INTERIM REPORT
FOR THE FIRST QUARTER 2010

FONDIARIA-SAI S.p.A.

FONDIARIA-SAI S.P.A. - REGISTERED OFFICE AND TURIN HEADQUARTERS - CORSO G. GALILEI, 12 – FLORENCE HEADQUARTERS – VIA LORENZO IL MAGNIFICO, 1 - SHARE CAPITAL EURO 167,043,712 FULLY PAID-IN – TAX, VAT AND TURIN COMPANY REGISTRATION NO. 00818570012 - COMPANY AUTHORISED TO UNDERTAKE INSURANCE ACTIVITIES PURSUANT TO ARTICLE 65 R.D.L. NO. 966 OF APRIL 29, 1923, ENACTED INTO LAW NO. 473 OF APRIL 17, 1925

CORPORATE BOARDS FONDIARIA-SAI S.p.A.

BOARD OF DIRECTORS

Salvatore Ligresti	*Honorary Chairman*
Jonella Ligresti*	*Chairman*
Giulia Maria Ligresti *	*Vice Chairman*
Massimo Pini *	*Vice Chairman*
Antonio Talarico *	*Vice Chairman*
Fausto Marchionni *	*Chief Executive Officer - General Manager*
Andrea Broggini	
Maurizio Comoli	
Francesco Corsi	
Carlo d'Urso	
Vincenzo La Russa*	
Gioacchino Paolo Ligresti *	
Lia Lo Vecchio	
Valentina Marocco	
Enzo Mei	
Giuseppe Morbidelli	
Cosimo Rucellai	
Salvatore Spiniello	
Sergio Viglianisi	
Graziano Visentin	
Alberto Marras	*Secretary of the Board and the Executive Committee*

BOARD OF STATUTORY AUDITORS

Benito Giovanni Marino	*Chairman*
Marco Spadacini	*Statutory Auditor*
Antonino D'Ambrosio	*Statutory Auditor*
Maria Luisa Mosconi	*Alternate Auditor*
Alessandro Malerba	*Alternate Auditor*
Rossella Porfido	*Alternate Auditor*

INDEPENDENT AUDITOR
RECONTA ERNST & YOUNG S.P.A.

GENERAL REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS
Sandro Quagliotti

GENERAL MANAGER
Fausto Marchionni

EXECUTIVE RESPONSIBLE
for the preparation of the corporate accounting documents
Pier Giorgio Bedogni

** Members of the Executive Committee*

The Chairman, Ms. Jonella Ligresti, and the Chief Executive Officer, Prof. Fausto Marchionni are the representatives of the company pursuant to article 21 of the Company By-Laws and have all ordinary and extraordinary administrative powers with all rights thereto, to be exercised in single signature and with possibility to confer mandates and proxies, with the exclusive exception of the following powers:
- sale and/or purchase of property above the value of Euro 15 million for each operation;
- sale and/or purchase of investments of a value above Euro 30 million for each operation and, in any case, of controlling interests;
- obtaining of loans above Euro 50 million for each operation;
- provision of non-insurance guarantees in favour of third parties.

The Chairman and the Chief Executive Officer report to the Executive Committee or to the Board of Directors in each meeting in relation to the exercise of the above powers, with particular regard to atypical, unusual or operations with related parties (where not reserved to the Board) and, in general, on the most significant operations.
The Executive Committee has all the powers not already attributed to the Chairman and to the Chief Executive Officer, except for those which for law or the company by-laws are the exclusive competence of the Board of Directors, while providing that - in accordance with the principles of correct conduct in relation to inter-group transactions and those with related parties approved by the Board of Directors' meeting of December 16, 2009 - the exclusive competence to the Board of all deliberations in relation to inter-group transactions and those with related parties which for subject, payment, terms, conditions and time period may have effects on the safeguarding of the company assets or on the completeness and correctness of the information, including accounting, relating to the issuer, with the exclusion of the operations made between subsidiary companies and subsidiary companies with associated companies. The attribution of exclusive duties to the Executive Committee in relation to specific types of operations or operations with limited amount does not exist. The Committee reports to the Board of Directors at each meeting on the exercise of its powers.
The Board of Directors was appointed by the Shareholders' Meeting of April 24, 2009. The Shareholders' Meeting of April 23, 2010 appointed Mr. Graziano Visentin as a director in replacement of Mr. Oscar Zannoni who has passed away.
The Board will expire, together with the Board of Statutory Auditors, with the shareholders' meeting for the approval of the financial statements for 2011.

INTRODUCTION

The report of the Fondiaria SAI Group at March 31, 2010 was prepared in accordance with the provisions of article 154-ter of Legislative Decree No. 58/98, as amended by Legislative Decree No. 195/2007 (the so-called Transparency Decree).

The most appropriate technical form of the quarterly reports which concerns the provision of information and disclosures on the balance sheet and the results for the period is an issue still open to debate.
In this regard and in line with the principal European model, a so-called "operational" approach is illustrated, whereby the operational performance is highlighted through specific performance indicators rather than by the "accounting" result. In fact, the particular nature and the cycles within the insurance sector, which occur over longer time periods, may not render the first quarter data fully representative of the full year performance.

In particular:

- in the preparation of the Income Statement and Net Financial Position, consideration was taken of the instructions for the format of the consolidated financial statements as per Isvap Regulations No. 7/2007;
- all the data and accounting statements are prepared on a consolidated basis. The income statement data is compared with the relative data of the same period of the previous year; the balance sheet and financial position data are compared with the end of the previous quarter and the previous year.

In order to facilitate comparison, the same accounting principles were utilised as for the last consolidated financial statements. The present report was prepared in accordance with International Accounting Standards IAS/IFRS issued by the IASB, approved by the European Union, and on the current interpretation by the official organisations.

The quarterly financial statements have not been audited.

Key Group data

(in Euro millions)	**Q1 2010**	**Q1 2009**
Net profit/(loss)(*)	(104)	31
Total Gross premiums written	3,496	2,560
of which:		
Gross Non-Life premiums written	1,767	1,813
Gross Life premiums written	1,729	747
Investment policies written	18	17
APE(**)	152	65
Combined ratio – Non-Life sector	106.9	96.2
Expense ratio of the Non-Life sector	20.7	20.9
Expense ratio of the Life sector	3.2	5.3

(in Euro millions)	**31/03/2010**	**31/12/2009**
Investments	36,104	34,216
Net technical reserves - Non-Life division	10,890	10,978
Net technical reserves - Life division	21,446	19,870

(*) The result includes the minority interest share.
(**) Sum of the first premiums of the new annual premium contracts, plus one tenth of the new single premium contracts.

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

The latest International Monetary Fund report estimates global economic growth in 2010 of 4.2% and of 4.3% in 2011. However great disparities in development will be evident as while in some areas such as China and the other Emerging Countries the rate of development will be particularly strong, in the United States growth will remain moderate, while in the other advanced Economies (as the case in Europe) slower growth will be experienced.

United States

The economic data for April is strong, indicating the continuance of the recovery. Sales in March grew by 1.6% on the previous month, net of vehicle sales (+ 0.6%). In the same period industrial production remained relatively stable, growing 0.1% and with expansion also of the production capacity (for the ninth consecutive month) from 72.7% to 73.2%.

In the same period the US created 162,000 new jobs, highlighting a stabilisation in the job market after over two years of continuous contraction.

The unemployment rate therefore stood at 9.7%. The consumer price index in March increased from 2.1% to 2.3% in the previous month, principally due to the increase in energy commodity prices. The manufacturing activity index in March increased from 56.5 to 59.6, while the services index increased from 53 to 55.4, confirming the sustenance of recovery.

Asia and Japan

In Japan the recovery continued in the final quarter of 2009, led both by foreign demand and an upturn in internal demand. In February the consumer price index continued to decrease but with the rate reducing slightly from -1.3% in January to -1.1% in February.

In the emerging Asian economies, growth continued at sustained levels, almost returning to those seen pre-crisis. In China, industrial production in the first months of the year increased by 20.7% on Q1 2009 and 17.9% on the final quarter of 2009.

In many countries, including China and India in particular, a return to increasing consumer prices was also seen, principally due to food price rises. In China, property speculation fed into these increases with house and accommodation costs continuing to rise, particularly in urban areas, however checked through the introduction of regulatory provisions. Fiscal and monetary policy has therefore begun to become more restrictive to curtail the possibility of an inflationary spiral.

The European and Italian markets

Italy is placed at the lower end of the European estimates, slightly above Greece. Italian growth is forecast at 0.8% in 2010 and 1.2% in 2011.

Standard & Poor's estimates are less optimistic, predicting Italian GDP growth of 0.5% in 2010. According to the agency, although Italian long-term debt has a "A+" rating with a stable outlook, the country will lose competitivity. The agency considers that the Italian economy suffers from structural weaknesses related to low productivity growth and weakened international competitivity. However some positive factors are highlighted such as the low private sector debt and the resistance of the real estate market compared to other countries in the Eurozone. The levers which will lift the country out of crisis are those of consumption, investment and foreign trade.

The Eurozone may perform better, with estimated growth in the year of 1.2%.

At the time of writing, after Portugal (from A+/A-1 to A-/A-2 with negative outlook) and Greece (a public debt reduced to junk bond status), the Standard & Poor's rating agency cut also the Spanish credit rating to AA from AA+. The outlook for the Spanish rating is negative and therefore may incur a further downgrade. The Spanish downgrade the end of April 2010 heightens uncertainty within the overall European context.

The insurance sector

In 2009, total premiums written by insurance companies amounted to Euro 117.9 billion, nominal growth of 28.1% on 2008. The performance is a result of strong increases in Life sector premiums (+48.7%) and a decrease in Non-Life sector premiums (-1.9%).

