

***Consolidated Quarterly Report
as at 30 September 2007***

in accordance with Consob Decision 11971 of 14 May 1999 and subsequent amendments

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MEMBERS OF STATUTORY BODIES

BOARD OF DIRECTORS

Salvatore Ligresti	<i>Honorary Chairman</i>
Fausto Marchionni *	<i>Chairman and Managing Director</i>
Gioacchino Paolo Ligresti *	<i>Vice Chairman</i>
Cosimo Rucellai *	<i>Vice Chairman</i>
Umberto Bocchino *	
Flavio Dezzani	
Maurizio Di Maio	
Emanuele Erbetta	
Mariano Frey	
Giulia Maria Ligresti *	
Jonella Ligresti *	
Lia Lo Vecchio	
Emilio Perrone da Zara	
Massimo Pini *	
Francesco Randazzo	
Salvatore Rubino *	
Simone Tabacci	
Alessandra Talarico	
Antonio Talarico *	
Sergio Viglianisi	
Alberto Marras	<i>Secretary of the Board and of the Executive Committee</i>

BOARD OF AUDITORS

Graziano Visentin
CEO

Giovanni Ossola
Statutory auditor

Alessandro Rayneri
Statutory auditor

Giuseppe Aldé
Alternate auditor

Claudio De Re
Alternate auditor

Roberto Frascinelli
Alternate auditor

EXECUTIVE

responsible for preparing the accounts
Pier Giorgio Bedogni

- Members of the Board who are also members of the Executive Committee have an asterisk beside their name.
- There is now an internal Auditing Committee, the members of which may be consulted and may make suggestions as provided for in the Code of Conduct for Listed Companies. This Committee is made up of the Board Members Mariano Frey, Emilio Perrone Da Zara and Cosimo Rucellai.
- With reference to the provisions of CONSOB communication 97001574 of 20 February 1997, the nature of the powers conferred on the directors is indicated below.
As well as being the Company's Legal Representative under Art. 20 of the By-laws, the Chairman and Managing Director Prof. Fausto Marchionni, has all the ordinary and extraordinary administrative powers, which may be exercised on his signature alone, and the power to grant mandates and powers of attorney, with the sole exception of the following powers:
 - sale and/or purchase of property with a value exceeding € 10m per transaction;
 - sale and/or purchase of shareholdings with a value exceeding € 25m per transaction and, in any event, those that are majority shareholdings;
 - loans for an amount in excess of € 50m per transaction;
 - issuing of securities of a non-insurance nature in favour of third parties.
- The Executive Committee continues to hold all the powers not already attributed to the Chairman and Managing Director with the exception of those that in law or under the by-laws are exclusively within the province of the Board of Directors. The Board of Directors is also exclusively responsible for any decision relating to operations with related parties that are identified as such by the Board of Directors.
The Board of Directors was appointed by the Shareholders' meeting held on 22 April 2005. Francesco Randazzo was appointed by the Shareholders' meeting held on 26 April 2006 to replace the outgoing director, the lawyer, Luigi Pisanu. The entire Board will remain in office until the Shareholders' meeting called to approve the annual accounts on 31 December 2007.

CONSOLIDATED QUARTERLY REPORT AS AT 30 SEPTEMBER 2007

THE MILANO ASSICURAZIONI GROUP

The Milan Assicurazioni group is made up of 10 Companies including the parent company. 5 of these operate in the insurance sector, 3 in the property sector and the remaining 3 Companies are various service sector companies.

The parent company Milano Assicurazioni S.p.A. is a leading insurance operator on the Italian market, active in both the Non-life insurance and the Life insurance sector, with a sales network of around 1,400 agencies distributed throughout the national territory.

The registered office is in Milan, at Via Senigallia 18/2.

Over the last few years, Milano Assicurazioni has also strengthened its position on the domestic market via corporate merger transactions. In particular, please note the incorporation of Nuova Maa and Maa Vita in 2003; the incorporation of SIS, an Insurance Company, in 2004 and the incorporation of First Life, on 31 December 2005, which enabled Milano Assicurazioni to operate within the Open-ended Pension Fund sector direct.

In 2007, Milano Assicurazioni increased its capital interest in Bipiemme Vita to 51%, acquired within the scope of the agreements stipulated with Banca Popolare di Milano (BPM) to grow, jointly and exclusively, the BPM Group's Life segment bancassurance business.

Please remember that, on the basis of these agreements, Milano Assicurazioni had initially acquired, in June 2006, a 46% capital interest in Bipiemme Vita followed by the acquisition of a further 4% in September 2006 and a further 1% in June 2007.

Bipiemme Vita operates via around 700 Banca Popolare di Milano Group counters. The accounts as at 31 December 2006 (compiled in accordance with Italian accounting principles) showed premium income amounting to € 761.5m and a net profit of € 15.2m. Net equity amounted to € 71.5m whilst total technical reserves amounted to € 3,500.3m.

Milano Assicurazioni's parent company is Fondiaria-Sai which acts as its manager and coordinator, in accordance with art. 2497 bis of the Italian civil code.

PREMIUM INCOME

Premiums and additional income from direct and indirect business in the first nine months of 2007 amounted to € 2,573,580K and showed an increase of 5.5% over the corresponding period the previous year.

Direct business premium income was € 2,568,903K (+ 6.1% compared with 30 September 2006). In particular:

- Non-life business premium income amounted to € 1,930,465K, including € 1,411,319K for Motor business (- 5.9% compared with 30 September 2006) and € 519,146K for other types of business, where a 2.4% rise was achieved.

The trend in motor business premiums reflects planned business initiatives, which aim to gradually improve the combined ratio by downsizing the fleet portfolio, in the main already achieved, and initiatives to reorganise geographical areas and tariff sectors with an unsatisfactory technical performance.

The growth in premiums compared to other Non-life business is the result of a risk underwriting policy which is careful to safeguard reasonable profit margins. In particular, in contrast with the effort put into the retail sector, which is offering satisfactory profitability, the persistence of highly competitive market conditions in the corporate sector is making it hard to grow significant business volumes whilst wishing to maintain a contract acquisition policy based on adherence to correct technical parameters.

- in Life business, premium income amounted to € 638,438K, compared with income of € 412,950K in the corresponding period the previous year (+ 54.6%). This significant increase was mainly due to the contribution made by Bipiemme Vita, which was consolidated at the start of the 4th quarter of 2006. Given the same basis of consolidation, i.e. net of this contribution amounting to € 294,398K, premium income amounted to € 344,040K (-16.7% compared with 30 September 2006). The drop was mainly due to reduced product income from the banking channel as well as to a lower volume of pure capitalisation contracts with institutional clients, a decision having been taken only to operate in this sector subject to achieving adequate profit margins, against the backdrop of a market that often offers underwriting opportunities with insufficient profitability.

Product income from agency networks was, on the other hand, up overall.

Indirect business income amounted to € 4,677K, compared with € 19,034K for the corresponding period the previous year. Indirect business continues to have a marginal percentage due to the decision, taken in the past, to stop underwriting new policies on the inward reinsurance market with companies not belonging to the Fondiaria-Sai Group. The drop compared with 30 September 2006 derives from the lower contribution from the proportional treaty with the affiliate Siat, covering Non-life business to the exclusion of transport business.

The table below summarises premium income data, with reference to both the third quarter of 2007 and to the first nine months of the year, making comparisons with the same periods of 2006.

(€K)	3Q2007	3Q2006	Variat. %	Jan-Sept 2007	Jan-Sept 2006	Variat. %
DIRECT BUSINESS						
Non-life business	548,506	579,935	-5.4	1,930,465	2,007,168	-3.8
Life Business	210,354	123,316	+70.6	638,438	412,950	+54.6
Total direct business	758,860	703,251	+7.9	2,568,903	2,420,118	+6.1
INDIRECT BUSINESS						

Non-life business	-1,718	6,361	-127.0	4,607	18,938	-75.7
Life Business	23	32	-28.1	70	96	-27.1
Total indirect business	-1,695	6,393	-126.5	4,677	19,034	-75.4
SUM TOTAL	757,165	709,644	+6.7	2,573,580	2,439,152	+5.5
including:						
Non-life business	546,788	586,296	-6.7	1,935,072	2,026,106	-4.5
Life Business	210,377	123,348	+70.6	638,508	413,046	+54.6

QUARTERLY CONSOLIDATED PROFIT AND LOSS ACCOUNT

The profit and loss account as at 30 September 2007 closed with a net profit for the group of € 212,943K, up 6.4% on the profit achieved in the corresponding period the previous year of € 200,145K.

