2011 THIRD QUARTER REPORT

FONDIARIA-SAI S.p.A.

FONDIARIA-SAI S.P.A. - TURIN REGISTERED OFFICE AND HEADQUARTERS - CORSO G. GALILEI, 12 – FLORENCE HEADQUARTERS VIA LORENZO IL MAGNIFICO, 1 - SHARE CAPITAL EURO **494,731,136** 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*
Emanuele Erbetta*	*Chief Executive Officer - General Manager*
Andrea Broggini	
Roberto Cappelli	
Maurizio Comoli	
Carlo d'Urso	
Ranieri de Marchis*	
Vincenzo La Russa*	
Gioacchino Paolo Ligresti *	
Fausto Marchionni	
Valentina Marocco	
Enzo Mei	
Salvatore Militello*	
Cosimo Rucellai	
Salvatore Spiniello	
Graziano Visentin	
Fausto Rapisarda	*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 FIRM
RECONTA ERNST & YOUNG S.P.A.

GENERAL REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS
Sandro Quagliotti

GENERAL MANAGER

Emanuele Erbetta
Piergiorgio Peluso

EXEUCTIVE RESPONSIBLE

for the preparation of the corporate accounting documents
Massimo Dalfelli

** Members of the Executive Committee*

The Shareholders' AGM of the Company held on April 28, 2011 appointed Mr. Emanuele Erbetta to the Board of Directors until the conclusion of the mandate for the entire Board and therefore until the approval of the 2011 annual accounts. Mr. Erbetta was appointed by the Board of Directors at the meeting of January 27, 2011 – in replacement of Ms. Lia Lo Vecchio – with the appointment concluding at the above-stated Shareholders' AGM.
The Board of Directors of FONDIARIA-SAI, meeting after the Shareholders' AGM, appointed Mr. Erbetta as Chief Executive Officer.
Mr. Erbetta continues as General Manager.
The Directors Mr. Francesco Corsi and Mr. Giuseppe Morbidelli announced their resignations through communications dated July 22, 2011. The Director Mr. Sergio Viglianisi announced his resignation with communication dated July 28, 2011.
The Board of Directors on August 2, 2011 appointed in replacement of the resigning directors Mr. Roberto Cappelli, Mr. Ranieri de Marchis and Mr. Salvatore Militello. Mr. Ranieri de Marchis and Mr. Salvatore Militello were also appointed to the Executive Committee.
In the meeting of July 21, 2011 the Chairman revoked all executive powers assigned to him, in addition to those of the Chief Executive Officer, conferred separately by the Board on April 24, 2009.
Following such revocation the Chief Executive Officer Mr. Emanuele Erbetta, as latterly approved by the Board of Directors on September 21, 2011, until the expiry of the mandate of the entire Board and therefore until the approval of the 2011 annual accounts, in addition to acting as Legal Representative in accordance with the By-Laws, is the representative of the company pursuant to Article 21 of the Company By-Laws and has 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;
- signing of real estate contracts involving the undertaking of commitments by the company of over Euro 15 million for each contract;
- sale and/or acquisition of investments, enterprises, business units or fixed assets (other than the buildings mentioned above) of over Euro 30 million for each transaction;
- sale and/or acquisition of majority shareholdings;
- obtaining of loans above Euro 50 million for each operation;
- provision of non-insurance guarantees in favour of third parties;
- signing of any other contract and/or agreement, other than those included in the preceding points, which involves a commitment for the Company of an amount greater than Euro 15 million for each transaction.

The Executive Committee has all the powers not attributed to the Chief Executive Officer, with the exception of those which by law or the company by-laws are the exclusive responsibility of the Board of Directors or those stated below.
However, all deliberations in relation to the provision of non-insurance sureties in favour of third parties remain within the exclusive remit of the Board of Directors, in addition to operations with related parties as identified by the Board of Directors and the matters listed below, excluding in each case, all operations of ordinary administration within the insurance business:

a) approval of the business plan, budgets and their modifications and/or updates (also at consolidated level);
b) any acquisition and sale of companies, business units or other fixed assets, including investments, whose value, for each individual operation or for a series of related operations (i.e. functional to the realisation of the same operation), of above Euro 30 million;
c) any acquisition and sale of buildings whose value, for each individual operation or for a series of related operations (i.e. functional to the realisation of the same operation), of above Euro 15 million;
d) signing of tender contracts in the real estate sector which result in the commitment of the company of an amount above Euro 15 million for each contract or series of related contracts (functional to the realisation of the same operation);
e) obtaining of loans above Euro 50 million for each operation;
f) signing of any other contract and/or agreement (including the provision of guarantees), which involves a commitment for the Company of an amount greater than Euro 35 million for each transaction or within the financial year;
g) any operation relating to the companies of the Group which result in exceeding the same thresholds as per the preceding points.

It should be noted that, in relation to the operations at letters b), c), d) and e), where the value is not above that indicated, the operations are within the powers of the CEO, while where the value is above, the powers are within those of the Board of Directors.
In relation to the operations at letter f), the powers are devolved as follows:

- where the value is not above Euro 15 million: The Chief Executive Officer;
- where the value is above Euro 15 million, but not above Euro 35 million: The Executive Committee;
- where the value is above Euro 35 million: The Board of Directors.