In comparison to the difficulties being experienced in some countries, the state of the insurance sector in Italy is good. Due to particularly stringent investment regulations, the balance sheets of Italian companies are significantly stronger than other countries.
Therefore, the Italian insurance industry appears to have overcome the turbulence in the financial markets, although continuing to suffer from structural problems relating to compulsory insurance. In Italy insurance coverage continues to be undersubscribed by households, professionals and businesses. With little over 1% in Italy, more than double in France, and nearly three times in Germany and Great Britain, the ratio between insurance premiums and GDP confirms the chronic under insurance in Italy.
In 2010, the industry association predicts a slight recovery in premiums, with the Life division growing by between 5% and 10% and the Non-Motor Non-Life division between 1% and 2%, thanks to a gradual recovery in the economy. With regard to compulsory insurance, premium should increase by between 1% and 2%.

Non-Life Division

In 2009, Non-Life premiums amounted to Euro 36.7 billion, a decrease of 1.9% on 2008, following a contraction of 3.4% in the Motor TPL Class premiums (-3.3% in 2008) and in the Other Motor Class Premiums (-2.1%). The Classes however which grew in 2009 were the Accident and Health classes (+0.3%) and the General TPL class (+0.7%). The percentage of Non-Life premiums to GDP amounted to 2.4%, substantially in line with 2008.

After years of positive technical performances, in the Motor TPL sector the company has begun to record losses due both to higher claims costs and an increase in fraud, a recurring problem in times of recession.

The imbalances evident in the 2009 accounts are related on the one hand to the significant drop in premiums (over 3%) for three consecutive years, while on the other a significant increase in physical injury claims costs. This phenomenon is abundantly evident in the latest data to the end of 2008 which reports physical injury claims of 21.6% in Italy compared to a European average of 10%: in some Italian regions the percentage has grown to above 40%. In relation to the frequency of accidents, after years of slow but continuous contraction, the last two years have seen an increase.

Strong tariff competition between companies in the insurance sector is currently being experienced. Overall the industry association has established a tariff requirement of between 5% and 8%. Intervention is necessary in relation to the very high claims frequency in some areas, not justified by external data and with an excessive amount of physical injury claims. The review of the amendments introduced to the bonus-malus laws is another priority to be highlighted, which has resulted in an increase in the tariff requirements.

Within the Italian insurance sector there is a will to find a means to act to ensure that the requirement is not increased further so as to stabilise prices.

Life Division

The Life Sector premiums written in 2009 amounted to Euro 81.1 billion, growth of 48.7% on 2008. The increase reflects the rise in premiums which offer the policyholder a guaranteed minimum return and the reduction in the sales of predominantly financially-based policies.

Class I (Human life) premiums amount to Euro 65 billion, more than doubling on 2008, while Class V premiums (Securitisation) recorded an increase of approx. 60%. For the Class III policies (Linked) the total of Euro 9.7 billion contracted significantly due principally to the turbulence on the financial markets which increased the risk aversion of policyholders. The Class VI premiums (Pension Funds) grew by 13.5% to Euro 1.5 billion. In contrast to the Non-Life sector, the percentage of the premiums written in the Life sector on the Gross Domestic Product rose - to 5.3% in 2009 from 3.5% in 2008.

In March 2010 the new individual policy premiums of the Life division amounted to over Euro 8 billion, strong growth (+58.4%) on the same month of 2009.

In Q1 2010 premiums exceeded Euro 21 billion, an increase of 74.7% on the same period of the previous year.

The Italian and non EU companies recorded new policy premiums principally through the banking and postal channels: with premiums exceeding Euro 6 billion, growth of 41.5% on the same month of 2009.

In relation to the problems concerning the management and performance of pension funds and complementary pensions, the number of subscribers to complementary pensions at December 31, 2009 amounted to approx. 5.1 million, an increase of 4.7% on the previous year - 22% of the number of workers and self-employed persons currently in active employment.
In particular, subscription to collective pension funds in 2009 decreased by 0.2%, while open pension funds increased by 1.2% and newly constituted individual pension plans grew by 9.3% (no data is available for the PIP's created before the reform and relating to the so-called pre-existing pension funds).

Two years on it is evident that the positive effects from 2007 have at this point diminished significantly - when employees, following the introduction of the reform, were called to decide whether to confer the employee leaving indemnity matured to an integrated pension. Based on the rate of the past two years, it would require a couple of decades until two thirds of workers would enjoy a basic integrated pension.

Pension fund income in 2009 benefited from the financial markets recovery. Overall the complementary pension schemes recorded increased income of 8.5% against an increase in the employee leaving indemnity of 2.0%. The equity segments recorded the best results, enjoying the benefits of improved share prices, with returns ranging from 16.1% for the traded pension funds to 23.3% for the PIP's. The bonds and guaranteed sectors recorded positive returns and better than that relating to the employee leaving indemnity.

CONSOLIDATION SCOPE

At 31/03/2010, the Fondiaria-SAI Group, including the Parent Company, was made up of 124 Companies, of which 20 operated in the insurance sector, 2 in the banking sector, 49 in the real estate and agricultural sector and 21 in the financial services sector; the remaining companies are various service companies. The company has 22 overseas offices.
The total number of subsidiaries fully consolidated is 88 and the number of companies consolidated under the Net Equity method is 21, while the remaining companies are consolidated under the proportional method or maintained at carrying value given their insignificant amount to the Group.
There are 97 subsidiary companies, of which 34 are controlled directly by the Parent Company.

Excluded are the subsidiaries which due to their size or nature of activities are not significant for the purposes of a true and fair representation of the present quarterly accounts.

During the first quarter of 2010, the consolidation scope of the Fondiaria-SAI Group did not change significantly. However the incorporation of the financial company SAI NETWORK S.p.A. is noted.

ACCOUNTING PRINCIPLES

The quarterly report applied the IAS/IFRS accounting standards utilised for the preparation of the consolidated financial statements for the year ended 31/12/2009.
For detailed information on the accounting principles utilised, reference should be made to the consolidated financial statements at 31/12/2009.
However, the quarterly report is reflected by a more evaluative approach and includes the use of greater estimates and simplifications, whilst ensuring the correct application of the accounting principles.

It is also reported that some valuation processes, such as those utilised to determine any losses in value (impairment) of financial assets available-for-sale, are - given their complexity - generally made in the preparation of the annual and half-year financial statements.
Consequently in this quarterly report, also due to the limited availability of all the necessary information, the losses in value of “AFS” financial instruments recorded due to the application of the automatic criteria as illustrated in the consolidated financial statements of 31/12/2009 were recorded in the income statement.

OPERATIONAL PERFORMANCE

INCOME STATEMENT

The operational performance for the quarter compared to the same quarter of the previous year is shown below.

(in Euro thousands)	Q1 2010	Q1 2009	FY 2009
Net premiums	3,501,295	2,507,216	11,888,742
Commission income	14,883	23,843	70,686
Net Income from financial instruments recorded at fair value through profit or loss	191,388	18,690	906,125
Income from investments in subsidiaries, associates and joint ventures	-	-	14,212
Income from other financial instruments and property investments :	301,682	313,411	1,130,956
- Interest income	171,939	217,071	765,794
- Other income	38,537	43,207	159,180
- Profits realised	90,561	53,068	201,391
- Valuation gains	645	65	4,591
Other revenues	97,102	211,604	682,277
TOTAL REVENUES	**4,106,350**	**3,074,764**	**14,692,998**
Net charges relating to claims	(3,371,156)	(2,156,568)	(11,872,025)
Commission expenses	(10,806)	(18,654)	(38,261)
Charges from investments in subsidiaries, associates and joint ventures	(1,287)	(1,311)	(83,540)
Charges from other financial instruments and property investments	(101,722)	(183,602)	(498,384)
- Interest expense	(20,344)	(39,050)	(102,652)
- Other expenses	(15,892)	(29,432)	(65,698)
- Losses realised	(21,410)	(41,059)	(110,428)
- Valuation losses	(44,076)	(74,061)	(219,606)
Management expenses:	(460,273)	(449,710)	(1,910,631)
- Commissions and other acquisition expenses on insurance contracts	(351,945)	(338,713)	(1,458,127)
- Investment management charges	(2,529)	(3,297)	(12,458)
- Other administration expenses	(105,799)	(107,700)	(440,046)
Other costs	(272,700)	(210,850)	(815,292)
TOTAL COSTS	**(4,217,944)**	**(3,020,695)**	**(15,218,133)**
PROFIT/(LOSS) BEFORE TAXES	**(111,594)**	**54,069**	**(525,135)**
Income tax	10,300	(22,870)	132,940
NET PROFIT/(LOSS)	**(101,294)**	**31,199**	**(392,195)**
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**(3,069)**	**-**	**682**
CONSOLIDATED PROFIT/(LOSS)	**(104,363)**	**31,199**	**(391,513)**
GROUP NET PROFIT/(LOSS)	**(92,281)**	**20,964**	**(342,593)**
MINORITY INTEREST SHARE	**(12,082)**	**10,235**	**(48,920)**

The key financial results for the first quarter of 2010 are as follows:

- The **consolidated result** was a loss of Euro 104 million compared to a profit of Euro 31 million in the first three months of 2009. The result for the period was heavily influenced by the uncertainties affecting the Non-Life division performance. The division in fact, although operating in an environment which has seen encouraging signals in terms of frequency, and of claims, and therefore of the current generation claim premium ratio, was affected by an unfavourable previous generation claims performance. This was not offset by the financial sector due both to the particularly volatile market and the exceptionally low levels of interest rates;
- The **Non-Life Insurance Division** reported a decrease of approx. 2.5% in premiums and a pre-tax loss of Euro 118 million (profit of Euro 84 million in Q1 2009). The technical performance was affected by the decrease in premiums written by the Motor TPL class following the discontinuation and cancelation policy of poorly performing policies, a factor not yet offset by the tariff increase introduced at the end of 2009. The performance of the previous generation claims was also poor, characterised by negative reversals, with a consequent necessity to strengthen the residual load - also due to the progressive introduction of new physical injury tables.