The table below provides a brief summary of the profit and loss account for the 3rd quarter of 2007 and a summary of the first nine months of the year, showing a comparison with the same periods the previous year.

(€K)	3Q2007	3Q2006	Jan-Sept 2007	Jan-Sept 2006
Net earned premiums	833,653	785,525	2,588,653	2,463,042
Commission income	6,714	309	16,094	776
Net income deriving from financial instruments at fair value through profit or loss	-7,537	21,980	7,827	13,014
Income from holdings in subsidiaries, associates and joint ventures	166	548	976	802
Income deriving from other financial instruments and investment property	128,038	79,149	371,913	290,448
- Interest income	80,890	62,305	217,103	176,603
- Other income	14,393	12,937	65,497	52,189
- Realised gains	32,755	3,907	89,313	61,656
- Unrealised gains	-	-	-	-
Other income	5,223	8,441	63,174	52,432
Total income	966,257	895,952	3,048,637	2,820,514
Net charges relating to claims	696,188	645,698	2,104,593	1,957,800
Commission expenses	5,679	38	12,530	125
Expenses deriving from holdings in subsidiaries, associates and joint ventures	53	-	119	-
Expenses deriving from other financial instruments and investment property	26,182	11,169	54,454	26,349
- Interest expenses	4,547	3,408	12,586	6,764
- Other expenses	2,043	2,024	6,378	6,412
- Realised losses	18,200	4,547	31,354	9,360
- Unrealised losses	1,392	1,190	4,136	3,813
Operating expenses	104,767	112,536	381,118	374,373
- Commissions and other acquisition costs	96,892	95,097	327,714	319,184
- Investment management expenses	1,464	856	4,690	3,824
- Other administration costs	6,411	16,583	48,714	51,365
Other costs	38,112	25,246	167,961	153,063
Total costs	870,981	794,687	2,720,775	2,511,710
Pre-tax profit for the period	95,276	101,265	327,862	308,804
Income tax	35,513	39,299	115,021	108,595
Pre-tax profit (loss) for the period	59,763	61,966	212,841	200,209
Profit (loss) from discontinued operations	-	-	-197	-
Consolidated profit	59,763	61,966	212,644	200,209
Minorities' profit (loss) for the period	-331	17	-299	64
Group profit for the period	60,094	61,949	212,943	200,145

The main features of the period under examination can be summarised as follows:

- non-life insurance business as at 30 September 2007 closed with a pre-tax profit of € 253,875K, up 4.0% over the profit of € 244,154K recorded as at 30 September 2006.
As far as Motor TPL is concerned, please remember that on 1 February 2007, the new direct compensation scheme was launched which, in the event of a road accident, enables non-liable, or only partially liable, injured parties to be compensated direct by their own insurer. Overall, the class's technical performance was positive, even if the innovations introduced would suggest that we will have to wait a bit longer before we can get a more accurate picture of how economic and management indicators have performed, the latter showing signs of disparity with past performances.
Land vehicle business continued to show largely satisfactory results, despite the pressure on prices recorded at market level in a sector which has, for several years now, presented a high profit margin.
Other Non-life business sectors also showed a largely positive trend, up, overall, on figures recorded as at 30 September 2006. In particular, we recorded a General TPL performance which, although still negative, showed a significant improvement both on 30 September and 31 December the previous year;
- the Life sector recorded a pre-tax profit of € 70,670K, up 12.9% on the profit of € 62,569K recorded as at 30 September 2006. The increase was, in part, due to the contribution made by Bipiemme vita, of € 3,030K, corresponding to the relevant share of the profit for the period, net of depreciation allowances for in-force business. A greater share of investment income was recorded for the parent company, Milano Assicurazioni, net of the policyholders' share of adjustments to fair value and value adjustments on the securities portfolio which, in accordance with the methodology provided for by "shadow accounting", was offset against insurance liabilities;
- asset and financial management showed net income of € 326,143K, against € 277,915K for the corresponding period the previous year. The 2007 figure includes the contribution deriving from the consolidation of Bipiemme Vita, amounting to € 30,607K, net of which, total income amounted to € 295,535K, up 6.3% despite the recent turbulence in the financial markets. Market performance in the third quarter of 2007 was, in fact, marked by the explosion of the crisis linked to American sub-prime loans, home purchase loans granted to individuals with low credit ratings and subsequently distributed throughout the international financial markets by means of their securitisation, often using sophisticated "financial engineering" operations, at times, involving investors unaware of the underlying risk.

In this respect, we can state that neither Milano Assicurazioni nor the other Group companies have any exposure as suppliers of so-called subprime loans, nor as investors at risk on our own behalf, nor as managers of financial products which have said loans as the underlying asset.

Against a background of high market volatility, caused by the subprime crisis and the resultant new appraisal of the risk factors inherent in various financial instruments, the group's operations have been aimed at seizing the opportunities offered by the markets, both in terms of fixed returns, where Life and Non-life portfolio duration has been optimised, and in the share sector, where profitable trading has also been aimed at steering the portfolio towards sectors with the greatest potential for growth;

- operating expenses in the Non-life insurance segment as at 30 September amounted to € 350,105K, against € 352,450K for the first 9 months of 2006. This was 17.9% of premium income for the period, slightly up on the 17.1% recorded as at 30 September 2006, but a significant improvement on 30 June 2007 which had recorded an expense ratio of 19.2%. Life business operating expenses as at 30 September amounted to € 30,990K, accounting for 4.9% of premium income (5.3% as at 30 September 2006 and 4.7% as at 30 June 2007).

- Taxes for the period under examination amounted to € 115,021K, 35.1% of the gross profit, below the nominal percentage rate, mainly due to dividends cashed which were nearly all tax exempt and capital gains on securities posted to fixed assets and coming under the “participation exemption” tax system.

Finally, please note that the result for the period was not influenced by any significant non-recurrent or unusual events or transactions.

The table below shows the economic results achieved by each individual segment. The property segment includes the results achieved by subsidiary property companies (Meridiano Eur, Meridiano Orizzonti, Campo Carlo Magno), whilst the *Other Business* segment summarises the performance of subsidiaries, although of limited size, operating within the financial sector and in the Other Services segment (Maa Finanziaria, Sogeint).

(€K)	Non-life	Life	Property	Other Assets	Total
Net earned premiums	1,958,465	630,188	-	-	2,588,653
Net charges relating to claims	-1,427,128	-677,465	-	-	-2,104,593
Net commissions	-	3,564	-	-	3,564
Net income deriving from financial instruments at fair value through profit or loss	8,820	-993	-	-	7,827
Net income from subsidiaries and associates and joint ventures	857	-	-	-	857
Net income from other financial instruments and investment property	140,457	173,083	3,914	5	317,459
Operating expenses	-350,105	-30,990	-3	-20	-381,118
Other net income and expenses	-77,491	-26,717	-324	-255	-104,787
Pre-tax profit (loss) as at 30/09/2007	253,875	70,670	3,587	-270	327,862
Pre-tax profit (loss) as at 30/09/2006	244,154	62,569	1,743	338	308,804

NET FINANCIAL POSITION

The tables below show the position, as at 30 September 2007, of investments and other tangible assets as well as technical reserves, net of units ceded in reinsurance and financial liabilities. All data is compared with that relating to the close of the previous quarter and the previous year.

Investments and other tangible assets

(€K)	30/09/2007	30/06/2007	Variat. %	31/12/2006
INVESTMENTS				
Investment property	376,219	376,279	-0.0	375,294
Holdings in subsidiaries, associates and joint ventures	12,783	12,663	+0.9	13,469
Loans and receivables	145,603	147,263	-1.1	148,619
Available for sale financial assets	9,656,277	9,497,347	+1.7	8,836,179
Financial assets at fair value recognised through profit or loss	2,898,983	2,983,551	-2.8	1,918,099
TOTAL INVESTMENTS	13,089,865	13,017,103	+0.6	11,291,660
CASH AND CASH EQUIVALENTS	199,038	190,448	+4.5	136,906
TANGIBLE ASSETS				
Land and buildings	29,581	29,822	-0.8	29,706
Other tangible assets	145,523	140,076	+3.9	124,371
TOTAL TANGIBLE ASSETS	175,104	169,898	+3.1	154,077
SUM TOTAL	13,464,007	13,377,449	+0.6	11,582,643

The table also shows tangible assets and available cash due to the significance of these assets in ensuring accurate representation of the level of increase in an insurance group's capital.