With reference to the duties of the Board of Directors and the Executive Committee, the above limits are also applied where the operation is completed within a single operation by a number of companies of the Group of the Parent Company, in that for the purposes of these thresholds, the amounts of the individual operations must be considered together.
Taking into account the shareholders' agreement signed between PREMAFIN and UNICREDIT the following matters are exclusively reserved to the Board of Directors and no decision may be taken by the Board without (i) the express majority approval of the Internal Control Committee or the Remuneration Committee and (ii) the prior acquisition of a fairness opinion issued by a primary international investment bank:

(a) proposals to the Shareholders' Meeting (or decisions reserved to the Board of Directors) relating to operations – other than those listed above – which have the effect to dilute the holdings of the shareholders of the Company;
(b) proposals to the Shareholders' Meeting (or decisions reserved to the Board of Directors) relating to mergers, transformations, spin-offs and liquidations, as well as any other extraordinary operation (including acquisitions, sales and other operations which result in significant modifications to the activities undertaken by the Group) relating to the Company and to the Group, of a value above Euro 150 million for each operation or series of related operations.

The Board of Directors was appointed by the Shareholders' Meeting of April 24, 2009.
The Board will expire, together with the Board of Statutory Auditors, with the shareholders' meeting for the approval of the financial statements for 2011.

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INTRODUCTION

The Interim Report of the Fondiaria SAI Group at September 30, 2011 was prepared on a consolidated basis in accordance with Article 154-*ter* of Legislative Decree No. 58/98.

In continuance with that previously undertaken and seeking to establish an adequate level of information, in line with the best market practice and the needs of stakeholders, it was decided to maintain the model already in use, with appropriate focus placed also on the principal management indicators.

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.

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 of the official organisations.
The quarterly financial statements have not been audited.

All of the amounts are reported in millions or thousands of Euro.

Key Group data

(in Euro millions)	9M 2011	9M 2010	Q3 2011	Q3 2010
Net Loss(*)	(212)	(431)	(150)	(274)
Total Gross premiums written	8,330	9,915	2,113	2,501
of which:				
Gross Non-Life premiums written	5,088	5,150	1,431	1,446
Gross Life premiums written	3,242	4,765	682	1,055
Investment policies written	37	36	10	12
APE	300	444	61	108
Combined ratio – Non-Life sector	103.9%	105.2%	108.0%	104.9%
Expense ratio of the Non-Life sector	21.8%	21.4%	20.3%	20.8%
Expense ratio of the Life sector	4.9%	3.4%	5.7%	3.8%

(in Euro millions)	30/09/2011	30/06/2011	31/12/2010
Investments	36,159	36,525	36,014
Net technical reserves - Non-Life division	11,283	11,221	11,231
Net technical reserves - Life division	23,091	23,405	22,774
Shareholders' equity(*)	2,538	2,607	2,550

(*) The result includes the minority interest share. Shareholders' equity includes the minority interest share and the consolidated result.

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

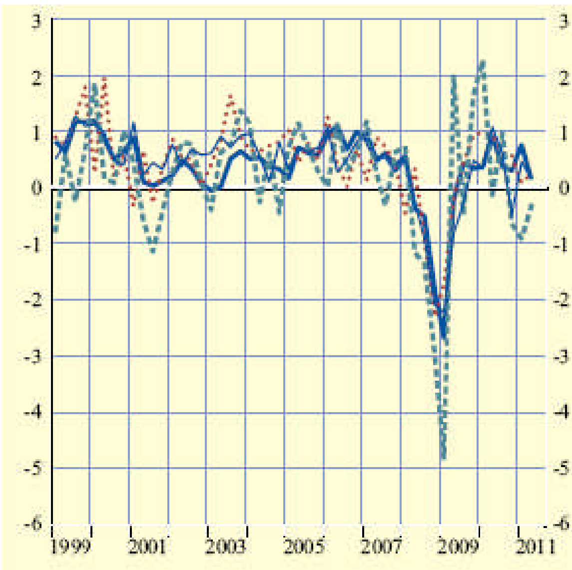
International economic overview

In recent months global economic growth has slowed down - principally due to the sharp reduction in growth across the advanced economies. This follows weak employment data and a number of temporary factors (such as energy price rises and the interrupted supply of intermediary goods from Japan), in addition to less expansive fiscal policies in the United States and in the United Kingdom. On the other hand, although decelerating slightly, growth remained robust in the emerging economies - led by strong internal demand.

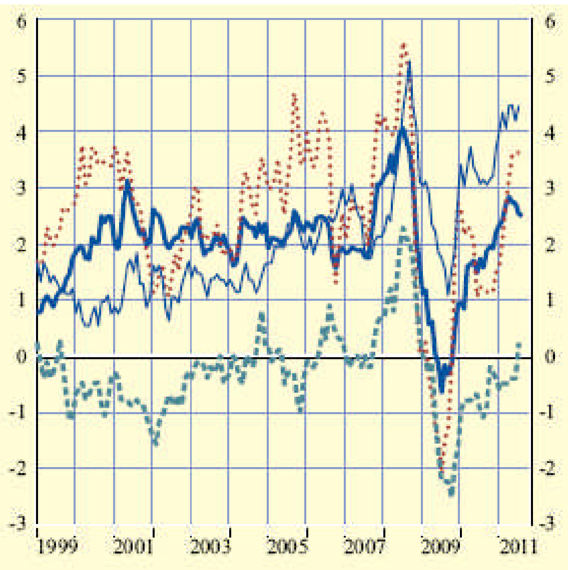
Graph 1 – Growth trends in the major industrial economies

______ Eurozone ------ Japan …… United States _____ United Kingdom

GDP Growth (1)
(percentage change on the preceding period; quarterly data)



Inflation Rates (2)
(consumer prices; change on the 12 months; monthly data)



Sources: National, BR and Eurostat data and ECB workings (Monthly Bulletin 09/11).