  The turnaround in the Land Vehicle Classes was significant – an area which remained unaffected by the generalised increase in claims throughout 2009. In relation to the General Classes, the confirmation of the prudent criteria adopted at the end of 2009 in establishing the claims cost reserve did not enable, given also the limited time period of a quarter, the recording of significant economic benefits;
- The **Life Insurance Division** reports an increase in premiums of 131%, principally due to the significant contribution from the bancassurance channel which in the first quarter of 2009 was affected by the uncertainties related to the financial crisis. Premiums written through agency networks of traditional products also reported positive results.

  The sector recorded a pre-tax profit of Euro 27 million (loss of Euro 18 million in Q1 2009), although affected for Euro 14 million (Euro 39 million in Q1 2009) by the reduction in value of financial instruments available for sale recorded through profit and loss in portfolio;
- The **Real Estate sector** recorded a pre-tax loss of approx. Euro 10 million (loss of Euro 8 million in Q1 2009) as the structural costs were not offset by significant operational gains. However from the present year the properties in the sector, held by Immobiliare Lombarda, are valued at cost according to the criteria of IAS 40 with consequent recording of the related depreciation;
- The **Other Activities sector,** which includes the companies operating in the financial, asset management and hotel sectors, report a pre-tax loss of Euro 10 million (loss of Euro 4 million in Q1 2009). The loss is principally due to the Atahotels Group which has been affected by the seasonality of the activities carried out and the charges related to the restructuring in progress;
- **Management expenses** amount to Euro 460 million (Euro 450 million in Q1 2009), an increase of 2.3% - due principally to acquisition commissions paid for Life Division premiums;
- Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the **total net income from investments** amounted to Euro 200 million (Euro 130 million in Q1 2009). This amount consists of Euro 172 million of interest income, Euro 22 million of net income and net profits to be realised on real estate and securities of Euro 69 million. Net valuation gains and losses reported a loss of approx. Euro 43 million. **Interest expense** amounting to approx. Euro 20 million (Euro 39 million in the first quarter of 2009) refers almost entirely to financial debt;

- **Financial instruments recorded at fair value through profit or loss** amounted to a profit of Euro 191 million (Euro 19 million in Q1 2009). This account includes the net income from financial assets where the risk is borne by the policyholders (positive for Euro 187 million although offset by the correlated increase in net charges relating to Life Division claims) as well as the adjustment to the fair value of financial instruments belonging to the sector;
- **The net income (charge) from investments in subsidiaries, associates and joint ventures** was a charge of Euro 1.3 million, unchanged on Q1 2009;
- **Other revenues and costs** amounted to a net charge of Euro 175.6 million (substantially in line with 2009). This amount includes technical and non-technical income and charges not classified elsewhere, in addition to depreciation other than on investment properties, over and under accruals and provisions for risks and charges. Amortisation and depreciation of intangible and tangible fixed assets in this account totalled Euro 19 million. The change is due to the utilisation, during Q1 2009 of Euro 150 million, relating to the provision made in 2008 by the subsidiary Popolare Vita against restructuring charges of the index linked policies with underlying securities of Lehman Brothers;
- The **tax rate** is not fully representative as it does not include the fiscal benefits deriving from the impairment of exempt equity securities, as well as unrealised tax savings on some loss making investments.

The table below shows the profit before taxes in each sector:

(in Euro thousands)	Non-Life	Life	Real Estate	Others Activities	Inter-Sector	Total 31/03/2010	Total 31/03/2009
Net premiums	1,778,676	1,722,619	-	-	-	3,501,295	2,507,216
Net charges relating to claims	(1,415,649)	(1,955,507)	-	-	-	(3,371,156)	(2,156,568)
Net commissions	-	(3,184)	-	7,802	(541)	4,077	5,189
Net income from subsidiary and associated companies	-	-	(1,230)	(57)	-	(1,287)	(1,311)
Net income from investments	44,799	150,475	(5,454)	10,140	-	199,960	129,809
Net Income from financial instruments recorded at fair value through profit or loss	(804)	191,245	(643)	1,590	-	191,388	18,690
Management expenses	(384,434)	(56,173)	(46)	(72,061)	52,441	(460,273)	(449,710)
Other income and charges	(140,546)	(22,349)	(3,100)	42,297	(51,900)	(175,598)	754
Profit (loss) before taxes	**(117,958)**	**27,126**	**(10,473)**	**(10,289)**	**-**	**(111,594)**	**54,069**
Income taxes	-	-	-	-	-	10,300	(22,870)
Net Profit/(loss)	**-**	**-**	**-**	**-**	**-**	**(101,294)**	**31,119**
Loss from discontinued operations	-	-	-	-	-	**(3,069)**	-
Consolidated profit/(loss)	**-**	**-**	**-**	**-**	**-**	**(104,363)**	**31,199**
Minority interest profit/(loss)	-	-	-	-	-	(12,082)	10,235
Group profit/(loss)	**-**	**-**	**-**	**-**	**-**	**(92,281)**	**20,964**
Pre tax result 3M 2009	**84,068**	**(18,288)**	**(7,895)**	**(3,816)**	**-**		**54,069**

NON-LIFE INSURANCE SECTOR

The Fondiaria-SAI Group in the first quarter of 2010 recorded premiums of Euro 1,767 million (-2.51% on Q1 2009). The breakdown by Class is shown in detail in the following table:

(in Euro thousands)	Q1 2010	Q1 2009	Cge. %
NON-LIFE DIVISION			
Accident & Health	159,695	183,017	(12.74)
Marine, aviation and transport insurance	52,116	57,568	(9.47)
Fire and other property damage	213,727	199,526	7.12
General TPL	118,893	139,595	(14.83)
Credit & Bonds	24,360	23,690	2.83
General pecuniary losses	7,811	8,891	(12.15)
Legal expenses	4,947	4,927	0.41
Assistance	13,825	12,600	9.72
TOTAL OTHER NON-LIFE DIVISION	**595,374**	**629,814**	**(5.47)**
Land vehicle TPL	991,500	997,717	(0.62)
Motor vehicles – other classes	178,186	183,385	(2.84)
TOTAL MOTOR	**1,169,686**	**1,181,102**	**(0.97)**
TOTAL DIRECT PREMIUMS	**1,765,060**	**1,810,916**	**(2.53)**
INDIRECT PREMIUMS	**1,958**	**1,663**	**17.74**
TOTAL NON-LIFE DIVISION	**1,767,018**	**1,812,579**	**(2.51)**

The contraction in Motor Class premiums continued in the first quarter of 2010 (-0.97%).
This performance is due to the extensive renewal of portfolios in regions with particularly negative technical performances, which has not yet been offset by tariff increases introduced at the end of 2009.

The decrease in the Land Motor classes is due to the current economic crisis, which creates difficulties in selling accessory guarantees on Motor contracts, and the sales policies of the motor manufacturers which offer insurance packages with fire, theft and assistance guarantees built into the purchase price of the vehicle.

In relation to the General Classes the decrease in premiums of 5.5% is due to the greater prudency in the underwriting of corporate risk.

The Parent Company in the first quarter of 2009 recorded total direct premiums of Euro 882.4 million (-3.57%), of which 603.1 million (-0.11%) in the Motor Classes.
The subsidiary Milano Assicurazioni S.p.A. contributed premiums at group level of Euro 808 million, recording a decrease of 1.4% in the Motor Classes and of 0.3% in the other Non-Life Classes.

The claims paid of the direct business in the first quarter of 2010 amounted to Euro 1,373 million (+2.3%), of which Euro 758 million related to the Parent Company (+1.9% on the first quarter of 2009).

Claims paid and reported

A breakdown of the claims reported and paid on direct Italian business, including the expenses directly attributable to the claim and indirect expenses relating to the settlement structure are shown below:

	Claims paid (in Euro thousands)			Claim reported Number		
	Q1 2010	Q1 2009	Cge. %	Q1 2010	Q1 2009	Cge. %
Accident	58,918	59,090	(0.29)	23,318	27,322	(14.65)
Health	48,821	45,459	7.40	70,407	61,517	14.45
Railway	-	7	-	-	-	-
Aviation	1,623	30	-	3	5	(40.00)
Maritime	2,166	3,563	(39.21)	129	119	8.40
Merchandise transport	1,464	4,783	(69.39)	598	614	(2.61)
Fire and other natural elements	63,172	67,867	(6.92)	15,620	19,353	(19.29)
Other property damage	70,507	68,232	3.33	42,928	41,484	3.48
Aviation TPL	176	13	-	9	5	80.00
Maritime TPL	314	370	(15.13)	56	69	(18.84)
General TPL	91,004	96,444	(5.64)	27,607	28,219	(2.17)
Credit	100	128	(21.88)	-	1	(100.00)
Bonds	15,998	12,551	27.46	485	377	28.65
Pecuniary losses	2,873	2,807	2.35	1,031	860	19.88
Legal expenses	430	519	(17.15)	422	464	(9.05)
Assistance	5,039	5,492	(8.25)	27,430	19,981	37.28
TOTAL OTHER NON-LIFE DIVISION	**362,605**	**367,355**	**(1.29)**	**210,043**	**200,390**	**4.82**
Motor TPL	890,595	857,006	3.92	230,006	243,761	(5.64)
Land vehicles	119,981	118,045	1.64	86,558	86,585	(0.03)
TOTAL MOTOR	**1,010,576**	**975,051**	**3.64**	**316,564**	**330,346**	**(4.17)**
TOTAL NON-LIFE DIVISION	**1,373,181**	**1,342,406**	**2.29**	**526,607**	**530,736**	**(0.78)**

(*) The table excludes the data of DDOR Novi Sad

The table below shows the principal technical indicators in the first quarters of 2010 and 2009:

TECHNICAL RATIOS (%)	**Q1 2010**	**Q1 2009**
Loss ratio	79.6	69.2
Expense ratio	20.7	20.9
Combined operating ratio	**100.3**	**90.1**
OTI ratio (*)	6.6	6.1
Combined ratio	**106.9**	**96.2**

(*) Includes the balance of the other technical accounts.