The Investment Property item includes property held by the company for investment purposes and, as such, intended for use by third parties. In line with what is permitted by IAS 40, these properties are posted at cost and are subject to depreciation based on estimated useful life.

The Holdings in Subsidiaries, Associates and Joint Ventures item includes holdings in associate companies which are valued using the net equity method.

Loans and Receivables comprise:

- debt securities of € 31,782K;
- loans on life policies of € 25,932K;

- receivables from agents for recoupments of claims paid to agents who have ceased trading (€ 55,210K);
- deposits with ceding companies (€ 3,227K);
- other loans and receivables of € 29,452K, including € 26,755K for the loans granted to the associate company Garibaldi S.c.s., active in the property development project for the area located at the northern boundary of the historic centre of Milan, known as "Garibaldi Repubblica"; These interest-bearing loans are for 5 years and can be renewed for a further 5 years but must not run beyond the project's completion date. There is, however, provision for the debtor to make early repayment.

Available for sale financial assets comprise debt and capital securities not otherwise classified and are by far the largest category of financial instruments, in line with the characteristics and aims of the insurance business.

Financial assets at fair value recognised through profit or loss comprise securities held for trading as well as those designated to this category by group companies.

The composition of these categories of financial instruments is shown in the table below:

(€K)	30/09/2007	30/06/2007	Variat. %	31/12/2006
Available for sale financial assets	9,656,277	9,497,347	+1.7	8,836,179
Capital securities and unit trusts	1,876,113	2,037,708	-7.9	1,856,892
Debt securities	7,780,164	7,459,639	+4.3	6,979,287
Financial assets at fair value recognised through profit or loss	2,898,983	2,983,551	-2.8	1,918,099
Capital securities and unit trusts	994,343	1,035,738	-4.0	629,384
Debt securities	1,902,239	1,945,633	-2.2	1,286,366
Other financial investments	2,401	2,180	+10.1	2,349

The Land and buildings item, posted under Tangible assets, includes buildings intended for self use. These are posted at cost and are subject to depreciation according to estimated useful life.

Other tangible assets mainly comprise advance payments for property transactions relating to the following areas - Milan, via Lancetti; Milan, via Confalonieri-via de Castilia (Lunetta dell'Isola) and Rome, via Fiorentini. Please remember that these transactions, implemented in previous financial years, resulted in the sale to third parties, by Milano Assicurazioni, of the aforementioned areas zoned for building and the purchase of the premises that are in the process of being built on these areas by the purchasers of said land.

Net technical reserves

(€K)	30/09/2007	30/06/2007	Variat. %	31/12/2006
NON-LIFE BUSINESS				
Premium reserve	843,078	943,967	-10.7	936,319
Claims reserve	3,261,989	3,185,908	+2.4	3,220,455
Other reserves	3,107	3,066	+1.3	2,750
Total Non-life business	4,108,174	4,132,941	-0.6	4,159,524
LIFE BUSINESS				
Mathematical reserves	5,006,141	4,961,497	+0.9	4,198,010
Reserve for sums payable	35,564	36,648	-3.0	34,937
Technical reserves where the investment risk is borne by policyholders and deriving from pension fund management	226,627	253,307	-10.5	255,730
Other reserves	4,003	20,648	-80.6	88,253
Total Life business	5,272,335	5,272,100	0.0	4,576,930
SUM TOTAL	9,380,509	9,405,041	-0.3	8,736,454

Other Non-life technical reserves relate to the Health business ageing reserve, intended to offset the increased insurance risk caused by ageing policyholders in cases where premiums are determined, for the entire duration of the contract, with reference to the age of the policyholders when the contract is stipulated.

Please remember that, with the introduction of IAS/IFRS international accounting standards, equalisation reserves and reserves intended to cover the risk of natural disasters, calculated using flat-rate methodology on the basis of specific regulations laid down by national legislation, are no longer included in Non-life technical reserves.

The accumulated amount of these reserves on the date of transition to international accounting standards was used to increase net equity.

Life business technical reserves are those relating to insurance contracts and investment contracts with elements of discretionary participation, governed by IFRS 4. This item does not include liabilities relating to unit-linked and pure capitalisation index-linked policies which, since they have proven to be contracts with an insignificant insurance risk, are governed by IAS 39 (Financial instruments) and posted to financial liabilities.

Financial liabilities

(€K)	30/09/2007	30/06/2007	Variat. %	31/12/2006
Financial liabilities at fair value recognised through profit or loss	2,235,793	2,274,281	-1.7	1,233,285
Other financial liabilities	320,146	321,424	-0.4	314,511
TOTAL	2,555,939	2,595,705	-1.5	1,547,796

Liabilities at fair value recognised through profit or loss include € 18,748K of financial liabilities linked to options on portfolio securities and € 2,217,045 of financial liabilities designated in this category, relating to pure capitalisation unit and index-linked policies which, not having a significant insurance risk, on the basis of what is laid down by IFRS 4, are treated using the deposit accounting method.

Other financial liabilities mainly comprise:

- € 148,643K of deposits withheld from reinsurers in application of contractual clauses laid down by related treaties;
- a subordinated loan of € 150,000K given to Milano Assicurazioni by Mediobanca on 14 July 2006, and recorded as € 153,515K, this being the related amortised cost. This subordinated loan specified a 6-month Euribor interest rate + 180 basis points and is repayable in five equal annual instalments as of the 16th anniversary of the disbursement date. There is, in addition, an early repayment, or partial repayment, option, from the date of the 10th anniversary of the disbursement date and subject to prior authorisation from ISVAP.

NET EQUITY

The group's net equity as at 30 September 2007 amounted to € 2,038,700K and rose by € 30,510K from 30 June 2007, mainly corresponding to the quarterly profit (€ 60,094K) and the drop in the reserve relating to available for sale financial assets (€ 27,391K).

A breakdown is given below:

(€K)	30/09/2007	30/06/2007	Variation %	31/12/2006
Group net equity	2,038,700	2,008,190	+1.5	1,985,504
Capital	251,217	245,548	+2.3	242,981
Capital reserves	425,373	425,373	-	360,041
Profit and other equity reserves	945,038	949,763	-0.5	838,567
<i>Own Shares</i>	<i>-15,147</i>	<i>-12,010</i>	<i>+26.1</i>	<i>-8,271</i>
Reserve for unrealised gains and losses on available for sale financial assets	219,858	247,249	-11.1	306,681
Reserve for other unrealised gains and losses through equity	-582	-582	-	-2,349
Group profit (loss) for the financial year	212,943	152,849	+39.3	247,854
Minorities' capital and reserves	92,873	93,435	-0.6	3,647
Minorities' share of capital and reserves	94,120	94,966	-0.9	3,572
Reserve for unrealised gains and losses through equity	-948	-1,563	-39.3	-6
Minorities' profit (loss) for the financial year	-299	32	n.s.	81

The Capital Reserves item includes the share issue premium reserve, formed upon the occasion of capital increases.

The Profit and other equity reserves item includes the reserve deriving from the first-time application of IAS/IFRS standards (€ 40,903K in the red), the consolidation reserve (€ 36,802K) and other equity reserves amounting to € 949,139K.

Profits or losses on available for sale financial assets derive from the adjustment to fair value of financial instruments classified in this category, net of related deferred taxes and the part attributable to policyholders as a consequence of the application of so-called Shadow Accounting, referred to in paragraph 30 of IFRS 4 (insurance contracts).

Please remember that, with use of the shadow accounting method, an appropriate correlation is made between the value of Life technical reserves and the value, determined with IAS/IFRS standards, of assets entered under segregated accounts.

Other profits and losses recognised direct to equity include actuarial profits and losses emerging in the calculation of staff-leaving indemnity, in application of what is laid down by IAS 19 (Employee benefits).

BUSINESS TRENDS AND COMMENTS

Non-life insurance business

Premium income as at 30 September totalled € 1,935,072K and recorded a drop of 4.5% on the same period of 2006, which recorded premium income of € 2,026,106K.

Within the scope of direct business, premium income amounted to € 1,930,465K (-3.8%), including € 1,411,319K for Motor business (- 5.9% compared with 30 September 2006) and € 519,146K for other types of business, where a 2.4% rise was achieved.