1) *For the Eurozone and the United Kingdom, the Eurostat data was used; for the United States and Japan, national sources were used. The GDP data has been seasonally adjusted.*

2) *Based on the IAPC for the Eurozone and the UK, based on the consumer price indices for the United States and Japan.*

Recent analyses carried out by the European Central Bank (to September 2011) indicate an international slowdown in economic activity over recent months.
Year on year inflation figures have stabilised in the advanced economies while pushing higher in the emerging economies.
Goods traded globally reduced 0.6% in the second quarter on the previous period, principally due to supply restrictions throughout the international production chain following the earthquake in eastern Japan.

In the United States, the economy - although slowing down - is holding firm through the crisis. In the third quarter GDP grew 2.5% on an annual basis, compared to 1.3% in Q2. The economy is expected to further recover, although to a lesser extent than previously forecast - within a highly uncertain environment.

In the emerging countries of Asia, growth slowed slightly in the second quarter of 2011. Internal demand, led by investments and private consumption, remained robust however with credit increasingly available and with yet more accommodating monetary policies introduced. In particular, in China economic indicators demonstrate a continued gradual weakening of economic growth to July: the growth rate of industrial added value decreased to 13.9% in the second quarter from 14.4% in the first quarter.

The European and Italian markets

In the second quarter of 2011, GDP in the Eurozone increased by 0.2% on the previous quarter (0.8%). Internal demand stagnated: household consumption reduced slightly (-0.2%). In the first half year, Eurozone economic activity grew 1% on the second half of 2010. The improvement was strongest in Germany (+1.6%), in line with the average in France, with Italy managing to stay in positive territory (+0.3%).
According to the outlook of professional operators surveyed in September by Consensus Economics, Eurozone GDP would increase 1.7% on average for the present year, slowing to 1% in 2012. Among the major economies, economic activity would be strongest in Germany, while for the coming year growth expectations for the Eurozone drawn up in September by the European Central Bank (ECB) should come within a wide range of between 0.4% and 2.2%. The International Monetary Fund (IMF) forecasts indicate a GDP increase of approx. 1.1%.

Based on the flash estimate of Eurostat in September, the consumer price index third quarter average of the Eurozone grew 2.7% year on year, from 2.8% in the previous quarter. The monthly data indicates that the increase in consumer prices in September (3.0% year-on-year, from 2.5% in August) should be of a temporary nature - and in part due to the significant jump in the Italian index.

The Eurozone economic situation continues to worsen, impacted by the sovereign debt crisis and the weakening of the European financial system, particularly concerning the confidence indicators.

Domestically, Italy has been impacted particularly by the global economic slowdown and financial market turbulence. Despite the overall solidity of the banking system, the reduced household debt level and the stable real estate sector, Italy has been hit by a serious crisis due to the high level of public debt, the strong dependence on international trade and weak medium term growth prospects. In the second quarter of 2011, Italian GDP increased 0.3% on the previous period after two quarters of substantial stagnation: exports continued to be the principal growth driver.

Unfortunately short-term business and household expectations have become increasingly pessimistic. Recent Bank of Italy surveys have weakened the view of business toward investment.

Responding to market fears concerning our sovereign debt, which heightened in the first part of August, the Government advanced to 2013 the balancing of the public accounts, improving at the same time the growth outlook for our economy.
The Legislative Decree approved by the Government on August 12 (Legislative Decree 138/2011) includes measures for the consolidation of the public accounts, economic development, increased employment and a reduction in the costs of public institutions.

In September, consumer inflation, according to the domestic price index, increased to 3.1% on the same period of the previous year. Price movements were partly affected by the VAT increase approved at the beginning of the month, which will continue to push slightly upward in the Autumn.

The insurance sector

Although the insurance market is standing firm within the current financial crisis, according to the industry association 2011 will report a reduction in overall premiums - principally impacted by the Life sector. After the growth of the 2009-2010 two year period, essentially due to savers opting for security, at the year-end, Life premiums should report a decrease - however at figures up over 25% on the average of the three year period 2006-2008. In the Non-Life Classes, the increase should remain in line with GDP.

In the first half of the year, total premiums written in Italy by domestic insurance companies and Italian representatives of the non-European insurance companies amounted to approx. Euro 58.7 billion, a decrease of 15.5% on the same period of the previous year.
Specifically, the Non-Life portfolio (total of approx. Euro 18.4 billion) grew by 3%, accounting for 31.3% of the total portfolio (25.7% in the same period of 2010), while the Life premiums (Euro 40.3 billion) recorded a reduction of 21.9% on the first half year 2010 (in which premiums recorded record levels), accounting for 68.7% of the total Life and Non-Life portfolio (74.3% in the same period of 2010).