The current generation Motor TPL contracts recorded an improved performance on the end of 2009, in part due to the application of the new tariff at the end of the last year, however the introduction of the new physical injury tables requires an extremely prudent reservation policy.

The return to a positive technical performance by the Land Motor class is highlighted. The General Classes report substantially break-even results. However the short duration of the period under examination entails that seasonal issues can greatly influence the results: it is therefore necessary to await a longer time period in order to allow a more accurate analysis of the technical performances.

The number of claims of the **Parent Company Fondiaria-SAI** recorded in the period was 119,550, a decrease of 3.9%. The number of claims paid was 111,720 (-4.3%).
For the Motor TPL class, the claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 78.8% for the current quarter and 89.4% at global level.
The speed of settlement of the current generation on the claims managed (No Card Claim + Managed Card Claims) was 45% for the claims in the first three months and 45% for the claims in previous years.
On the claims caused, the speed of settlement was 42.8% for the current quarter and 35% for the previous years.
In the first quarter of 2010, the claims reported and accepted from our policyholders (including late claims) within the new compensation regime (so-called CARD Managed claims system) amounted to 86,203, of which 43,254 were fully paid.
The reported claims from the clearing houses with CONSAP, in relation to the claims in which our policyholders were in full or in part responsible (so-called CARD Debtor) amounted to 79,714 - of which 36,728 gave rise to the full payment of the indemnity and 42,986 resulted in the recording of a reserve.
For accounting purposes, up to March 31, 2010 recharges were received for a value of Euro 156 million from the clearing house. The amount of the credits received was Euro 147 million.

With reference to the Non-Motor Classes of the Parent Company the direct Italian premiums written amounted to Euro 279 million, a decrease of 10.3% compared to the first quarter of 2009. The number of claims reported increased by approx. 2.59% while the number of claims paid decreased by 0.45% on the previous year. The Fire Class (affected greatly by the high number of natural events in the first months of 2009) saw a significant decrease both in the number of claims paid (-28%) and the number of claims reported (-22%).
Overall, the technical performance of the Non-Motor Non-Life classes deteriorated compared to the first quarter of 2009, although the limited period does not permit the use of this data as a projection for the full year.

In relation to the **Milano Assicurazioni Group** direct premiums written in the first three months totalled Euro 964.0 million compared to Euro 816.2 million in the previous year on like-for-like consolidation scope (+18.1%).

In particular:

- Premiums written in the Non-Life Division amounted to Euro 807.6 million (-0.9% on Q1 2009), of which Euro 553.9 million relate to the motor classes (-1.4%) and Euro 253.7 million relate to the other classes - which recorded an increase of 0.2%. Motor premiums, in addition to the difficult economic conditions, have been affected by the actions undertaken to recover satisfactory technical margins - particularly the cancelation of poorly performing contracts and an underwriting policy which through the new tariff launched at the end of 2009 ensures the application of correct technical parameters, limiting the use of discounts;
- In the Life division, premiums written amount to Euro 156.4 million and increased by 30.6% due to the strong performance of class I products by the agencies and of the securitisation contracts centrally managed.

The Motor TPL class again reports a negative technical performance but an improved combined ratio on the full year 2009. Concern continues to arise in relation to contracts written in previous years, particularly in certain regions of Centre-South Italy, with a higher amount of physical injury claims and claims which - due to the manner of the claim and the occurrence of the incident - have raised suspicions of fraud against the company. The current generation claims improved significantly due to the new Motor TPL tariff introduced at the end of 2009 and also the new underwriting policy which, despite the strong price competition still within the market, limits the recourse to discounts. The increased adoption of the new physical injury compensation tables, originally adopted by the Milan Court, necessitates the maintenance of a particularly prudent reservation policy.
The Land Motor class records a positive result, substantially in line with Q1 2009.
The Other Non-Life Classes also reported a positive technical balance.

In relation to the telephone and internet channels, the premiums written in Q1 2010 by **Dialogo Assicurazioni S.p.A.** (controlled by Milano Assicurazioni for 99.85%) amounted to Euro 8 million, an increase of 22.3% on Euro 6.6 million in Q1 2009.
As established in the industrial plan, at the beginning of the year a new advertising campaign was launched, with reduced costs than those previously incurred (Euro 1.1 million compared to Euro 1.8 million in Q1 2009), entirely expensed to the income statement.
The contribution of the company to the consolidated results was a loss of Euro 2.5 million (a loss of Euro 3.2 million in Q1 2009) due to the performance of the Motor TPL class, significantly the largest part of the portfolio. The higher amount of physical injury claims and the increase in average costs, also due to the application of the new compensation tables by the courts, affected the combined ratio which remains negative although an improvement on the full year 2009.

The subsidiary **SIAT** recorded a negative technical balance (from Euro 842 thousand to Euro 346 thousand) principally due to the Land Motor class, which recorded higher claims on Q1 2009.
In relation to the performance of the "Transport" market, the "Vehicle" class did not report significant changes on the previous year: in fact, although the decline seems to have come to an end, the prices have not yet shown any signs of recovery with price rises only recorded for fleets with negative performances. There was substantial stability within insurance values (which in 2009 recorded significant reductions).

In relation to the "Goods" sector, the market reports the same difficulties which characterised 2009. Competition continues to be intense, traffic has not recovered and the prices of raw materials continue to remain low.
The premiums written amounted overall to approx. Euro 45.4 million – stabile compared to the same period of the previous year.
They were marginally affected by the small depreciation recorded in the US Dollar (the currency in which a large part of the Transport business is undertaken, particularly in the "Vehicles" class) against the Euro.
The claims reported in the Transport Classes did not include any particularly serious claims.
Overall administration expenses remain stable.
In relation to the outward reinsurance, there were no changes from the recent past, with the continued interest of the professional operators in the technical value of the policies underwritten.

The subsidiary **DDOR Novi Sad** in the first quarter of 2010 recorded a profit of RSD 382 million as per IAS/IFRS accounting standards.
In Q1 2010, premiums decreased by 11% due to the slow rate of economic recovery and the portfolio maintenance policy adopted by the company: this contraction was seen across the Non-Life Classes and in particular in the Motor TPL class (-22.4%), affected also by strong competition on the market. The Life Division premiums written recorded good growth (+4.7).
The reduction in number of claims settled (-18%) was particularly evident in the Motor TPL class (-27%).
Management expenses also decreased significantly (-15.9% on Q1 2009).

Auto Presto&Bene

Fondiaria-SAI today views the motor car as a treasured asset and as leader in the Motor insurance market, protects it in all aspects. Therefore Auto Presto&Bene was created, the company of Fondiaria SAI Group formed in order to guarantee the insured party, in the case of claims, maximum reliability and efficiency in the repairs to damage of their vehicles. Auto Presto&Bene, with over 36,000 claims managed in 2009, operates throughout Italy with approximately 1,400 workshops.
The over 9 million clients of the Fondiaria-SAI Group, a quarter of the motor insurance sector, can avail of an innovative and particularly efficient service, made possible thanks to the exclusive availability of original spare parts and guaranteed repair for life, through a network of repair centres, carefully selected by Auto Presto&Bene based on highly selective requirements (the ability to carry out high quality repairs in the shortest time possible).

The types of claims currently covered by the Presto&Bene service are for all of the claims included in the direct indemnity and direct risks procedure (Land Vehicles), with savings in the order of approx. Euro 300 for the Motor TPL Division and approx. Euro 250 for the other Non-Life Classes.

Auto Presto&Bene assists the Policyholders through two types of intervention:

1. vehicles able to move automatically: the Agency or the consultant who responds to the free telephone number provides the details of the Auto Presto&Bene repair centre where the insured party can arrange an appointment. The specialised personnel of the centre, already alerted by the Auto Presto&Bene operating system, will provide a check of the vehicle and will carry out the repair, supplying where necessary a replacement car;

2. vehicle immobilised as a consequence of the claim: the recovery service is available free, throughout Italy, for vehicles involved in accidents immobilised, organised by the consultants at the free telephone number. Once the vehicle reaches the Auto Presto&Bene repair centre and has been checked in, the client can receive the Auto Presto&Bene courtesy car until completion of repairs to the vehicle.

The average repair time of the Auto Presto&Bene centres is 5 working days, taking into account that this statistic includes some very significant claims and complex repairs.
For even greater care to the client, in the coming months Auto Presto&Bene Centres will be opened in the principal Italian cities. Here the insured party may directly take the vehicle involved in the accident (obviously in the case in which it is possible to move the vehicle), make the claim, wait in a comfortable environment for the immediate repair of minor damage, utilise a courtesy vehicle and pick up the repaired vehicle on return.
In 2010, in Turin the first of these Centres will be opened, located in the ex Pininfarina Technical Centre, where in addition to the headquarters of Auto Presto&Bene and the workshop, a technical centre for the training of operators of the Auto Presto&Bene repair centres will be located.