The drop in income from Motor premiums was a consequence of planned business initiatives in geographical areas and tariff sectors with an unsatisfactory technical performance, with particular reference to the fleet portfolio, which was significantly reduced. The initiatives implemented, aimed at gradually improving the combined ratio, have also already determined a markedly better performance in terms of claims filed.

The growth in premiums compared to other Non-life business is the result of a policy of underwriting risks which is careful to safeguard reasonable profit margins. In particular, in contrast with the effort put into the retail sector, which is offering satisfactory profitability, the persistence of highly competitive market conditions in the corporate sector is making it hard to grow significant business volumes whilst wishing to maintain a contract acquisition policy based on adherence to correct technical parameters.

Indirect business income amounted to € 4,607K, compared with € 18,938K for the corresponding period the previous year. Indirect business continues to be a marginal percentage of total business due to the decision, taken in the past, to stop underwriting new policies on the inward reinsurance market with companies not belonging to the Fondiaria-Sai Group. The drop compared with 30 September 2006 derives from the lower contribution from the proportional treaty with the affiliate Siat, covering Non-life business to the exclusion of transport business.

A breakdown of direct business premiums by class is given below:

(€K)	3rd quarter 2007	3rd quarter 2006	Variat. %	Jan-Sept 2007	Jan-Sept 2006	Variat. %
Accident and health	45,184	45,071	+0.3	162,481	159,739	+1.7
Marine, aviation and goods in transit	2,551	2,865	-11.0	9,340	10,276	-9.1
Fire and Other Property Damage	55,140	49,855	+10.6	186,348	178,580	+4.3
General TPL	32,144	29,023	+10.8	123,633	121,976	+1.4
Credit and Bonds	4,972	5,384	-7.7	17,918	17,413	+2.9
Sundry pecuniary losses	1,037	1,545	-32.9	5,023	4,941	+1.7
Legal protection	1,329	1,274	+4.3	4,592	4,420	+3.9
Assistance	2,983	2,925	+2.0	9,811	9,441	+3.9
TOTAL NON-MOTOR BUSINESS	145,340	137,942	+5.4	519,146	506,786	+2.4
Land Vehicle TPL	350,182	387,846	-9.7	1,221,488	1,303,896	-6.3
Motor insurance other classes	52,984	54,147	-2.1	189,831	196,486	-3.4
TOTAL MOTOR BUSINESS	403,166	441,993	-8.8	1,411,319	1,500,382	-5.9
TOTAL	548,506	579,935	-5.4	1,930,465	2,007,168	-3.8

170,526 claims were filed in the 3rd quarter of the year, down 7.6% on the 184,500 claims filed in the 3rd quarter of 2006. 545,297 claims were filed in the first nine months of the year, compared with 575,627 for the same period the previous year (- 5.3%).

299,747 Motor TPL claims were filed as at 30 September compared with 324,485 for the first nine months of the previous year (- 7.6%). In the 3rd quarter of 2007, there were 87,410 claims, down 11% on the 3rd quarter of 2006. Trends confirm the positive and gradually increasing effects of the reorganisational initiatives implemented and, in particular, the significant reduction in the fleet portfolio which was marked by a high loss ratio.

With regard to Motor TPL, please note that on 1 February 2007, the new direct compensation scheme was launched which, in the event of a road accident, enables non-liable or only partially liable injured parties to be compensated direct by their own insurer. What's more, the new compensation procedure does not apply to accidents involving more than two vehicles or to permanent biological damage resulting from over 9% injuries. Investments made by the Fondiaria-Sai Group to update its IT systems and train the human resources involved is making it possible to manage the new compensation procedure very efficiently.

As at 30 September, 120,810 consequential claims had been filed by our policyholders under the new compensation scheme (known as CARD gestionario), 82,564 of which have already been paid out in full. 142,383 consequential claims were filed and received from the clearing house set up for this purpose at CONSAP, in relation to claims for which our insurers are, wholly or partially, liable (known as CARD debitore), 86,098 of which have resulted in full payment of compensation and 56,285 of which have been posted to the reserves.

From a financial perspective, as at 30 September, 97,963 charges had been received from the clearing house with a total equivalent value of € 182,462K. On the other hand, there were 96,261 credits with an equivalent value of € 180,995K.

Claims paid as at 30 September 2007, gross of outward reinsurance, amounted to € 1,361,187K, compared with € 1,376,704K for the corresponding period the previous year (- 1.1%).

A breakdown, by balance sheet class, of the number of claims filed and the amount of claims, paid for Italian direct business is given below:

	Claims filed (Number)			Claims paid (€K)		
	30/09/2007	30/09/2006	Var. %	30/09/2007	30/09/2006	Var. %
Accident and health	54,786	54,214	+1.1	81,746	78,996	+3.5
Marine, aviation and goods in transit	666	556	+19.8	3,663	3,463	+5.8
Fire and Other Property Damage	55,821	60,132	-7.2	115,180	106,131	+8.5
General TPL	29,430	32,527	-9.5	91,467	89,319	+2.4
Credit and Bonds	426	429	-0.7	13,646	15,341	-11.0
Sundry pecuniary losses	1,899	812	+133.9	1,200	1,111	+8.0
Legal protection	473	550	-14.0	396	374	+5.9
Assistance	28,320	28,308	+0.0	4,350	3,912	+11.2
TOTAL NON-MOTOR BUSINESS	171,821	177,528	-3.2	311,648	298,647	+4.4
Land Vehicle TPL (*)	299,747	324,485	-7.6	960,012	989,750	-3.0
Motor insurance other classes	73,729	73,614	+0.2	89,527	88,307	+1.4
TOTAL MOTOR BUSINESS	373,476	398,099	-6.2	1,049,539	1,078,057	-2.6
TOTAL	545,297	575,627	-5.3	1,361,187	1,376,704	-1.1

(*) claims filed include "no card" and "card debitore" claims. The payments amount also includes the differential between payments made and lump sums recovered in relation to "card gestionario" claims.

Motor TPL technical performance as at 30 September was positive, although we need to wait for year end to get a more accurate picture of the economic impacts of the new settlement procedure and how technical indicators have performed, the latter showing elements of disparity with past performances.

Technical performance within land vehicle business remained largely satisfactory, despite the pressure on prices at market level in a sector which has, for several years now, shown a high level of profitability. Other Non-life business sectors also showed a largely positive trend, up, overall, on figures recorded as at 30 September 2006. In particular, we recorded a General TPL performance which, although still negative, showed a significant improvement both on 30 September and 31 December the previous year.

Reinsurance

Non-life business premiums ceded amounted to € 69,206K compared with € 64,892K for the corresponding period the previous year.

Reinsurance policy remains unchanged compared with the previous year. Risks ceded in the Non-life business class were placed with leading international operators with a high rating (S&P A/AA/AAA) by the affiliated company The Lawrence Re Ireland Ltd.

Treaties underwritten give priority to non-proportional cessions for Fire, Theft, Accident, General TPL, Motor TPL and Land Vehicle classes.

Proportional cession treaties with a non-proportional structure have been maintained to protect against the risk retained in Bond and Credit classes as well as for Aviation risks.

For Technological Risks a proportional and excess of loss reinsurance structure was continued with non-proportional protection combined with Fire and Land Vehicle classes.

Assistance was proportionally reinsured with Pronto Assistance whilst Hail risks are covered by a stop-loss treaty.

Proportional cover with the affiliate SIAT is operational for Transport, Goods and Marine classes.

Subsidiaries

Essential data for the first three quarters of 2007 for subsidiaries operating in the Non-life insurance sector, is given in the table below:

(€K)	gross premiums	var. %	result	net equity not inc. current year result
Dialogo Assicurazioni S.p.A.	9.704	-1,7	-5.200	10.351
Systema Assicurazioni S.p.A.	7.995	-8,0	1.075	12.886

DIALOGO ASSICURAZIONI S.p.A. – Milan (direct shareholding 99.85%)

The Company operates in motor product placement over the telephone and on the Internet.

In June this year, the Company launched an advertising campaign aimed at promoting the “DIALOGO” trademark via the national press and on radio and television. In September, the June campaign’s high-profile phase began and the first stage of the on-line advertising campaign was launched, aimed at growing the Internet distribution channel.

The cost of these initiatives for the whole of 2007 is estimated at € 5,400K. € 4,446K of this was posted to the profit and loss account for the first nine months of the year.