Non-Life Division
In the first half of 2011, the premiums portfolio of the Land Vehicle TPL classes and the Maritime TPL classes totalled approx. Euro 9.2 billion (+5.8% on the first half of 2010), comprising 50.2% of total Non-Life Class premiums (48.9% in the same period of 2010) and 15.7% of total premiums (12.5% in the first half of 2010).
The largest amount of premiums written in the other Non-Life classes were: Land Vehicles with 8.2% of the other Non-Life classes (8.6% in the first half of 2010), Accident with 8% (8.1% in H1 2010), General TPL with 7.7% (8% in 2010), Other Property Damage with 6.8% (6.9% in 2010), Health with 6% (6.1% in 2010) and Fire and Natural Events with 5.7% (5.9% in 2010).

An analysis by distribution channel highlights brokerage agencies contributing 82% of the Non-Life portfolio - contracting slightly on the preceding period (82.6% in 2010) - and 88.3% of the Motor TPL division (89.5% in H1 2010). We highlight the growth placed through the other direct sales forms, both in relation to the overall Non-Life portfolio (5.1% compared to 4.4% in the first half 2010) and in the Motor TPL division (7.1% compared to 6% in the first half 2010).

Life Division
In relation to the Life portfolio, Class I premiums (insurance on human life) at Euro 30.8 billion recorded a decrease of 20.5% on H1 2010. Class III (insurance whose value is directly related to investment funds or internal funds or related to indices or other reference values), with slightly under Euro 7 billion, contracted 23.6% on the first six months of 2010; Class V premiums (securitisation operations) amounted to approx. Euro 1.7 billion, decreasing 38.4%. These Classes impact on the total Life premiums respectively for 76.4%, 17.3% and 4.2% (respectively 75%, 17.7% and 5.4% in the same period of 2010).
In relation to the remaining Classes, the contribution of Class VI (Pension Funds: approx. Euro 0.8 billion, a decrease of 16.4% on the first half 2010), represent 1.9% of the Life premiums (1.8% in the first half 2010).

In September, new Life premium policies, including additional single premiums, amounted to approx. Euro 3.7 billion, a decrease of 12.5% on September 2010. Since January 2011, the amount of new premiums written was Euro 41.7 billion, a decrease of 28.7% on the same period of the previous year.

In September, the total volumes of new premiums was Euro 4.2 billion (-10.6% compared to September 2010), while year to date premiums written amount to Euro 47.2 billion, a decrease of 25.7% on the previous year.

In relation to the breakdown by distribution channel, the banking and postal branches in 2011 placed 64.5% of the Life portfolio (a decrease of 29.2% on the same period of 2010), the financial promoters 11% (-40.7% on the first 9 months of 2010), the mandated agents 10.2% (-12.3% on 9M 2010), in house agents 2.3% (-5.1% compared to 9M 2010) and the other forms of direct sales 0.2% (+81.7% compared to 9M 2010).

Regulatory framework

Tables for physical injury

In August, the Council of Ministers approved measures which provide for a new psycho-physical table: through the Ministerial Decree bill drawn up by the Ministry of Health on August 4, Article 138 of Legislative Decree 209/2005 (The Private Insurance Code) establishes national uniform values for the compensation of physical injury following a road accident claim, in place of the individual tables drawn up by the Courts throughout the various regions of the country.

The provision, on which opinions will be gathered, comprises a new table for psychological/physical injury with between ten and one hundred invalidity points and the monetary value attributed to each, with coefficients also based on age and other characteristics.

The Italian Council of Ministers provision does not include emotional injury, which has been drawn up by the Milan Court, but not within the new government tables.

ISVAP: anti-crisis measures

At the end of September, the Authority approved the enacting provision of the "2011 Anti-Crisis Decree" (No. 2934 of September 27, 2011), with modifications and supplements to regulation No. 28 of February 17, 2009, concerning the enactment of provisions relating to the valuation criteria of short-term assets held by enterprises and regulation No. 37 of March 15, 2011 concerning the introduction of provisions relating to the verification of adjusted solvency. This Provision reiterates the anti-crisis measures, enabling the insurance sector to reduce write-downs concerning the portfolio of debt securities issued or guaranteed by European Union states and extending the sterilisable portion to 30% of the solvency margin of the insurance company.

Financial income taxation

Under Article 2 of Legislative Decree 138 of 13/8/2011, the tax rate for financial income is fixed at 20%, the interim of the 12.50% and 27% rates currently established in relation to the various types of financial instruments on which it is based.

The new rate measure is applied to capital income deriving from January 1, 2012 and to other income from the same date, with the exception of the faculty to align the tax values of financial assets to the December 31, 2011 value, paying tax on the relative differences under the 12.50% rate. The maturity criteria may be utilised for particular events, such as income accumulating on policies in place at December 31, 2011, which due to particular circumstances require the application of this criteria.

EIOPA: supplement to the fact-finding enquiry

Following the stress test for the European insurance market, launched by the EIOPA (European Insurance and Occupational Pensions Authority) at the end of last March, on August 16, the European Authority began to draw up a supplement to the fact finding enquiry on the solvency of insurance companies, in order to evaluate the effects on the economic environment of a prolonged period of low interest rates.

