuring the safeguarding of industrial management equilibrium and balance sheet solidity in the medium-long term.

The re-equilibrium of asset allocation will continue, reducing both concentrations in the equity sector and exposure to the property sector as part of an increasingly prudent investment policy.

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 13:15 PM, through a conference call and webcasting. Further information is 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 Operating Ratio = the Loss Ratio and general and acquisition charges (Expense Ratio) on premiums.

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

Annual Premium Equivalent (APE) = Total of new business annual premiums and one-tenth of single premiums.

New Business Margin (NBM) = value of New Life Business/APE

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FONDIARIA - SAI GROUP

BALANCE SHEET - ASSETS

(thousands of euro)

		06/30/2010	12/31/2009
1	INTANGIBLE ASSETS	1.741.715	1.896.618
1.1	Goodwill	1.579.054	1.593.007
1.2	Other intangible assets	162.661	303.611
2	PROPERTY, PLANT AND EQUIPMENT	624.937	500.329
2.1	Buildings	518.387	403.099
2.2	Other property, plant and equipment	106.550	97.230
3	REINSURERS' SHARE OF TECHNICAL RESERVES	858.723	870.300
4	INVESTMENTS	36.659.937	34.646.442
4.1	Investment property	3.012.699	3.011.505
4.2	Investments in subsidiaries, associates, joint ventures	374.123	366.688
4.3	Investments held to maturity	609.984	808.473
4.4	Loans and receivables	2.756.763	2.908.010
4.5	Available-for-sale financial assets	20.369.507	18.896.658
4.6	Assets at fair value through profit and loss	9.536.861	8.655.108
5	RECEIVABLES	2.025.844	2.422.885
5.1	Receivables relating to direct insurance business	1.568.472	1.817.234
5.2	Receivables relating to direct reinsurance business	106.010	133.333
5.3	Other receivables	351.362	472.318
6	OTHER ASSETS	987.450	4.920.061
6.1	Non-current assets held for sale or discontinued operations	9.726	4.102.633
6.2	Deferred acquisition costs	116.115	142.111
6.3	Deferred tax assets	238.483	174.230
6.4	Current tax assets	357.724	304.633
6.5	Other assets	265.402	196.454
7	CASH AND CASH EQUIVALENTS	849.445	576.033
	TOTAL ASSETS	43.748.051	45.832.668

FONDIARIA - SAI GROUP

BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

(thousands of euro)

		06/30/2010	12/31/2009
1	SHAREHOLDERS' EQUITY	3.034.943	3.710.651
1.1	attributable to the Group	2.242.471	2.716.187
1.1.1	Share capital	167.044	167.044
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	209.947	209.947
1.1.4	Retained earnings and other equity reserves	2.617.427	3.010.474
1.1.5	(Own shares)	-321.933	-321.933
1.1.6	Reserve for net exchange rate differences	-14.669	-3.857
1.1.7	Gains or losses on available-for-sale financial assets	-272.910	-53.957
1.1.8	Other gains or losses written directly to equity	2.355	51.062
1.1.9	Profit (loss) for the year	-144.790	-342.593
1.2	attributable to minority interests	792.472	994.464
1.2.1	Capital and reserves	882.708	1.071.435
1.2.2	Gains or losses written directly to equity	-77.613	-28.051
1.2.3	Profit (loss) for the year	-12.623	-48.920
2	PROVISIONS	323.096	298.631
3	TECHNICAL RESERVES	34.251.405	31.718.050
4	FINANCIAL LIABILITIES	4.528.400	4.750.460
4.1	Financial liabilities at fair value through profit and loss	1.879.598	2.085.415
4.2	Other financial liabilities	2.648.802	2.665.045
5	PAYABLES	863.652	850.121
5.1	Payables relating to direct insurance business	170.424	135.466
5.2	Payables relating to direct reinsurance business	128.361	99.010
5.3	Other payables	564.867	615.645
6	OTHER LIABILITIES	746.555	4.504.755
6.1	Held-for-sale liabilities of discontinued operations	1.884	3.873.998
6.2	Deferred tax liabilities	132.930	137.761
6.3	Current tax liabilities	12.041	16.977
6.4	Other liabilities	599.700	476.019
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	43.748.051	45.832.668

FONDIARIA - SAI GROUP

PROFIT AND LOSS

(thousands of euro)

		06/30/2010	06/30/2009
1.1	Net Retained Premium	7.209.804	6.216.493
1.1.1	Gross premiums written	7.361.678	6.402.385
1.1.2	Outwards reinsurance	-151.874	-185.892
1.2	Commissino income	31.827	43.355
1.3	Net income on financial instruments at fair value through profit and loss	272.728	417.627
1.4	Income from subsidiaries, associates and joint ventures	175	1.614
1.5	Income from other financial instruments and investment property	666.536	600.960
1.5.1	Interest income	350.617	425.686
1.5.2	Other income	97.573	96.584
1.5.3	Realised gains	218.215	78.584
1.5.4	Unrealised gains	131	106
1.6	Other revenues	268.364	371.603
1	TOTAL REVENUES	8.449.434	7.651.652
2.1	Net charges relating to claims	-6.849.571	-5.937.473
2.1.2	Amounts paid and change in technical reserves	-6.940.789	-6.059.653
2.1.3	Reinsurers' share	91.218	122.180
2.2	Commission expense	-15.968	-23.973
2.3	Charges relating to subsidiaries, associates and joint ventures	-14.764	-4.671
2.4	Chargers relating to other financial instruments and investment property	-246.114	-258.589
2.4.1	Interest expense	-37.014	-59.213
2.4.2	Other expense	-35.378	-30.701
2.4.3	Realised losses	-64.180	-78.437
2.4.4	Unrealised losses	-109.542	-90.238
2.5	Management expense	-979.199	-972.926
2.5.1	Commissions and other acquisition expense	-731.491	-753.928
2.5.2	Investment management expense	-6.235	-5.169
2.5.3	Other administrative expense	-241.473	-213.829
2.6	Other costs	-503.036	-427.571
2	TOTAL COSTS AND CHARGES	-8.608.652	-7.625.203
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	-159.218	26.449
3	Tax	-536	5.950
	NET PROFIT (LOSS) FOR THE YEAR	-159.754	32.399
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS	2.341	0
	CONSOLIDATED PROFIT (LOSS)	-157.413	32.399
	attributable to the Group	-144.790	20.779
	attributable to Minorities	-12.623	11.620