The launch of the advertising campaign is already having positive effects on the portfolio. Premium income as at 30 September 2007, in fact, amounted to € 9,704K and, although recording another fall (-1.7%) compared with September 2006, showed significant signs of a recovery with regard to the situation emerging at the end of June, which showed a drop of 13.4% over the same period the previous year.

The loss ratio for the period was down slightly on 30 September 2006, mainly due to a less favourable dynamic in claims from previous years posted to the reserves. The technical account was impacted significantly by the aforementioned advertising costs and closed with a negative balance of € 5,386K (profit of € 368K as at 30 September 2006).

The profit and loss account for the first 9 months showed a loss of € 5,200K, compared with the profit of € 514K of September 2006.

SYSTEMA Compagnia di Assicurazioni S.p.A. – Milan (direct shareholding 100%)

The company operates within the Non-life sector via the marketing of standardised products distributed through partner banks, with which specific agreements have been concluded.

Gross premiums posted to the accounts in the first nine months of the financial year amounted to € 7,995K compared with € 8,689K as at 30 September 2006 (-8.0%). In particular, motor premium income recorded a drop of 16.3%, whilst non-motor business showed an increase of 47%, mainly due to the new income produced by the agreement signed with Banca Popolare di Milano as part of the alliance and cooperation project between the Fondiaria-Sai Group and the Banca Popolare di Milano Group in the Bancassurance sector.

The technical account showed a profit of € 701K, down on September 2006, mainly due to the drop in premiums for the period and a less favourable reinsurance result.

The net profit as at 30 September amounted to € 1,075K (€ 1,652K in the corresponding period the previous year).

NOVARA ASSICURA S.p.A. – Novara (direct shareholding as at 30 September 2007: 100%)

The Company had been formed to become the means of implementing the Non-life bancassurance partnership with the Banco Popolare di Verona e Novara to which, on the basis of existing agreements, 50% of the share capital was to be transferred.

In fact, the company places its own insurance products over the counter at branches of the Banca Popolare di Novara, a subsidiary of the Banco Popolare di Verona e Novara.

The Joint Venture planned with the Banco Popolare di Verona e Novara was, however, never launched and, since the initial project ended up much smaller than anticipated, on 11 October 2007, 100% of Novara Assicura capital was sold to a Banco Popolare di Verona e Novara group company. The sale price was set at € 15,600K, corresponding to a book value in the consolidated accounts of € 14,494K.

In consideration of the aforementioned sale, this quarterly report treats Novara Assicura, for accounting purposes, as an asset held for sale, in accordance with what is laid down in this respect by international accounting standard IFRS 5. (non-current assets held for sale and discontinued operations).

Life insurance business

Direct business premium income up to 30 September totalled € 638,438K compared to € 412,950K for the corresponding period the previous year (+54.6%).

This significant increase was due to the contribution made by Bipiemme Vita, which was consolidated at the start of the 4th quarter of 2006. Given the same basis of consolidation, i.e. net of this contribution amounting to € 294,398K, premium income amounted to € 344,040K (-16.7% compared with 30 September 2006). The drop was mainly due to reduced product income from the banking channel as well as to a lower volume of pure capitalisation contracts with institutional clients, a decision having been taken to operate in this sector only subject to achieving adequate profit margins, against the background of a market that often offers underwriting opportunities with insufficient profitability. On the whole, product income from agency networks, on the other hand, rose.

A breakdown of direct business premiums by class is given below:

(€K)	3rd quarter 2007	3rd quarter 2006	Variation %	Jan-Sept 2007	Jan-Sept 2006	Variation %
I - Whole of life insurance	107,825	64,558	+67.0	325,922	225,260	+44.7
III - Insurance linked to market indices	83,044	27	n.s.	156,555	357	n.s.
IV - Health insurance	23	12	+91.7	67	47	+42.6
V - Capitalisation operations	19,462	58,719	-66.9	155,894	187,286	-16.8
TOTAL	210,354	123,316	+70.6	638,438	412,950	+54.6

Please remember that, in accordance with what is laid down by IFRS 4 (Insurance Contracts) the amounts posted to the premium income item relate to contracts with a significant insurance risk and financial instruments with discretionary participation, whilst other financial instruments and, in particular, index-linked pure capitalisation contracts and unit-linked contracts are treated using the deposit accounting method which, in the main, provides for posting to the profit and loss account solely of profit margins and for entering the amount matured on behalf of the contracting parties under financial liabilities.

Gross sums paid amounted to € 488,307K (€ 366,089K as at 30 September 2006). € 76.367 of the € 122,218K increase was due to the contribution made by Bipiemme Vita following its consolidation from the 4th quarter of 2006.

Purely for information purposes, premium income for new products, determined in line with Supervisory Authority requirements, are given below:

(€K)	30/09/2007	30/09/2006	Variation %
Class I	153.955	105.082	+46,5
Class III	156.415	139	n.s.
Class V	126.867	155.771	-18,6
TOTAL	437.237	260.992	+67,5

€ 245,258K of the increase in premium income from new business was due to the contribution made by Bipiemme Vita following its consolidation from the 4th quarter of 2006.

The Life sector recorded a pre-tax profit, as at 30 September 2007, of € 70,670K, an increase of 12.9% compared with the same period of 2006. The rise was, in part, due to the contribution made by Bipiemme vita, of € 3,030K, corresponding to the relevant share of the profit for the period, net of depreciation allowances for *in-force business*. A greater share of investment income was recorded for the parent company, Milano Assicurazioni, net of the policyholders' share of adjustments to fair value and value adjustments on the securities portfolio which, in accordance with the methodology provided for by "shadow accounting", was offset against insurance liabilities;

As for business trends within individual segments:

- with regard to individual insurances, again in the third quarter of the year, production was largely directed at products linked to Segregated Accounts, always valued by clients for their ability to guarantee investment protection and a guaranteed minimum return. Initiatives to protect capital upon maturity were also continued, seizing the opportunities provided by being able to offer clients the updated range of products now appearing in the product list.
Subsequent to the positive performance of the index linked MATCH RACE and GLOBAL RACE, launched in the first half of the year and well received by clients, work is under way to define a new tranche of an index-linked product, to be placed on the market in the final quarter of the year.
With reference to the supplementary pension scheme segment entered via individual Personal Pension Plans, the data as at 30 September confirms the plan to increase production compared with the same period the previous year;
- in the collective insurance segment, the slowdown in the distribution of capitalisation products intended for Institutional Clients (Credit Institutions, Financial Companies, Cooperatives and commercial companies in general) was confirmed in the third quarter, both due to the decision to limit underwriting to contracts guaranteeing reasonable profit margins and to the upward trend in interest rates which, at least for the time being, is reducing interest in insurance investment. Contracts issued are, therefore, in line with new plans relating to the recent trend in the financial markets.

The strict controls implemented in the "Pre-existing Pension Funds" segment for employed workers has encouraged an influx of staff-leaving indemnity units, intended (both explicitly and tacitly) for said Funds, into our contracts, .

Results recorded to date show a significant increase in turnover which is, what's more, in line with market trends in this sector.

For products linked to amounts set aside for staff-leaving indemnity (VALORE TFR and VALORE TFM), although the number of policies issued was still significant, we began to witness a slowdown resulting from the impact of new regulations which provide, almost automatically, for allocation of annual staff-leaving indemnity quotas to supplementary pension schemes and, in any event, oblige companies with at least 50 employees to divest themselves of current financial assets linked to staff-leaving indemnity units in the process of maturing.

The risk cover segment focused its protection on insurances deriving from collective contracts, with particular reference to industry bosses, for whom greater cover was planned from July 2007. The loan cover product showed some vitality, despite the increase in the rates underlying the finance.

Reinsurance

In Life business, premiums ceded amounted to € 8,315K, compared with € 7,686K recorded as at 30 September 2006. Again in this case the reinsurance structure remained unchanged compared with the previous year, with proportional cover and catastrophe cover in excess of loss.

Subsidiaries

BIPIEMME VITA S.p.A. – Milan (direct shareholding 51%)

In the first nine months of 2007, Bipiemme Vita continued to be one of the most active operators in the Bancassurance market, focusing its activity on streamlining its products portfolio, which has been renewed and simplified to satisfy customers' emerging needs more effectively, and on very careful financial management of policies with guaranteed capital and returns, despite the fact that the financial markets are experiencing a period of turbulence.