The enquiry, with data at December 31, 2010, was based on the Solvency II configuration, therefore providing for the utilisation of the specific techniques adopted for the implementation of the Fifth Quantitative Impact Study (so-called QIS 5).

The stress test includes two scenarios. The first provides for a reduction in interest rates (in line with a forward rate of 4.2%) and a subsequent quick stabilisation of the yield curve in the short-term period. The second scenario, however, considers a lowering of the level of the interest rate curve and a similar structure to the minimum levels observed in the Eurozone in recent years.

CONSOLIDATION SCOPE

At 30/09/2011, the Fondiaria-SAI Group, including the Parent Company, was made up of 113 Companies, of which 17 operated in the insurance sector, 1 in the banking sector, 44 in the real estate and agricultural sectors and 20 in the financial services sector; the remaining companies are various service companies. The company has 19 overseas offices.
The number of fully consolidated companies is 82, those consolidated under the Equity Method 18, while the remaining companies are consolidated under the proportional method or maintained at cost due to limited size or the nature of the activities and are not significant for the purposes of a true and fair representation of the present financial statements.
There are 88 subsidiary companies, of which 30 are controlled directly by the Parent Company.

During the first nine months of 2011, the consolidation scope of the Fondiaria-SAI Group saw the following changes:

- exit from the consolidation of the Rho Real Estate Fund in that, following the changes in the governance structure, it is no longer considered of significant influence. Consequently, the company is no longer considered an associated entity and was reclassified to the AFS investment sector. This followed particularly the review of the role of the Consultative Committee on which representatives of Fondiaria-SAI sit, which was undertaken to reduce the risk of excessive influence of the committee on the management of the Fund, also in relation to ordinary operating activities.
- exit of the consolidation of CityLife S.r.l., following the sale of the investment on August 3, 2011;

In addition the following operations are reported:

- transfer of the investment held by Fondiaria-SAI and Milano Assicurazioni, each amounting to 18%, in Sai Network S.p.A. to BancaSai S.p.A., which now holds all of the shares.
- acquisition by Fondiaria-SAI S.p.A. of further shares in the subsidiaries Sainternational S.A. and Sim Etoile S.A.S., thus reaching 100% of the share capital.

In addition, in accordance with SIC 12, the company Admiral Finance S.r.l. is fully consolidated - a vehicle mortgage securitisation company held by the subsidiary BancaSai.
Finally, in accordance with IAS 27 paragraph 40 d) the associated company Fondiaria-SAI Servizi Tecnologici S.p.A. is valued at net equity in that, although Fondiaria-SAI has a majority holding (51%) of the voting rights, the operating control of the company is undertaken by the other shareholder Hp Enterprise Services Italia S.r.l. in accordance with governance agreements made.

ACCOUNTING PRINCIPLES

The consolidated quarterly report applied the accounting standards utilised - consistent with international accounting standards - for the preparation of the last consolidated annual accounts and to which reference should be made.

As the current report is for the quarterly period, the determination of some accounts includes the use of greater estimates and simplifications, whilst ensuring the correct application of the accounting principles.

Non-Life Claims Reserves

Motor TPL

The claims reserve was measured separately for the various types of management under the new direct indemnity regime. In particular:

- for the claims within the CARD Debtor regime, the valuation was made based on the differing flat rates, from 2007 to 2011 for the various generations defined by the Technical Committee set up pursuant to Pres. Decree No. 254/2006;
- for the CARD Operator claims, the expected final cost was recorded net of the flat recoverable amounts;
- for the claims not covered by the new regime (essentially as they involve two vehicles and permanent personal injury greater than 9%), the valuation of the last cost of the claims in the current period was made revaluing the amounts indicated by the settlement offices, taking into account the average costs assumed for these type of claims, which are more costly. For the claims of previous years, already recorded in reserves, the trends relating to the claims settled in the period were noted, verifying the appropriateness of the reserves recorded at 31/12/2010.

Other Non-Life Classes

For both the current generation and previous generations, the technical offices estimate was supplemented utilising the parameters already utilised for the 2010 annual accounts, where there were not significant statistical changes compared to the consolidated trends.
The correct establishment of the claims cost to be paid, particularly of the current generation, normally takes place in the calculation periods in the final months of the year.

Valuation and impairment of financial instruments

With reference to the valuation of financial instruments, reference should be made to the financial statements at 31/12/2010.
The "fair value policy" outlined therein did not incur changes and, therefore, with reference to the listed financial instruments in active markets, the stock exchange price at 30/09/2011 was utilised.
Consequently in this quarterly report, the losses in value of "Available for sale" financial instruments recorded due to the application of the automatic criteria as illustrated in the consolidated financial statements of 31/12/2010 were recorded in the income statement and which identified temporal and quantitative limits for the recording of a long-term or significant drop in the fair value as per Article 61 of IAS 39.

For the purposes of the objective recording of the reduction of value, the Group has defined the conditions of a prolonged and significant reduction of fair value, defined alternatively as follows:

1. a reduction of the market value above 60% of the book value at the reporting date of the accounts;
2. a market value continuously lower than the book value, for a period of two years.

Impairment of Greek sovereign debt securities

As reported previously, on July 21, 2011 the programme for the restructuring of the Greek sovereign debt was announced.