LIFE INSURANCE SECTOR

The premiums written in the Life Division amounted to Euro 1,728.6 million, an increase of 131.3% on Q1 2009. In accordance with IFRS 5, Bipiemme Vita is considered a discontinued operation held for sale. Consequently the Q1 2010 data of this company was not fully consolidated.

The breakdown by category of activity is shown below:

(in Euro thousands)	Q1 2010	Q1 2009	Cge. %
LIFE DIVISION			
II – Insurance on human life expectancy	926,335	525,920	76.14
III - Insurance as per points I and II linked to investment funds	636,518	124,596	410.87
IV – Health insurance as per art. 1 letter d) EU Dir. 79/267	24	20	20.00
V – Securitisations as per art. 40, legislative decree 174/95	165,422	96,555	71.32
TOTAL	**1,728,299**	**747,091**	**131.34**
INDIRECT PREMIUMS	**327**	**437**	**(25.17)**
TOTAL	**1,728,626**	**747,528**	**131.25**

The excellent performance of the bancassurance companies contributed to this result, which in the first three months of 2010 recorded premiums of Euro 1,259 million (Euro 374 million in Q1 2009).
As reported, Bipiemme Vita did not contribute to premiums written in Q1 2010: on like-for-like terms the increase would have therefore been 178.3%.
Class I premiums through the agency network also recorded a strong performance.

The total premiums, including the investment contracts of the Life Division, amounted to Euro 1,746.7 million, an increase of 128.5%.

A breakdown by Class and type of the sums paid in the direct Life segment is shown below:

(in Euro millions)	Claims	Redemptions	Maturity	Total at 31/03/2010	Total at 31/03/2009
II – Insurance on human life expectancy	16.0	121.0	184.4	321.4	416.6
III - Insurance as per points I and II linked to investment funds	7.4	77.4	15.3	100.1	226.6
IV - Health insurance	-	-	-	-	-
V – Securitisations as per art. 40, Legislative decree 174/95	0.5	54.3	24.4	79.2	129.5
Total	**23.9**	**252.7**	**224.1**	**500.7**	**772.7**

The direct premiums written by the Parent Company in the first quarter of 2010 amount to approx. Euro 298 million (+18%). The increase was due to the recovery in traditional type premiums (Class I), improving 17.7%.

The life sector recorded a pre-tax profit of Euro 27.1 million, a significant turnaround from Q1 2009 (a loss of Euro 18 million). The sector benefitted in particular from higher investment profits, following improvements on the financial markets which, although not reassuming normal operating conditions, rewarded the strategic asset allocation and provided trading opportunities.

Annual Premium Equivalent and New business

New premiums written in terms of equivalent annual premiums (Annual Premium Equivalent, APE), is calculated based on the sum of the new business annual premiums and 10% of the single premiums. For the Fondiaria SAI Group, this is calculated both under the IAS/IFRS criteria, excluding therefore the contracts treated under the "deposit accounting" method, and under Local criteria taking into consideration all new premiums in the sector, including investment contracts not within the application of IFRS 4. The results of the above-mentioned valuations are reported below.

(in Euro millions)	Q1 2010	Q1 2009	Cge %
IAS/IFRS standards			
Traditional products	34,428	24,134	42.65
Bancassurance	117,833	41,034	187.16
Local GAAP			
Traditional products	34,766	24,173	43.82
Bancassurance	118,102	41,090	187.42

In the first quarter of 2010, the Individual Life policies underwritten by the distribution network was primarily focussed on the Separated Management products characterised by minimum guaranteed returns and capital protection:

- in the single premium form, with particular attention to the life capital maturity segment and securitisation policies;
- for the recurring premiums (in March the new OPEN GOLD product was launched and the restyling of the OPEN RISPARMIO with a decrease in the loading) which recorded a significant increase in new business;
- for the constant annual premiums (particularly positive results for the product dedicated to young persons OPEN BRAVO, launched in Q1 2009, and the OPEN ASSICURATO product, a new Mixed product launched in Q4 2009).

In the quarter, as already stated, the new OPEN GOLD product was launched, a recurring premium without proportional loading on entry, which has been particularly successful with the distribution networks.

In the first quarter of 2010, the generally hostile economic conditions – also seen through higher unemployment – continue to affect the premiums written in the "corporate" sector.
Despite this, the sector has remained stable and in some areas has seen some signs of recovery.
The securitisation products – for treasury management – confirm the reduced advanced redemptions and the recovery of new inflows and contracts, confirming renewed interest in this insurance instrument.

The insurance segment places particular attention on institutional contracts and, although generally remaining stable, they continue to underperform.
In the quarter, the "pre-existing" pension fund management activities - which centres on contributions from employee salaries and is therefore directly related to the number of employees and their relative level of salary - has remained stable despite the difficulties in the labour market.
A similar situation was experienced by the Open Pension Funds created by the Company, which have continued to attract new subscribers (although contained) and have seen a consolidation in contributions.
In relation to products connected to employee leaving provisions (Employee Leaving Indemnity and Agents' Leaving Indemnity) the economic conditions and more restrictive regulations continue to negatively influence the portfolio, which however remains substantially in line with the previous year.

The direct premiums written in the period by the **Milano Assicurazioni Group** amounted to Euro 156.4 million, an increase of 30.6% compared to Q1 2009 at like-for-like terms, therefore excluding Bipiemme Vita and considering it as a discontinued operation.

In the first quarter of 2010, the subsidiary **Popolare Vita S.p.A.** recorded premiums written, in accordance with IAS/IFRS accounting principles, of Euro 619 million (Euro 243 million in the first quarter 2009). The premiums in the first quarter were principally concentrated in new single premium re-valuable saving products of Class I and V in separated management (Euro 616 million); the premiums in the period also included periodic premiums deriving from the portfolio in force, relating to pure risk policies and individual and collective saving policies.
The net profit for the period was approx. Euro 8 million.
The distribution network of the Company consists of 2,041 bank branches belonging to the Banco Popolare Group and, in relation to the post-sales, 33 branches of Credito Emiliano.

Finally we report the strong performance of the subsidiary **Lawrence Life** with premiums written, according to IAS/IFRS accounting principles, of Euro 621 million through two index-linked single premium products with a duration of 6 years.
The premiums written are based on a distribution agreement signed with the Banco Popolare Group in 2009.

REAL ESTATE SECTOR

Operators are in substantial agreement that in 2010 the real estate sector will stabilise, with properties holding their value or at worst decreasing in the order of 2%, with residential sales seeing a moderate increase. The sharp price correction seen in other countries is not expected, thanks to the lack of speculative buying in previous years which was a feature of the Anglo-Saxon markets.
Property prices in 2009 in the 13 major Italian cities, according to a survey carried out, reported a contraction of 4.1%, in addition to the widening of the differential between the average price asked and the final sales price (discrepancy of around 15%).

Further evidence that Italy is not experiencing a speculative "property bubble" is the fact that investments in new homes have not exceeded real accommodation demand: in 2010 in fact investments in new homes is expected to reduce by approximately 12% (compared to 19% in 2009): the data does not take into account however the positive contribution of the recent home plan, expected at approx. 6-7%.

The results of the real estate sector include **Immobiliare Fondiaria-SAI** and **Immobiliare Milano**, the subsidiary **Nit s.r.l.** and other minor companies, as well as the **Tikal R.E.** and **Athens** Closed Real Estate Funds.

The key data of the real estate sector is summarised below:

(in Euro thousands)	**Q1 2010**	**Q1 2009**
Profits realised	16	946
Total revenues	31,943	33,298
Interest expense	1,810	4,843
Loss before taxes	(10,473)	(7,895)

(in Euro thousands)	**31/03/2010**	**31/12/2009**
Investment property	1,329,107	920,009
Financial liabilities	306,049	304,825

The pre-tax result of the sector was a loss of Euro 10.5 million compared to a loss of Euro 7.9 million in 2009. The result includes the depreciation and interest expense for the period, not offset by any income from sales.

No significant matters arose in the limited operations of the quarter: the activities were limited to the management of the existing assets.

In relation to the changes in investment property in the sector, reference is made to the section on Asset and Financial Management.

OTHER ACTIVITIES SECTOR

The sector includes the Group companies operating in the banking, hotel and diversified sectors.
The pre-tax result of the sector was a loss of approx. Euro 10 million (loss of Euro 4 million in Q1 2009).

The contribution of the Atahotels Group with a loss in Q1 2010 of Euro 9.9 million negatively affected the result. This result relates in large part to the seasonality which characterises the sector, particularly in relation to tourism, and depreciation and amortisation in the period of over Euro 3 million.

BancaSai recorded a loss in the period of Euro 1.5 million (loss of 1.3 million in Q1 2009), offset by the profit of **Banca Gesfid** (Euro 1.5 million).

The other results of the companies in the sector are insignificant.

Sale of the investment held in SAI Asset Management SGR.

On March 17, 2010 - Fondiaria-SAI S.p.A. sold to third parties 450,000 ordinary shares, representing 90% of the share capital, of SAI Asset Management SGR – società di gestione del risparmio S.p.A. at a price of Euro 4.9 million.

The acquisition is conditional on the Bank of Italy's approval.
The Fondiaria-SAI Group intends to maintain a holding of 10% in the share capital of the asset management company in view of the industrial project of the buyers which is based upon, in addition to the development of the ordinary individual and collective asset management activities, the strengthening of consultancy activity on behalf of private and institutional investors.

The sale will result in a gain of Euro 0.6 million.

ASSET AND FINANCIAL MANAGEMENT

INVESTMENTS AND LIQUIDITY

At 31/03/2010, the volume of investments amounted to Euro 36,104 million, compared to Euro 34,216 million at 31/12/2009, an increase of 5.52%. This increase refers for Euro 429 million to the reclassification to the investment property sector of the property held by the subsidiaries Fondiaria-SAI and Immobiliare Milano.