Relevant data for the 3rd quarter of 2007, determined in accordance with IAS/IFRS accounting criteria, can be summarised as follows:

- the trend in premium income was positive, recording, as at 30 September 2007, a value of € 442m (€ 305m as at 30 September 2006), of which € 438m was due to Life policies and € 4m to Non-life policies;
- sums paid out amounted to € 109m (€ 59m as at 30 September 2006), including € 107m relating to Life business and € 2m relating to Non-life business;
- the profit and loss account for the period showed a net profit of € 12.3m (€ 11.5m as at 30 September 2006).

FONDIPREV S.p.A. - Florence (direct shareholding 60%)

The Company operates in the Life sector via the banking channel. New contracts are issued over the counter at branches of the Banca delle Alpi Marittime, whilst contracts which were, in their time, acquired via the agency channel, now no longer in existence, continue to be managed direct.

In addition, two new Bancassurance contracts were concluded in 2007 (with UBS and BPM) which did not, however, have any effect on the Company's portfolio.

Premium income posted to the accounts as at 30 September 2007 amounted to € 121K, compared with € 141K for the corresponding period in 2006 (-14.2%).

The net profit as at 30 September was € 122K, compared with a profit of € 143K recorded as at September 2006.

Land and Buildings Sector

The trend in Company subsidiaries operating in the property sector in the first nine months of 2007 is summarised in the table below:

(€K)	production value	Var. %	Result	net equity excluding result
Meridiano Eur	-	-	2.050	109.963
Meridiano Orizzonti	1.550	-1,4	733	57.361
Campo Carlo Magno S.p.A.	960	-5,3	159	6.856

MERIDIANO EUR – Milan (direct shareholding 100%)

The company owns premises built in Assago, previously Milano Assicurazioni's registered office and currently involved in a restructuring project, with a book value of € 34,344K. It also holds shares in the property investment fund "Tikal R.E. Fund", with a book value of € 76,506K, deriving from the contribution to said fund during the 2004 financial year, of the owned premises located in Rome at Piazzale dell'Industria.

The first nine months of the year closed with a net profit of € 2,050K, up by a significant amount on the € 807K profit recorded as at 30 September 2006, due to higher dividends distributed by the Tikal fund.

MERIDIANO ORIZZONTI – Milan (direct shareholding 100%)

The Company owns a property in Milan at Piazza S.M. Beltrade, 1 with a book value of € 55,208K. The first nine months of the year closed with a net profit of € 733K (€ 753K as at 30 September 2006), corresponding to gross income from land and buildings of € 1,550K.

CAMPO CARLO MAGNO S.p.A. - Pinzolo (direct shareholding 100%)

The Company, purchased by Milano Assicurazioni in December 2005, owns a hotel complex in Madonna di Campiglio called the GOLF HOTEL.

In December, it stipulated a company lease contract with Atahotels S.p.A. which laid down rent of 20% of the net annual revenue, with the provision, in any event, of a guaranteed minimum. The transaction guarantees the company a reasonable return on the line of company business leased, in accordance with what is comparable on the market for similar transactions.

During the first half of this year, the company incorporated Campo Carlo Magno Sport s.r.l., a company entirely controlled by Milano Assicurazioni and owning concessions for managing ski slopes, ski lifts and golf courses belonging to the Golf Hotel complex. The deed of merger was stipulated in April and provides for accounting and fiscal effects backdated to 1 January 2007.

The net profit as at 30 September 2007 amounted to € 159K (€ 117K as at 30 September 2006).

Other Business Sector

Companies included in this sector are shown in the table below:

(€K)	Production value	var. %	result	net equity excluding result
Maa finanziaria s.p.a,	21	23.5	-1	924
Sogeint s.r.l,	2,333	-1.3	-298	100

MAA FINANZIARIA – Milan (direct shareholding 100%)

The Company, originally active in the sector of financial leases on capital goods and corporate financing, currently limits itself to managing some existing portfolio finance contracts. The profit and loss account as at 30 September 2007 closed with a loss of € 1K.

As part of the process of reorganising the Fondiaria-Sai Group corporate structure, the opportunity to proceed with the merger by incorporation of Maa Finanziaria S.p.A. into Milano Assicurazioni S.p.A. has arisen.

Given that Milano Assicurazioni owns 100% of the share capital, the merger will take place in a simplified form, without any share swaps.

The plan is to stipulate the deed of merger, once the legal deadline for any opposition to be raised by creditors has passed, by the end of this year.

SOGEINT – Milan (direct shareholding 100%)

This Company operates in the sector of commercial assistance to agencies. The first nine months of the year closed with a loss of € 298K (profit of € 43K as at 30 September 2006).

Asset and financial management

The table below highlights financial and property results for the third quarter of 2007 and for the first nine months of 2007, compared with the same periods the previous year:

(€K)	3rd quarter 2007	3rd quarter 2006	Jan-Sept 2007	Jan-Sept 2006
Net income deriving from financial instruments at fair value recognised through profit or loss	-7,537	21,980	7,827	13,014
Income from holdings in subsidiaries, associates and joint ventures	166	548	976	802
Income deriving from other financial instruments and investment property including:	128,038	79,149	371,913	290,448
Interest income	80,890	62,305	217,103	176,603

Other income	14,393	12,937	65,497	52,189
Realised gains	32,755	3,907	89,313	61,656
Unrealised gains	-	-	-	-
Total income	120,667	101,677	380,716	304,264
Expenses from holdings in subsidiaries, associates and joint ventures	-53	-	-119	-
Expenses deriving from other financial instruments and investment property including:	-26,182	-11,169	-54,454	-26,349
Interest expenses	-4,547	-3,408	-12,586	-6,764
Other expenses	-2,043	-2,024	-6,378	-6,412
Realised losses	-18,200	-4,547	-31,354	-9,360
Unrealised losses	-1,392	-1,190	-4,136	-3,813
Total liabilities	-26,235	-11,169	-54,573	-26,349
TOTAL NET INCOME	94,432	90,508	326,143	277,915

The third quarter of 2007 was marked by the explosion of the crisis linked to American subprime loans, home purchase loans granted by financial institutions to individuals with low credit ratings.

The crisis, triggered by a sharp slowdown in the American property market, which has witnessed a rise in unsold homes, a drop in new builds and a fall in house prices, was aggravated by the excessive securitisation of these loans, sometimes by means of sophisticated “financial engineering” operations. These structured securities were acquired, over the years, by investors throughout the international financial world, on the basis of excellent ratings given, perhaps slightly simplistically, by several different financial organisations. Difficulties in providing an accurate valuation of these complex products, profit warnings issued by various institutions, the financial problems encountered by many individual organisations which, in theory, should have been characterised by prudent and sound investment policies, resulted in a general wave of panic.

What’s more, the crisis exploded in the second half of August, a period traditionally known for its lack of liquidity and so less able to absorb the pressures triggered by particular technical conditions. After initially adopting a purely technical measure midway through August to encourage the Interbank market to function, the latter having been unexpectedly stalled by a generalised crisis of confidence, the American Central Bank cut the Fed Fund sharply from 5.25% to 4.75%. Concern that the financial crisis could seriously interfere with economic growth in the USA, which after an upturn was already showing signs of weakness, clearly gave way in the second instance to fears regarding the inflationary risk that could be involved in such a move.

Despite what had been achieved by the Fed, the disruptive effects also witnessed in the European financial segment (above all the German bank crisis) as well as the swift downturn in economic growth forecasts for the old Continent, wrong-footed the European Central Bank which, in August, had implied the possibility of an imminent rise in rates to 4.25% but which instead, at the September meeting, kept rates fixed at 4%, although stressing that inflationary expectations would be strictly monitored. The markets’ reaction to the actions of the central banks was, in the main, positive.

The safest assets, such as government securities, which were heavily purchased during the period of greatest tension, recorded steady, but not massive, sales streams. Yield curves, after a violent

stiffening caused by a “a race for quality” and the certainty of short-term maturities to the detriment of long-term maturities, have re-sized, in part, their own gradients, whilst corporate securities, which had been hit heavily during the darkest days of August, have begun to recover their value, although slowly and with careful selection between segments.

On an operational level, Fixed Income business developed by the Company in the third quarter of 2007 saw a slight reduction in overall duration, accompanied by trading activity which took care to make the most of market opportunities.