The technical details of the restructuring, which involves the private sector on a voluntary basis, has not yet been finalised and concerns only debt securities with maturity by 2020.

From the half-year in the presence of various impairment indicators and in view of the introduction of the above-stated restructuring programme, with an eye to maximum prudency, the value of the Greek government financial assets with maturity before 2020 was reduced.

In particular, the impairments on Greek government securities with maturity by 2020 were recognised to the income statement, having being impacted by the above stated restructuring plan.

For securities with subsequent maturity, the market valuation negatively affected the AFS financial assets reserve.

Based on the recent agreement reached in Brussels on October 27 and subsequent developments, such securities will provisionally be continued to be valued at market value in the same manner as for the half-year.

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. 1004/2008, 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 value transferred is equal to 2.4% of the total amount of the Investments of the Group at January 1, 2009: therefore this reclassification operation was not considered significant for the purposes of the compilation of the attachment relating to the “Details of the financial assets reclassified and of the effects on the income statement and on comprehensive income”.

The accounting value of the securities transferred at 30/09/2011 was Euro 776,709 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 8,835 thousand. The residual negative AFS reserve recorded on these securities at 30/09/2011 amounts to Euro 55,586 thousand (against an original negative reserve at 1/1/2009 of Euro 75,222 thousand) and is amortised in accordance with the provisions of IAS 39.

FINANCIAL HIGHLIGHTS

The Consolidated Net Result for the first nine months of 2011 was a loss of Euro 212 million compared to a loss of Euro 431 million in 9M 2010.

The result continues to be significantly impacted by impairments on AFS financial instruments in the third quarter under the Group impairment policy: impairments were made on equity securities (in particular on the investments in Generali, Unicredit and in the parent company Premafin), in addition to Greek debt securities with maturity by 2020 as established in the restructuring plan currently being drawn up.

In the first nine months of 2011, impairments were recognised, gross of the related tax effect and the amount borne by life policyholders, of Euro 218.0 million (Euro 350.5 million in 9M 2010): of these, Euro 77.6 million were already recorded to the half-year accounts at 30/06/2011. The impact of these valuations on the Income Statement at September 30, 2011, net of tax effect and the portion attributable to life policyholders, was Euro 96.5 million.

The operating performance for the quarter and for the first nine months compared to the same periods in the previous year is shown below:

(in Euro thousands)	9 M 2011	9 M 2010	Q3 2011	Q3 2010
Net premiums	8,350,102	9,913,662	2,314,232	2,703,858
Commission income	18,719	47,910	4,974	16,083
Net Income from financial instruments recorded at fair value through profit or loss	180,614	405,125	96,550	132,397
Income from investments in subsidiaries, associates and joint ventures	13,795	8,486	(1,226)	8,311
Income from other financial instruments and property investments	882,949	959,978	285,031	293,442
- Interest income	599,665	536,267	209,870	185,650
- Other income	115,581	146,274	32,707	48,701
- Profits realised	167,465	277,054	42,381	58,839
- Valuation gains	238	383	73	252
Other revenue	496,461	434,544	179,482	166,180
TOTAL REVENUES	**9,942,640**	**11,769,705**	**2,879,043**	**3,320,271**
Net charges relating to claims	(7,608,333)	(9,497,831)	(2,267,630)	(2,648,260)
Commission expenses	(12,724)	(23,241)	(3,619)	(7,273)
Charges from investments in subsidiaries, associates and joint ventures	(11,990)	(14,280)	(4,289)	484
Charges from other financial instruments and property investments	(472,737)	(625,645)	(209,303)	(379,531)
- Interest expense	(54,916)	(56,733)	(17,826)	(19,719)
- Other expenses	(47,508)	(55,021)	(14,284)	(19,643)
- Losses realised	(85,697)	(112,589)	(18,260)	(48,409)
- Valuation losses	(284,616)	(401,302)	(158,933)	(291,760)
Management expenses	(1,385,490)	(1,419,175)	(408,609)	(439,976)
- Commissions and other acquisition expenses on insurance contracts	(1,026,878)	(1,033,460)	(292,310)	(301,969)
- Investment management charges	(10,144)	(9,551)	(3,347)	(3,316)
- Other administration expenses	(348,468)	(376,164)	(112,952)	(134,691)
Other expenses	(673,984)	(671,954)	(168,918)	(168,918)
TOTAL COSTS	**(10,165,258)**	**(12,252,126)**	**(3,062,368)**	**(3,643,474)**
LOSS BEFORE TAXES	**(222,618)**	**(482,421)**	**(183,325)**	**(323,203)**
Income tax	(19,896)	49,230	2,360	49,766
NET LOSS	**(242,514)**	**(433,191)**	**(180,965)**	**(273,437)**
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**30,850**	**1,762**	**30,850**	**(579)**
CONSOLIDATED LOSS	**(211,664)**	**(431,429)**	**(150,115)**	**(274,016)**
GROUP NET LOSS	**(178,612)**	**(345,529)**	**(116,701)**	**(200,739)**
MINORITY INTEREST SHARE	**(33,052)**	**(85,900)**	**(33,414)**	**(73,277)**

In the first nine months of 2011, the key results of the Group were as follows:

- The **Non-Life sector** recorded a pre-tax loss of Euro 296.7 million, a significant improvement on the pre-tax loss of Euro 494.6 million in 9M 2010. The technical result of the sector remains negative (loss of Euro 218.0 million), although recovering on the first nine months of 2010 (loss of Euro 307.1 million) - principally as a result of the reduction in the claims ratio (already established in the half-year) based on a strong current generation performance.
  The combined ratio excluding reinsurance was 103.9% compared to 105.2% in 9M 2010.
  From an operational viewpoint actions are being implemented to improve **Motor TPL Class** profitability - principally focused on increasing the average premium and reducing claims. The Class reports a particularly good claims performance which, following the discontinuation actions taken on multi-risk contracts, the closure of poorly performing agencies and a more favourable market, reports a drop of 13.6% against a small increase in premiums written (+1.33%).
  However, the prior generation claims cost remained high, due to the significant proportion of physical injury claims – particularly in certain central-southern regions - and the new compensation tables, originally adopted by the Milan court and quickly rolled out across the major Italian courts.
  The **Land Vehicle** class reports a positive technical performance, benefitting from the implementation of pricing initiatives and actions concerning the sale of the individual guarantees and underwriting limits.
  The performance of the civil responsibility contracts within the **Other Non-life** classes remained poor, particularly due to the performance of prior year claims.
  The sector loss was also impacted for Euro 123.7 million by impairments on AFS financial instruments (of which Euro 46.5 million relating to the investments in Unicredit, Euro 30.9 million concerning Generali and Euro 22.7 million concerning the parent company Premafin) and for Euro 7.0 million relating to real estate investment impairments.
- The **Life insurance sector** recorded a decrease in premiums of 32%. The premiums written through the bancassurance channel totalled 70%. Premiums written were impacted by the difficult economic environment, while the investment policy focused on containment of volatility rather than an aggressive policy on short-term gains, with benefits for the solvency ratio, greater stability on returns of the separated management and positive effects which will become fully apparent once the market turbulences have passed which have for some time now characterised the financial markets.
  The pre-tax profit was Euro 111.6 million (Euro 65.5 million in 9M 2010), although impacted by AFS financial instrument impairments, before those attributable to the policyholders, for Euro 94.1 million: net of amounts attributable to policyholders, the impact on the life sector was Euro 44.5 million;
- The **real estate sector** posted substantial breakeven (loss of Euro 0.9 million compared to a loss of Euro 26.3 million in 9M 2011), impacted by real estate investment impairments of Euro 5.1 million. The sector performance benefited from the recognition to the income statement of some inter-group gains previously reversed: net of the above-mentioned effect, the sector pre-tax result would have returned a loss of Euro 10.7 million. The sector benefited also from the positive contribution relating to the valuation at equity of the associated company IGLI following the recognition of the results pertaining to the holding in Impregilo.

The result does not include the gain of Euro 30.9 million from the sale of the investment in CityLife, which despite occurring within the real estate sector was classified to the “profit from discontinued operation account” in accordance with IFRS 5;

- The **Other Activities sector,** which includes the companies operating in the financial, asset management and hotel sectors, report a pre-tax loss of Euro 36.6 million (loss of Euro 27.0 million in 9M 2010).
- The loss principally related to Atahotels and the healthcare structures whose overhead costs exceeded revenues in the period;
- **Management expenses** totalled Euro 1,385.5 million, a substantial reduction on the first nine months of 2010 (Euro 1,419.2 million), impacted by the Euro 10 million settlement with the former Chief Executive Officer;
- Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the **total net income from investments** amounted to Euro 410.2 million (Euro 334.3 million in 9M 2009). This amount consists of Euro 599.7 million of interest income (Euro 536.3 million in 9M 2010), Euro 68.1 million of other net income (Euro 91.2 million in 9M 2010) and net gains to be realised on real estate and securities of Euro 81.7 million (Euro 164.4 million in 9M 2010).
  Net valuation gains and losses report a loss of approx. Euro 284.4 million (Euro 400.9 million in 9M 2010). **Interest expense** of Euro 54.9 million (Euro 56.7 million in the first nine months of 2010) refers almost entirely to the financial debt.
  As outlined above, the balance of valuation items includes Euro 218.0 million of impairments on AFS financial instruments and Euro 12.1 million of real estate impairments.
  Financial instruments recorded at fair value through profit or loss report a profit of Euro 180.6 million (Euro 405.1 million in 9M 2010). This account includes the net income from financial assets where the risk is borne by the policyholders (positive for Euro 201.8 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 from investments in subsidiaries, associates and joint ventures** amounted to Euro 1.8 million, benefitting from the contribution of the valuation at equity of the associated company IGLI;
- **Other revenues and costs** amounted to a net charge of Euro 177.5 million (net charge of Euro 237.4 million in the first nine months of 2010). 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 42.6 million. The net change of approx. Euro 59.9 million comprises, among others, the recognition to the income statement of inter-group gains previously reversed, in particular following the deconsolidation of the Rho Fund, as outlined in the first quarter report;
- **Profits from discontinued operations,** amounting to Euro 30.9 million, include the gain deriving from the sale of the investment in CityLife;
- The **income tax charge** was impacted by the extraordinary effect of the change in the nominal IRAP tax rate introduced by the so-called corrective manoeuvre (Legislative Decree No. 98/2011) with an impact of approx. Euro 16 million concerning both the current and deferred components.
  The effect of the application of the substitute tax on non utilised real estate funds to cover the technical insurance reserves, introduced by Legislative Decree No. 70/2011, for Euro 8.5 million, is also considered.