(in Euro thousands)	31/03/2010	31/12/2009	Cge. %	31/03/2009
INVESTMENTS				
Investment property	3,009,804	2,580,936	16.62	2,523,316
Investments in subsidiaries, associated and joint venture companies	387,105	366,688	5.57	295,876
Investments held to maturity	865,713	808,473	7.08	890,458
Loans and receivables	2,776,079	2,908,010	(4.54)	2,737,664
Financial assets available-for-sale	19,746,770	18,896,658	4.50	19,201,919
Financial assets at fair value through the profit or loss account	9,318,118	8,655,108	7.66	8,001,727
Total investments	**36,103,589**	**34,215,873**	**5.52**	**33,650,960**
Other fixed assets: buildings and other fixed assets	495,763	930,898	(46.74)	1,251,921
Total non-current assets	**36,599,352**	**35,146,771**	**4.13**	**34,902,881**
Cash and cash equivalents	768,225	576,033	33.36	519,789
Total non-current assets and cash equivalents	**37,367,577**	**35,722,804**	**4.60**	**35,422,670**

The financial assets available-for-sale and the financial assets valued at fair value through profit or loss are as follows:

(in Euro thousands)	31/03/2010	31/12/2009	Cge. %
Financial assets available-for-sale	**19,746,770**	**18,896,658**	**4.50**
Equity securities	1,670,104	1,695,610	(1.50)
Fund units	842,324	937,833	(10.18)
Debt securities	17,232,333	16,261,242	5.97
Other financial investments	2,009	1,973	1.82
Financial assets at fair value through the profit or loss account	**9,319,118**	**8,655,108**	**7.66**
Equity securities	117,475	97,859	20.05
Fund units	407,923	410,088	(0.53)
Debt securities	8,125,994	7,470,196	8.78
Other financial investments	666,726	676,965	(1.51)

With regard to the financial assets at fair value through the profit or loss account, investments whose risk is borne by the policyholder amounted to Euro 8,904 million (Euro 8,323 million in 2009).

The account **Investment property** includes the buildings held by the Group for investment purposes, therefore held for rental to third parties or for capital appreciation. The gross carrying value was Euro 3,346 million, of which Euro 879 million related to the land component, while the depreciation provision amounted to Euro 337 million. The increase in the first quarter of Euro 429 million is essentially due to the reclassification of the property held by the subsidiaries Fondiaria-SAI and Immobiliare Milano from the account "Property, plant and equipment" following the changes in the corporate scope of the companies.

The account **Investments in Subsidiaries, Associates and Joint Venture Companies** includes the investments in associated companies, which were valued under the equity method, in addition to the carrying value of some investments in subsidiaries which are not fully consolidated, either due to the insignificant value for the purposes of a true and fair presentation of the accounts or as the companies are under restructuring or are non operating.
The most significant investments included in the account are: Citylife (Euro 67.7 million), IGLI (Euro 56.3 million), Rho Property Fund (Euro 54.2 million), Finadin (Euro 43.7 million), Garibaldi s.c.s. (Euro 41.8 million) and Fin.Priv. (Euro 32.3 million).

The **Loans and Receivables** includes debt securities of Euro 1,040 million (Euro 1,021 million at 31/12/2009), time deposit operations for Euro 121 million (Euro 136 million at 31/12/2009) and loans on life policies of Euro 60 million (Euro 61 million at 31/12/2009). They also include the reinsurance deposits at the ceding companies for Euro 29 million (Euro 29 million at 31/12/2009) and receivables from sub-agents for the indemnities paid to the former agents for Euro 231 million (Euro 232 million at 31/12/2009).
The account also includes loans provided by Finitalia to its customers for Euro 212 million (Euro 210 million at 31/12/2009), as well as the receivables of the subsidiaries BancaSai and Banca Gesfid from other credit institutions for deposits and loans to the bank's customers for Euro 853 million (Euro 977 million at 31/12/2009).
The account also includes the receivable of approx. Euro 177 million (Euro 176 million at 31/12/2009) against the forward sale of Intesa Sanpaolo shares owned by the Parent Company through the mandatory convertible exclusively in Intesa Sanpaolo shares, issued by the subsidiary Sainternational in September 2004.

The **Investments held to maturity** amount to Euro 866 million (Euro 808 million at 31/12/2009) and include Euro 795 million of listed debt securities.

The **Available-for-sale financial assets** include bonds and equity securities not otherwise classified. In particular, the account includes debt securities of Euro 17,232 million (Euro 16,261 million at 31/12/2009), equity securities of Euro 1,670 million (Euro 1,696 million at 31/12/2009), as well as units in investment funds of Euro 842 million (Euro 938 million at 31/12/2009) and other financial investments of Euro 2 million (Euro 2 million at 31/12/2009).

The **Financial assets valued at fair value through profit or loss** includes the securities held for trading as well as those designated by the group in this category.
This account includes the investments and the financial instruments relating to insurance contracts or investments issued by insurance companies for which the investment risk is borne by the policyholder.
The account therefore includes debt securities of Euro 8,126 million (Euro 7,470 million at 31/12/2009), equity securities of Euro 117 million (Euro 98 million at 31/12/2009), units in investment funds of Euro 408 million (Euro 410 million at 31/12/2009) and other financial investments of Euro 667 million (Euro 677 million at 31/12/2009).

Property, plant and equipment include property used for operational purposes: in relation to this reduction in the account reference is made to the "Property Investment" account.

The key results of the financial and real estate activities in the first quarter are shown below:

(in Euro thousands)	Q1 2010	Q1 2009	FY 2009
Net income from financial instruments recorded at fair value through profit or loss	**191,388**	**18,690**	**906,125**
Income from investments in subsidiaries, associates and joint ventures	**-**	**-**	**14,212**
Income from other financial instruments and property investments of which:			
Interest income	171,939	217,071	765,794
Other income	38,537	43,207	159,180
Profits realised	90,561	53,068	201,391
Valuation gains	645	65	4,591
Total income	**493,070**	**332,101**	**2,051,293**
Charges from investments in subsidiaries, associates and joint ventures	**1,287**	**1,311**	**83,540**
Charges from other financial instruments and property investments of which:			
Interest expense	20,344	39,050	102,652
Other charges	15,892	29,432	65,698
Losses realised	21,410	41,059	110,428
Valuation losses	44,076	74,061	219,606
Total interest expense and charges	**103,009**	**184,913**	**581,924**
TOTAL NET INCOME	**390,061**	**147,188**	**1,469,369**

The net income from financial instruments recorded at fair value through the profit and loss includes net income relating to contracts in the Life sector whose risk is borne by the policyholders for Euro 186,714 thousand (net income of Euro 30,262 thousand in 2009).
This increase is compensated by the corresponding change in the technical reserves of the Life sector relating to this class of activity.

In relation to the AFS assets, in the first quarter of 2010, in line with the impairment policy of the Group, adjustments in value were recorded of Euro 27.3 million (Euro 61.4 million in Q1 2009). These amounts are not definitive, considering that the "freezing" of these write-downs usually occurs in the preparation of the annual and half-year financial statements. Therefore a recalculation utilising a different time framework will be carried out.

INVESTMENT MANAGEMENT

The first quarter of 2010 saw in many countries the continuation of the tentative economic recovery, featuring particularly strong exports and weak internal demand.

After a positive start, from the middle of January a significant correction took place on the stock markets - triggered by renewed tensions in the Eurozone due to the ballooning of the Greek public deficit with fears of contagion affecting also the other peripheral countries such as Portugal and Spain. The first part of February saw a recovery based on strong American economic data (particularly in the manufacturing indices) while closing with a significant stock market correction due to the collapse in US consumer confidence. In March however, the Greek policies implemented along with the rescue plans drawn up at European level fostered a return to growth in both Europe and America, until the reaching of significant short-term resistance with the S&P500 experiencing large trading volumes, however decreasing as resistance was met.

The improvements in the financial markets is leading the Central Banks to disengage the “non conventional” policies implemented during the crisis - testament to the effective state of health of the markets. The combination of real economy and financial market stimuli have strongly increased the public debt of the western countries, reducing the room for manoeuvre if the real economy does not succeed in maintaining momentum by itself.

In monetary policy terms, no significant changes took place in the developed countries: it is likely that interest rates will stabilise at current levels for some time yet and the market expects that in Europe rates will not be increased before the beginning of 2011.

In Q1 2010, particularly heavy trading occurred in the Non-Life sector of the Group as a result of uncertainty regarding the sustenance of economic growth or even fears of a double dip recession, thus causing fluctuations in the market and presenting significant trading opportunities.
With a generally positive market outlook toward Italian bond risk, such investments have increased, benefitting also from the high degree of liquidity offered by Treasury Bonds (BTP) with the partial reduction in Treasury Certificates (CCT) favouring Treasury Bonds with maturity in 2012 and 2015 and Spanish and Belgian Government Bonds, which in terms of risk/return levels present an appropriate means of diversification. The “Core” component is made up principally of German bonds with a residual maturity of 2 years.

In the Life Division, greater focus was placed on the target returns of the individual separated management, moving away from the corporate sector which has already performed strongly and increasing, also in the Life Division, the Treasury Bond component and acquiring corporate bonds which are a strong fit for the ALM profile.

At operating level for the Life portfolio during the first quarter volumes traded amounted to approx. Euro 540 million, with a net balance between purchases and sales of Euro -70 million and with the January/February period seeing intense trading activity. Currently the equities percentage of the Life portfolio of the Group amounts to 7.8% at current market values with an ordinary return of 4%, while the mark to market performance in the first quarter was growth of 3.5%, with the Eurostoxx50 portfolio losing 1.14%.