EPS (Euro)	-1,34	0,12
EPS DILUTED (Euro)	-1,34	0,12

CONSOLIDATED FINANCIAL STATEMENTS AT 06/30/2010

In Euro thousands

COMPREHENSIVE INCOME STATEMENT

	06/30/2010	06/30/2009
CONSOLIDATED PROFIT/(LOSS)	-157.413	32.399
Other components		
Change in the translation reserve	-10.809	-5.260
Profit or loss on available-for-sale financial assets	-278.661	-20.561
Profit or loss on cash flow hedges	-22.366	-2.537
Profit or loss on a net foreign investment hedge	0	0
Change in shareholders' equity of investments	-3.911	938
Change in the revaluation reserve of intangible assets	0	0
Change in the revaluation reserve of tangible assets	-8.763	-461
Income/(charges) on non-current assets or of a discontinued group held for sale	407	0
Actuarial profits and losses and adjustments relating to defined benefit plans	-5.066	-640
Others items	1.135	894
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT COMPONENTS	-328.034	-27.627
TOTAL COMPREHENSIVE CONSOLIDATED INCOME STATEMENT	-485.447	4.772
group share	-423.262	-8.580
minority share	-62.185	13.352

FONDIARIA - SAI GROUP

Segment P&L

In Euro thousands

	Non-Life Business		Life Business		Property Segment		Other Activities Segment		Intersegmental Elisions		Total	
	06/30/2010	06/30/2009	06/30/2010	06/30/2009	06/30/2010	06/30/2009	06/30/2010	06/30/2009	06/30/2010	06/30/2009	06/30/2010	06/30/2009
1.1 Net Retained Premium	3,510,478	3,487,277	3,699,326	2,729,216	0	0	0	0	0	0	7,209,804	6,216,493
1.1.1 Gross premiums written	3,662,019	3,668,677	3,709,659	2,743,606	0	0	0	0	0	0	7,381,678	6,402,385
1.1.2 Outwards reinsurance	-141,541	-171,500	-10,333	-14,292	0	0	0	0	0	0	-151,874	-185,892
1.2 Commission income	0	0	9,354	20,995	0	0	23,586	29,694	-1,113	-384	31,827	43,355
1.3 Net income on financial instruments at fair value through profit and loss	5,902	74,630	265,382	337,406	-482	-54	1,926	5,645	0	0	272,726	417,627
1.4 Income from subsidiaries, associates and joint ventures	21	75	0	0	154	1,539	0	18	0	-18	175	1,614
1.5 Income from other financial instruments and investment property	192,876	193,322	430,639	398,933	19,305	23,206	38,835	46,831	-15,338	-14,982	666,536	600,960
1.6 Other revenues	215,828	180,797	29,780	180,607	62,528	66,261	319,398	296,366	-348,170	-333,568	268,364	371,603
1 TOTAL REVENUES	3,925,105	3,931,061	4,434,700	3,626,807	71,905	109,982	393,745	333,454	-365,621	-348,822	8,449,434	7,651,652
2.1 Net charges relating to claims	-2,785,345	-2,673,283	-4,064,226	-3,284,180	0	0	0	0	0	0	-6,849,571	-5,937,473
2.1.2 Amounts paid and charge in technical reserves	-2,867,030	-2,783,875	-4,073,759	-3,275,776	0	0	0	0	0	0	-6,940,788	-6,059,653
2.1.3 Reinsurers' share	81,685	110,592	9,533	11,598	0	0	0	0	0	0	91,216	122,180
2.2 Commission expense	0	0	-8,146	-16,493	0	0	-7,822	-7,480	0	0	-15,698	-23,973
2.3 Charges relating to subsidiaries, associates and joint ventures	-1,594	-1,536	-1,044	-1,044	-2,839	-2,821	-8,887	-314	0	0	-14,764	-4,671
2.4 Charges relating to other financial instruments and investment property	-146,993	-134,685	-63,212	-80,274	-28,677	-32,098	-19,931	-24,070	12,989	12,469	-246,114	-239,589
2.5 Management expense	-794,274	-778,789	-126,773	-152,907	-185	-232	-172,006	-161,845	113,449	120,937	-979,169	-972,926
2.6 Other costs	-417,219	-317,801	-64,328	-90,592	-54,822	-96,095	-205,839	-137,203	238,172	216,110	-593,096	-427,571
2 TOTAL COSTS AND CHARGES	-4,146,825	-3,988,084	-4,327,429	-3,884,616	-87,533	-133,246	-413,485	-300,912	385,620	348,915	-8,688,652	-7,825,203
PROFIT (LOSS) FOR THE YEAR BEFORE TAX	-200,720	25,627	107,271	22,081	-16,028	-33,294	-29,740	2,642	-1	-17	-169,218	26,449