The variable rate government securities' component was moderately reduced, having taken advantage of the best return in terms of coupons in the months in which there were still expectations of an upturn in interest rates.

In the Life segment, investments with high ordinary profitability and contained risk continued to be the preferred choice, seeking to fill the Duration Gaps of the various Segregated Accounts at the most opportune moments.

The Corporate component was slightly reduced, issues with high ratings and in sectors deemed defensive with regard to the subprime loans crisis were preferred.

For the most part, Corporate securities belong to the “investment grade” category.

The stock market archived a third quarter marked by the sudden correction in August followed by the new perception of risk triggered by the subprime loans crisis. From a sectoral perspective, financial securities proved to be the hardest hit by the economic backdrop, suffering both the impact of the new rates scenario and fears regarding the property segment and, finally, the deterioration in expectations regarding credit quality.

Despite the gloomy scenarios witnessed in August, the stock markets have recovered quickly due to interventions by the central banks as well as considerations regarding levels of corporate debt, still under control, high dividend yields and attractive valuations.

Investors' fear during the correction was demonstrated both in terms of higher volatility in derivatives and by a return to more defensive sectors such as utilities.

During this phase, the business of selecting securities increased in importance, as well as the capacity to seize the opportunities provided by increased volatility.

Against this backdrop, the policy of reducing overall stock market exposure continued in the Non-life segment. In the Life segment, we have sought to take advantage of some trading opportunities, realising capital gains, mainly on cyclical securities, and steering the portfolio towards large cap securities. The latest investments were directed at financial and insurance securities, becoming particularly attractive after the sharp price corrections in August.

Own and parent company shares

As at 30 September 2007, the group leader Milano Assicurazioni held own shares, shares in the direct parent company Fondiaria-Sai and in the indirect parent company Premafin as in the amounts shown in the table below:

(€K)	(Number)	Amount
Own Shares	2,616,460	15,146
Fondiaria-Sai shares	7,828,723	256,469
Premafin shares	9,157,710	19,414

The following market transactions were completed during the first nine months of the year in question in accordance with procedures laid down by related decisions taken at Shareholders' meeting:
 - purchase of 1,359,500 Fondiaria-Sai shares and the sale of 333,334 Fondiaria-Sai shares;

- purchase of 1,141,000 own shares.

Milano Assicurazioni share performance

As at 30 September 2007, the share capital of the parent company, Milano Assicurazioni, was made up of 483,110,507 shares with a nominal value of € 0.52, of which 452,370,625 were ordinary shares and 30,739,882 savings shares. During the first nine months of 2007, the share capital increased by € 8,237K following the subscription of 15,841,180 ordinary shares, further to the conversion of 39,602,950 Milano Assicurazioni 1998-2007 warrants.

Stock market listings at the end of September are shown below:

<i>(Euro units)</i>	28/09/2007	29/12/2006	Variation %
Milano Assicurazioni ord.	5.864	6.174	-5.0
Milano Assicurazioni sav.	5.836	6.128	-4.8

The corresponding stock market capitalisation as at 28/9/2007 amounted to € 2,832.1m (€ 2,883.5m as at 29/12/2006).

Stock market capitalisation, based on prices on 31/10/2007 of € 5.756 for ordinary shares and € 5.929 for savings shares, amounted to € 2,786.1m.

Staffing levels

On 30 September 2007, the Parent company and consolidated companies had 1,671 employees (1,658 on 31/12/06) broken down by category as follows:

	30/09/2007	31/12/2006
Executives	30	28
White collar workers and professionals	1,636	1,625
Concierges	5	5
	1,671	1,658

The addition of 3 executives and 20 white collar workers and professionals relates to the change in the method of consolidating Bipiemme Vita from proportional to full.

Stock Option Plans for Options on Fondiaria-Sai parent company shares

Please remember that, on 14 July 2006, the Fondiaria-Sai Board of Directors decided to allocate the options referred to in the Fondiaria 2006-2011 Stock Option plans to executive directors and management of said Fondiaria-Sai, of its subsidiaries and parent company, to purchase Fondiaria-Sai savings shares.

The Board made this allocation in execution of the decision taken by the Fondiaria-Sai extraordinary shareholders' meeting on 28 April 2006.

The share subscription price was determined by the Board, by applying the criterion for determining the subscription price decided by the Shareholders' meeting, at € 21.546 per share, amounting to the arithmetic mean of reference prices for Fondiaria-Sai savings shares on the market in the thirty days prior to the date on which the rights were allocated.

As a consequence of the amendments made to the regulations of Fondiaria-SAI Board of Directors' plans of 20 June 2007, options cannot be exercised prior to the completion of a vesting period, in accordance with the following procedures:

- 40% of the options can be exercised from 14 July 2007 (12 months after the allocation date);
- 30% of the options cannot be exercised within 24 months of the allocation date;
- 30% of the options cannot be exercised within 36 months of the allocation date.

Alternatively, once the vesting period is over, the beneficiaries may:

- keep the options until maturity;
- exercise the options, subscribing the shares and keeping them in a portfolio;
- exercise the options, subscribing the shares and selling them on the market;

Exercising of the options is, therefore, bound up with the main objectives of the Fondiaria-Sai 2006-2008 Industrial Plan being achieved.

In any event, options not exercised within 5 years of the date of the Shareholders' meeting will lapse automatically.

In this context, the stock option allocated to Milano Assicurazioni executive directors and managers amounted to 2,652,920 shares with an overall estimated value of € 7.4m, to be distributed throughout the duration of the vesting periods of the various tranches. The profit and loss account as at 30 September incorporates related costs for the period of € 3,028K.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE QUARTER

On 11 October 2007, 100% of Novara Assicura capital was sold to Banco Popolare di Verona e Novara group companies. The sale price was set at € 15,600K, corresponding to a book value in the consolidated accounts of € 14,494K.

Please remember that the Company had been formed to become the means of implementing the Non-life bancassurance partnership with the Banco Popolare di Verona e Novara to which, on the basis of existing agreements, 50% of the share capital was to be transferred.

In fact, the company places its own insurance products over the counter at branches of the Banca Popolare di Novara, a subsidiary of the Banco Popolare di Verona e Novara.

The Joint Venture planned with the Banco Popolare di Verona e Novara was, however, never launched and, since the initial project ended up much smaller than anticipated, the opportunity to proceed with the sale was agreed with the counterparty.

In consideration of the aforementioned sale, this quarterly report treats Novara Assicura, for accounting purposes, as an asset held for sale, in accordance with what is laid down in this respect by international accounting standard IFRS 5. (non-current assets held for sale and discontinued operations).

BUSINESS OUTLOOK

Planned operating policies will continue to be implemented in the final quarter of the year, both within the scope of Non-life and Life business.

In particular, since downsizing of the fleet portfolio is nearly complete in the Motor segment, the initiative to monitor technical indicators on a geographical and tariff basis, with the aim of acting promptly from the perspective of consolidating the positive trend in the number of claims files and achieving a gradual improvement in terms of the combined ratio, will continue.

With regard to the new claims settlement procedure launched last February, investments made by the Fondiaria-Sai Group to update its IT systems and train the human resources involved, are making it possible to manage the new settlement process with high and steadily increasing levels of efficiency. As for the related economic impacts, we will have to wait until the end of the year to get a more accurate picture of how management indicators have performed, the latter showing elements of disparity with previous years, due to the considerable scope of the innovations introduced.

The objective for other Non-life business was to encourage the development of the retail sector, which offers satisfactory profit levels and to maintain, in the corporate sector, a policy of underwriting risks based on strict technical criteria, above all in the Public Bodies sector, which is showing signs of criticality.

In the life sector, attention will continue to be focused on the portfolio with regard to products of a traditional nature with annual or recurrent premiums, capable of providing reasonable profit levels and guaranteeing added value for the portfolio in the long term.

In the capitalisation segment, business with institutional clients will be limited to accounts that make it possible to achieve reasonable profit levels, against the backdrop of a market which, again following the recent rates trend, is causing a gradual erosion of margins.

Initiatives will continue to protect capital amounts upon expiry, seizing the opportunities arising from being able to offer customers an up-to-date range of products from the product list, capable of meeting various insurance and social welfare requirements.

Particular attention will also be dedicated to seizing the opportunities arising from the new social security regulations. Within this framework, the fourth quarter will witness, amongst other things, consolidation of the Milano Assicurazioni Open-ended Pension Fund, launched in June, which has made it possible to supplement the product range in the Supplementary Pension segment.