The average holding of equities by the Fondiaria-SAI Vita separated management at March 29 was approx. 5%. In relation to exchange rate exposure, this principally relates to the Eurozone (89%), with a residual exposure in Swiss Francs of 3% and UK Sterling of 6%.

At sector level, greater weight has been given to the high dividend yield sectors such as Energy-Utilities and Telecoms, while the Financials exposure generally leans toward the Insurance sector and away from Banking. Since the beginning of the year, exposure was lessened in the Financials and in the non cyclical sectors. The average holding of equities by the Milano Vita separated management at March 29 was approx. 4.9%. In relation to exchange rate exposure, this principally relates to the Eurozone (86%), with a residual exposure in Swiss Francs of 4% and UK Sterling of 8%.

Fondiaria-SAI
The Non-Life Division is composed of 58.2% of fixed income bonds, 33.5% at variable rate and a residual 8.3% in Time Deposits and Cash.
The total duration of the portfolio is 2.2 years and the return on the Non-Life portfolio is equal to 1.99%.
The Life Division has a higher fixed rate asset bond allocation (84.2%), compared to the variable quota of the same class (14.5%) and a residual amount in time deposits and money (1.3%), with a total duration of the portfolio of 5.93 years and a return of 4.45%.

Milano Assicurazioni
The Non-Life Division is composed of 66.3% of fixed income bonds, 29.1% at variable rate and a residual 4.6% in Time Deposits and Cash.
The total duration of the portfolio is 2.19 years and the return on the Non-Life portfolio is equal to 2.30%.
The Life Division has a higher fixed rate bond asset allocation (85.4%) compared to the variable quota (13.5%) with a residual in time deposits and cash (1.1%) and a total duration of the portfolio of 5.46 years and a return of 4.60%.

Reclassification of financial instruments

We recall that in accordance with IAS 39, and as enacted in October 2008 through the approval of EU Regulation No. 1725/2003, a financial asset classified as available-for-sale may be reclassified in the category “Loans and Receivables" provided it complies with the requisites contained in the definition of loans and receivables, and the Group has the intention and the capacity to hold the financial asset for the foreseeable future or until maturity.

Based on this option, it was decided to reclassify at January 1, 2009 some debt securities recorded in the accounts at December 31, 2008 for Euro 808,419 thousand from the category “Available-for-sale” to “Loans and Receivables”. These securities, principally containing subordination clauses and issued by corporate parties, were measured at fair value at December 31, 2008 through mark to model, with the objective to provide maximum transparency and clarification in the valuations in the accounts. This intention does not easily reconcile with the nature of the securities and with the difficulties to define and, therefore, provide an objective fair value, in consideration of the current economic-financial crisis which does not permit normal pricing, in particular for these types of securities.

The accounting value of the securities transferred at 31/03/2010 was Euro 806,834 thousand and the fair value at that date, determined on the basis of the above-mentioned mark to model method, substantially confirm the carrying value at the date of the present report. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 3,058 thousand. The residual negative AFS reserve recorded on these securities at 01/01/2010 amounts to Euro 69,527 thousand and is amortised in accordance with the provisions of IAS 39.

Net technical reserves

The net technical reserves are as follows:

(in Euro thousands)	31/03/2010	31/12/2009	Cge. %	31/03/2009
Non-Life technical reserves				
Unearned premium reserve	2,499,458	2,587,895	(3.42)	2,546,789
Claims reserve	8,378,321	8,376,629	0.02	7,914,383
Other reserves	12,419	13,542	(8.29)	14,157
Total Non-Life reserves	**10,890,198**	**10,978,066**	**(0.80)**	**10,475,329**
Life technical reserves				
Actuarial reserves	14,095,568	13,339,830	5.67	13,873,372
Reserve for sums to pay	219,195	153,354	42.93	181,949
Technical reserves where the investment risk is borne by policyholders	6,941,658	6,265,181	10.80	4,255,855
Other reserves	189,361	111,319	70.11	(247,192)
Total Life Reserves	**21,445,782**	**19,869,684**	**7.93**	**18,063,984**
Total	**32,335,980**	**30,847,750**	**4.82**	**28,539,313**

The technical reserves of the Non-Life Division at 31/03/2010 include the unearned premium reserve of Euro 2,499 million, calculated under the pro-rata basis, and the claims reserve of Euro 8,378 million.
The other technical reserves of the Non-Life Division include the ageing reserve of the health division, calculated in accordance with the national regulations: this is created against the greater insurance risk due to the ageing of the policyholders.

The technical reserves of the Life Division are those relating to insurance contracts and investment contracts with discretionary participation elements as per IFRS 4. This account does not include the liabilities relating to the policies (prevalently index and unit-linked) which, having an insignificant insurance risk, are governed by IAS 39 (Financial instruments) and are therefore recorded under financial liabilities.

In addition, the technical reserves of the Life Division increased, compared to the value calculated in accordance with Italian GAAP, by Euro 89 million due to the accounting of the deferred liabilities towards policyholders, consequent of the application of the shadow accounting technique as per IFRS 4 (Euro 8 million at 31/12/2009).

Financial liabilities

Within the financial liabilities a separation was made between operating debt and financial debt. In particular, the operating debt relates to the financial liabilities where there is a correlation with a specific asset account.

The breakdown of the financial liabilities is shown below:

(in Euro thousands)	31/03/2010	31/12/2009	Cge. %	31/03/2009
Financial liabilities				
Sub-ordinated liabilities	1,038,981	1,040,425	(0.14)	1,047,769
Financial liabilities at fair value through profit or loss account	2,017,520	2,085,415	(3.26)	3,352,534
Other financial liabilities	1,554,594	1,624,620	(4.31)	1,833,178
Total financial liabilities	**4,611,095**	**4,750,460**	**(2.93)**	**6,233,481**

For the **Subordinated liabilities** account, reference should be made to the section below on debt.

The account **Financial liabilities recorded at fair value through profit or loss** includes at 31/03/2010 Euro 1,968 million (Euro 2,058 million at 31/12/2009) relating to liabilities from financial contracts issued by insurance companies, treated under the deposit accounting method which, substantially, requires the recognition in the income statement of only the profit margins and the recording under financial liabilities of the premiums written.

The **Other financial liabilities** include Euro 468 million (Euro 579 million at 31/12/2009) relating to customer deposits at the subsidiaries BancaSai and Banca Gesfid, In addition, Euro 185 million (Euro 182 million at 31/12/2009) relates to the payable for a nominal amount of Euro 180.4 million by the subsidiary Sainternational and repayable exclusively in Intesa Sanpaolo shares owned.

Euro 254 million (Euro 266 million at 31/12/2009) relates to deposits with reinsurers.

FONDIARIA SAI GROUP DEBT

In order for a correct representation of the accounts under examination, information is provided below of the financial payables, which is the total amount of the financial liabilities for which it is not possible to establish a correlated specific asset account.

The situation is summarised in the table below:

(in Euro millions)	31/03/2010	31/12/2009	Changes
Subordinated loans	1,039,0	1,040,4	(1,4)
Mandatory SAInternational	185,3	182,5	2,8
Bank and other borrowings	514,6	447,9	66,7
Total debt	**1,738,9**	**1,670,8**	68,1

The account **Subordinated loans** include the following loans of the Parent Company and Milano Assicurazioni with Mediobanca, with ISVAP authorisation. For a summary of the amounts and the characteristics, reference is made to the 2009 Financial Statements with no significant changes taking place. The same considerations are valid for the mandatory Sainternational.
In relation to subordinated bonds, against a nominal Euro 950 million, Interest Rate Swaps were subscribed of Euro 800 million. The mark to market of these positions at March 31, 2010 was negative for Euro 29.7 million.

With reference to **Bank and other lenders**, amounting to Euro 514.6 million, the most significant amounts are reported below:

- Euro 140.2 million refers to the loan of the Tikal R.E. Closed Real Estate Fund with Intesa SanPaolo, with this latter as Bank Organiser, Agent and Lender. The purpose of the loan is to improve the return on own capital and therefore the capital invested by the participants. The amount involves a total credit line of Euro 280 million, utilised for investments in new projects and to undertake improvements in view of future sales and increase profitability. The cost of the loan is Euribor plus a variable credit spread between 70 and 110 b.p. The Fund, since the previous year, has utilised interest derivative instruments, of which only two still in place at year-end, in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted;
- Euro 69.4 million refers entirely to the debt of the subsidiary Immobiliare Milano Assicurazioni. This relates to the re-negotiation of the debt of Immobiliare Lombarda in 2005. The interest rate on the loan is Euribor plus a spread of 0.9%. The maturity dates are variable up to December 31, 2012. In the first quarter of 2007, Immobiliare Lombarda agreed a loan of approx. Euro 38 million with Efibanca, in order to acquire the investment in IGLI. The interest rate on the latter loan is at Euribor plus a spread of 0.83% and the expiry date is 31/12/2012;

- Euro 89.0 million refers entirely to the debt of the subsidiary Immobiliare Fondiaria-SAI. This refers principally to the bank loan signed by Marina di Loano with Intesa SanPaolo with maturity on 17/03/2014 and an interest rate of Euribor at 3 months increased by 300 basis points. The company utilised a derivative instrument, in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted. There are also two mortgages in place. The first in relation to the subsidiary Crivelli with maturity on 27/06/2017 at an interest rate of Euribor at 6 months increased by 90 basis points; the second for the subsidiary Meridiano Secondo with maturity on 25/09/2012 at an interest rate of Euribor at 3 months increased by 90 basis points;
- Euro 750 million relates to a senior loan contract concluded on 11/01/2008 between Fondiaria-SAI S.p.A. and Mediobanca with issue date of 25/1/2010 and repayment date of 31/1/2011, applying a spread of Euribor at 12 months plus 200 bps;
- Euro 62.9 million refers to short-term loans for fixed use (so-called "hot money") obtained by the subsidiary Finitalia from various credit entities;
- Euro 78.1 million refers to the bonds issued in 2009 by BancaSai in part variable interest rate and in part fixed interest rate, with variable expiry from 2011 to 2014.

TREASURY SHARES, SHARES OF THE HOLDING COMPANIES AND ITS SUBSIDIARIES

At 31/03/2010 and at 31/12/2009, the Parent Company held treasury shares and shares in the parent company Premafin Finanziaria as shown in the table below:

(in Euro thousands)	31/03/2010		31/12/2009	
	Number	**Book value**	**Number**	**Book value**
Treasury shares held by:				
Fondiaria-SAI	3,200,000	64,366	3,200,000	64,366
Milano Assicurazioni	9,982,557	229,261	9,982,557	229,261
Sai Holding	1,200,000	28,306	1,200,000	28,306
Total	**14,382,557**	**321,933**	**14,382,557**	**321,933**
Saving treasury shares held by:				
Fondiaria-SAI			-	-
Total			**-**	**-**
Shares of the holding company held by:				
Fondiaria-SAI	18,340,027	18,529	18,340,027	19,189
Milano Assicurazioni	9,157,710	9,252	9,157,710	9,582
Saifin – Saifinanziaria	66,588	67	66,588	70
Total	**27,564,325**	**27,848**	**27,564,325**	**28,841**

OTHER INFORMATION

Sales organisation and personnel

The personnel of the Fondiaria SAI Group at 31/03/2010 is as follows:

	31/03/2010	31/12/2009
Italian companies	6,676	6,531
of which Parent Company:	2,651	2,659
Foreign entities	1,918	1,886
Fondiaria-SAI Group	**8,594**	**8,417**

In addition, the employees of the foreign companies include 740 brokers.

With reference to the first quarter of 2010, the national distribution of the Fondiaria-SAI Agents was as follows:

	Mandate SAI	Mandate Fondiaria	Total at 31/03/2010	Total at 31/12/2009
North	400	202	602	607
Centre	136	189	325	333
South	208	167	375	366
TOTAL	744	558	1,302	1,306

With reference to the Group, it is noted that the sales agencies at the end of the first quarter of 2010 amounted to 3,478 agencies (3,490 at 31/12/2009), operating through 2,862 sales points (2,875 at 31/12/2009) representing the traditional distribution channel.

Information on dividends

We recall that on May 27, 2010, following the allocation of the 2009 net profit as approved by the Shareholders' Meeting on April 23, 2010, the dividend of Euro 0.40 per ordinary share and Euro 0.452 for each saving share will be paid.

Standard & Poor's rating

On March 26, 2010, the rating agency Standard & Poor's, within a general review of the Italian insurance market, revised the rating of the Fondiaria-SAI Group and its principal subsidiary Milano Assicurazioni, from A- to BBB+. This change in the rating is related to the deterioration in the operating performance as well as the reduced financial and capital flexibility.

The outlook is confirmed as negative, due to concerns on the capacity of the Group to return profitability to its historical levels. However the report underlines the solid leadership position held in the Non-Life sector in Italy and the continued improvement of the ERM.

S&P's rating reflects the current difficult market conditions within the Non-Life sector. The Group remains confident that the actions implemented can, in the medium term period, return the profitability of the business to satisfactory levels.

Banca Sai Network Project

With prior authorisation by ISVAP on February 9, 2010 the company SAI NETWORK S.p.A. was incorporated with a share capital of Euro 2 million, subscribed and paid-in for 51% by BancaSai and for 24.5% each by Fondiaria-SAI and Milano Assicurazioni.

This company, previously transformed into a Bank through the procedure with the Bank of Italy, is a vehicle company established for the implementation of a project created to improve the interaction between the insurance and banking channels of the Group, establishing for agents another bank – BANCA SAI NETWORK, to develop together a project which provides for, among other matters, the entry of the agents into the share capital of the future bank.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Corporate/industrial restructuring project

On April 29, 2010, the Boards of Directors of Fondiaria-SAI S.p.A., of Milano Assicurazioni S.p.A. and of its subsidiaries Liguria Assicurazioni S.p.A. and Liguria Vita S.p.A. approved a corporate/industrial reorganisation project, to be implemented through a share capital increase of Liguria and Liguria Vita in accordance with article 2441, paragraph 4 of the Civil Code, reserved to Milano Assicurazioni, through conferment of the Milano business units dedicated to the agency networks which distributes brand products, respectively SASA and SASA VITA.

The re-allocation of the predominantly multi-mandate agency networks premium portfolio to a single entity, legally independent, will allow a more effective and efficient management of the organisational, communicative and commercial strengths in the various types of distribution networks and opens up a series of potential advantages (greater competitiveness, simplification of operational management, optimisation of group costs) in a market context still characterised by an uncertain macroeconomic scenario and high levels of competition.

The Sasa business unit combines the activities of Sasa Assicurazioni e Riassicurazioni S.p.A. and Sasa Vita S.p.A., long-established Trieste-based insurance companies founded in 1923 and merged by incorporation into Milano Assicurazioni in 2008. The business unit employs 204 persons principally in the Trieste headquarters and operates prevalently in the non-life sector with a presence throughout Italy thanks to a network of 425 agents, mainly "multi mandate". The business unit also relies on a strong relationship with over 100 brokers. In 2009, total premiums of approx. Euro 501 million were recorded (Euro 424 million Non-Life, Euro 77 million Life).

Liguria and Liguria Vita, founded in Genoa in 1883, have headquarters in Milan and operate both in the Non-Life and Life divisions (Liguria Vita is held 100% by Liguria). The Liguria Group operates prevalently in the Non-Life Motor TPL sector and throughout Italy thanks to a network of 319 agencies concentrated in the centre-north of the country and in particular in the smaller municipalities. The Liguria Group reported total premiums written in 2009 of Euro 295 million (Euro 273 million Non-Life, Euro 22 million Life) and employs 180 people.

The operation will therefore create the 10th largest insurance group in Italy, operating both in the Non-Life and Life sectors, with total premiums of approx. Euro 0.8 billion, principally in the Non-Life sector and a net equity of approx. Euro 0.2 billion, 384 employees and a distribution network of approx. 750 agencies located throughout Italy, but principally in Northern Italy (45%).

The creation of a single commercial and organisational entity, as well as creating a significant force within the domestic market, will also allow the Group to take advantage of any combined entity valuation opportunities.

The two share capital increases which will be presented to the relative extraordinary shareholders' meetings of LIGURIA and LIGURIA VITA will be carried out through the issue of:

- with regard to the conferment to Liguria of the Sasa Business Unit, of 70,941,075 ordinary Liguria shares of a nominal value of Euro 1 each, for a total nominal value of Euro 70,941,075, as well as Euro 61,800,087 share premium reserve and therefore for a total value of Euro 132,741,162;
- with regard to the conferment to Liguria Vita of the Sasa Vita Business Unit, of 2,608,704 ordinary Liguria Vita shares of a nominal value of Euro 5 each, for a total nominal value of Euro 13,043,520, as well as Euro 1,141,935 share premium reserve and therefore for a total value of Euro 14,185,455.

The execution of the entire operation, subject to prior authorisation by Isvap, will take place in the second half of the current year.

KPMG Corporate Finance, a division of KPMG Advisory S.p.A., was appointed financial advisor by the Board of Directors.

The audit firm Pricewaterhouse Coopers was appointed as the expert pursuant to article 2343 ter of the civil code for the preparation of the sworn report on the estimate of the conferments. The issue price of the new shares for the conferments will, in accordance with article 2441, paragraph 6 of the civil code, be subject to a fairness opinion by the audit firm appointed by Liguria Assicurazioni, Reconta Ernst & Young.

OUTLOOK

The Fondiaria SAI Group objective is to offset, in the current year, the reduction in the technical account, while safeguarding industrial management equilibrium and maintaining a policy to ensure balance sheet solidity in the medium-long term.

2010 will be a difficult year in which stabilisation will be established. In order to obtain greater management efficiencies, in the coming months the Fondiaria SAI Group will implement an industrial reorganisation, while not altering the market position nor the Group profile. In particular some policies, such as international expansion, will be revised and rationalised, due to the substantial capital requirements to carry out such initiatives.

Within an overall financial scenario still featuring low interest rates and highly volatile equity markets, the financial management will continue with its normal prudent approach, with the objective of optimising the risk-yield profile, alongside the commitments undertaken towards our Policyholders, through rigorous valuation of the creditworthiness of new investments and the introduction of coverage against share price risks.

The rebalancing of the investment portfolio asset allocation will continue through both reducing the percentage of equities and also the exposure to the real estate sector in line with the Industrial Plan.

Milan, 12/05/2010

For the
Board of Directors
The Chairperson

Ms. Jonella LIGRESTI

DECLARATION IN ACCORDANCE WITH ART. 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 24/02/1998, N. 58

The undersigned Mr. Pier Giorgio Bedogni, as Executive Responsible for the preparation of corporate financial documents of Fondiaria-SAI S.p.A.

affirms

pursuant to the provisions of article 154 bis of the "Finance Act for financial intermediaries" that the Interim Report as at March 31, 2010 corresponds to the underlying accounting documents, records and accounting entries.

Milan, 12/05/2010

The Executive Responsible
for the preparation of the corporate accounting documents

Mr. Pier Giorgio BEDOGNI