Financial and asset management will monitor market developments very closely after the explosion, last August, of the crisis linked to subprime loans which caused a rise in volatility and a new perception of risks inherent in various financial instruments.

The objective is to seize market opportunities in terms of coupon profitability and trading profits against a backdrop, however, of careful balancing of risks and diversification of investments, in line with the strategic objectives of the Fondiaria-Sai Group industrial plan.

The economic result achieved as at 30 September is in line with Group planning and means that a largely satisfactory result can be anticipated for the financial year, unless any particularly negative events occur which are not currently foreseeable.

DRAFTING CRITERIA AND BASIS OF CONSOLIDATION

This report was prepared in accordance with the provisions contained in regulation No. 11971 of 14 May 1999, as amended and supplemented by CONSOB Decision No. 14990 of 14 April 2005.

In particular:

- this quarterly report was prepared in accordance with IAS/IFRS international accounting principles issued by the IASB (International Accounting Standard Board) and approved to date by the European Union;
- the information supplied is that laid down by annex 3D of aforementioned regulation No. 11971;
- ISVAP Directive No. 2404 of 22 December 2005, concerning instructions for the compilation of consolidated accounts in accordance with the new international accounting principles was taken into consideration when preparing the profit and loss account tables and the net financial position;
- Individual balance sheet and profit and loss accounting items were valued by adopting the criteria used when preparing the 2006 consolidated accounts, to which we therefore refer for a detailed illustration of individual methodologies not stated below.

With regard to the valuation of technical reserves for Motor TPL, please remember that the new system of direct compensation started on 1 February which, in the event of a road accident, enables non-liable or only partially liable injured parties to be compensated direct by their own insurer. The fact that the compensation procedure only started a short time ago, means that it has not yet been possible to express a complete and definitive valuation of the related economic and financial impacts and to trace an accurate path in terms of the expected trend in key indicators, which are showing signs of major disparity compared with past years.

Within this context, the current year reserve was valued separately for the various types of business covered by the new system. In particular:

- for claims up to 31 January, i.e. prior to the new system coming into force, the final cost was determined by making a value adjustment on claims opened by the various settlement departments on the basis of the usual, and now consolidated, key indicators;
- for claims under the 'CARD Debitore' system, the valuation was made on the basis of the fixed amounts defined by the Technical Committee set up in accordance with Presidential Decree 254/2006;
- for 'CARD Gestionario' claims, the expected final cost, net of recoverable fixed amounts, was recorded;
- for claims after 31 January, but not coming under the new system (mainly because more than two vehicles were involved or the claims relate to permanent biological damage resulting from over 9% injuries), the final cost was valued by making a value adjustment of the amounts indicated by the settlement offices, taking into consideration the average costs that can be assumed for these types of claims which are, of course, more expensive.

For claims for previous financial years, already posted to the reserves, trends relating to the reduction of claims settled were followed, checking the capacity of reserves posted as at 31 December 2006.

With regard to staff-leaving indemnity, procedures for calculating related liabilities were amended further to the supplementary pension reform referred to in Legislative Decree No. 252 of 5 December 2005. In short, staff-leaving indemnity units maturing on 31 December 2006 continue to be configured as defined benefit plans whilst units maturing as of 1 January 2007 are configured as a defined contributions plan and, therefore, no longer subject to actuarial valuation. Recalculation of the value on the basis of the new regulations resulted in a drop in liabilities of € 12,472K which, also on the basis of the instructions supplied by ABI and Assirevi, was charged to profit and loss.

The basis of consolidation remains unchanged from 30 June 2007. A list of Subsidiaries and Associates is given in an annex in line with the models provided for by ISVAP in the aforementioned Directive No. 2404 of 22 December 2005.

Milan, 9 November 2007

MILANO ASSICURAZIONI S.p.A.
Board of Directors

Basis of Consolidation

MILANO ASSICURAZIONI S.p.A							
CONSOLIDATED QUARTERLY REPORT AS AT 30 SEPTEMBER 2007							
Basis of consolidation							
Company name	State	Method (1)	Activity (2)	% Direct shareholding	% Total interest (3)	% Votes available at ordinary general meeting (4)	% of consolidation
BIPIEMME VITA S.p.A.	ITALY	G	1	51.00	51.00	51.00	100.00
CAMPO CARLO MAGNO S.p.A.	ITALY	G	10	100.00	100.00	100.00	100.00
DIALOGO ASSICURAZIONI S.p.A.	ITALY	G	1	99.85	99.85	99.85	100.00
FONDIPREV S.p.A.	ITALY	G	1	60.00	60.00	60.00	100.00
MAA FINANZIARIA S.p.A.	ITALY	G	11	100.00	100.00	100.00	100.00
MERIDIANO EUR S.r.l.	ITALY	G	10	100.00	100.00	100.00	100.00
MERIDIANO ORIZZONTI S.r.l.	ITALY	G	10	100.00	100.00	100.00	100.00
SOGEINT S.r.l.	ITALY	G	11	100.00	100.00	100.00	100.00
SYSTEMA COMPAGNIA DI ASSICURAZIONI S.p.A.	ITALY	G	1	100.00	100.00	100.00	100.00

(1) Method of consolidation: Fully consolidated =G, Using the Proportional method =P, Fully consolidated by Unit Management=U

(2) 1=Italian ins.; 2=EU ins.; 3=third party state ins.; 4=insurance holdings; 5=EU reins.; 6=third party state reins.; 7=banks; 8=SGR; 9=misc. holdings; 10=property 11=other

(3) is the product of the transactions involving holdings relating to all companies which, along the chain of participation, may be placed between the company which draws up the consolidated balance sheet and the company in question. If there is a direct holding in the latter company by several subsidiaries, the individual products must be added together.

(4) total percentage of votes available in the ordinary general meeting if different from the direct or indirect interest held.

MILANO ASSICURAZIONI S.p.A							
CONSOLIDATED QUARTERLY REPORT AS AT 30 SEPTEMBER 2007							
							<i>Amounts in €K</i>
Details of non-consolidated holdings							
Company name	State	Activity (1)	Type (2)	% Direct shareholding	% Total interest (3)	% Votes available at ordinary general meeting (4)	Book value
GARIBALDI S.C.S.	LUXEMBURG	10	B	47.95	47.95	47.95	-376
NOVARA ASSICURA S.p.A.	ITALIA	1	(*)	100.00	100.00	100.00	13,806
SAI INVESTIMENTI S.G.R. S.p.A.	ITALIA	8	B	29.00	29.00	29.00	1,573
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	ITALIA	11	B	30.00	30.00	30.00	234
SISTEMI SANITARI S.p.A.	ITALIA	11	B	25.71	25.71	25.71	621
UNISERVIZI S.c.r.l.	ITALIA	11	B	28.00	28.39	28.40	10,731

(1) 1=Italian ins.; 2=EU ins.; 3=third party state ins.; 4=insurance holdings; 5=EU reins.; 6=third party state reins.; 7=banks; 8=SGR; 9=misc. holdings; 10=property 11=other

(2) a=subsidiaries (IAS27); b=associates (IAS28); c=*joint ventures* (IAS 31); indicate with an asterisk (*) companies classified as held for sale in accordance with IFRS 5 and enter the key at the foot of the statement

(3) this is the product of the transactions involving holdings relating to all companies which, along the chain of participation, may be placed between the company which draws up the consolidated balance sheet and the company in question. If there is a direct holding in the latter company held by several subsidiaries, the individual products must be added together.

(4) total percentage of votes available in the ordinary general meeting if different from the direct or indirect interest held.

**DECLARATION BY THE EXECUTIVE RESPONSIBLE FOR
PREPARING THE ACCOUNTS**

pursuant to article 154- bis, paragraph 2, of Legislative Decree 24/2/1998 no. 58

The undersigned Pier Giorgio BEDOGNI, in the capacity of Director responsible for preparing Milano Assicurazioni S.p.A. accounting documents

STATES

in accordance with what is laid down by the second paragraph of article 154- bis of the "Consolidated text on financial intermediation" that, to the best of his knowledge, the Consolidated Quarterly Report as at 30 September 2007 corresponds to documentary evidence, ledgers and accounts.

Milan, 9 November 2007

Dr. Pier Giorgio BEDOGNI
Director Responsible for preparing
company accounts