The table below shows the profit/(loss) before taxes in each sector.

(in Euro thousands)	Non-Life	Life	Real Estate	Others Activities	IC	Total
Net premiums	5,121,577	3,228,525				8,350,102
Commission income		7,718		17,180	(6,179)	18,719
Income and charges from financial instruments at fair value through profit or loss	(13,731)	195,799	(321)	(1,113)	(20)	180,614
Income from investments in subsidiaries, associates and joint ventures	76		13,719			13,795
Income from other financial instruments and property investments	246,795	592,504	34,959	45,906	(37,215)	882,949
Other revenue	400,306	56,546	62,711	492,730	(515,832)	496,461
TOTAL REVENUES AND INCOME	**5,755,023**	**4,081,092**	**111,068**	**554,703**	**(559,246)**	**9,942,640**
Net charges relating to claims	(4,057,784)	(3,550,549)				(7,608,333)
Commission expenses		(6,480)		(6,244)		(12,724)
Charges from investments in subsidiaries, associates and joint ventures	(1,616)		(56)	(10,318)		(11,990)
Charges from other financial instruments and property investments	(259,782)	(157,922)	(51,284)	(18,908)	15,159	(472,737)
Management expenses	(1,139,569)	(170,892)	(147)	(239,702)	164,820	(1,385,490)
Other expenses	(592,961)	(83,690)	(60,501)	(316,099)	379,267	(673,984)
TOTAL COSTS AND CHARGES	**(6,051,712)**	**(3,969,533)**	**(111,988)**	**(591,271)**	**559,246**	**(10,165,258)**
PROFIT (LOSS) BEFORE TAXES	**(296,689)**	**111,559**	**(920)**	**(36,568)**	**-**	**(222,618)**
Income tax						(19,896)
NET LOSS						**(242,514)**
PROFIT FROM DISCONTINUED OPERATIONS						**30,850**
CONSOLIDATED LOSS						**(211,664)**
Group share						**(178,612)**
minority share						**(33,052)**
Pre-tax result 9M 2010	**(494,568)**	**65,481**	**(26,324)**	**(27,010)**	**-**	**(482,421)**

NON-LIFE INSURANCE SECTOR

The pre-tax result was a loss of Euro 297 million compared to a loss of Euro 495 million in the third quarter of 2010. The loss was affected by the above stated AFS financial instruments impairment for Euro 124 million (Euro 274 million in 9M 2010).

The technical performance, although still negative, reflects the initiatives undertaken to improve Motor TPL Class profitability, in particular with an increase of the average premium through the established tariff policies, in addition to the current generation performance which reports a significant improvement - supported by a significant drop in claims made and a reduction in the frequency.
The technical performance benefitted also from the Land Vehicle Class data thanks to a significant contraction in current year claims which offsets both the decrease in premiums and the drop in new vehicle registrations following the withdrawal of government incentives.

In relation to the civil responsibility classes, the cost of previous generation claims remained high with a gradual strengthening of the residual load which will be increasingly apparent at the end of the year.

Premiums

The Fondiaria-SAI Group in the first nine months of 2011 recorded premiums of Euro 5,088 million (-1.2% on the first nine months of 2010). The breakdown by Class is shown in detail in the following table:

(in Euro thousands)	9M 2011	9M 2010	Cge. %	1H 2011
Accident & Health	432,126	467,121	(7.49)	327,675
Marine, aviation and transport insurance	122,464	140,412	(12.78)	82,373
Fire and other property damage	558,945	578,740	(3.42)	405,361
General TPL	342,535	356,822	(4.00)	253,227
Credit & Bonds	66,598	65,442	1.77	47,048
General pecuniary losses	45,162	26,220	72.24	32,800
Legal expenses	13,307	13,976	(4.79)	9,705
Assistance	43,509	39,968	8.86	29,182
TOTAL OTHER NON-LIFE DIVISION	**1,624,646**	**1,688,701**	**(3.79)**	**1,187,371**
Motor vehicle TPL	2,980,436	2,941,458	1.33	2,119,847
Motor vehicles – other classes	479,386	512,049	(6.38)	347,784
TOTAL MOTOR	**3,459,822**	**3,453,507**	**0.18**	**2,467,631**
TOTAL DIRECT PREMIUMS	**5,084,468**	**5,142,208**	**(1.12)**	**3,655,002**
INDIRECT PREMIUMS	**3,807**	**7,509**	**(49.30)**	**1,487**
TOTAL NON-LIFE DIVISION	**5,088,275**	**5,149,717**	**(1.19)**	**3,656,489**

The premiums written in the quarter amounted to Euro 1,432 million and represent 28.1% of all premiums in the first nine months of 2011.
The Parent Company in the first nine months recorded total direct premiums of Euro 2,689 million (-0.54%), of which 1,860 million (+0.73 %) in the Motor Classes.

The subsidiary Milano Assicurazioni S.p.A. contributed direct premiums at group level of Euro 2,167 million (-2.6%), recording a decrease of 0.4% in the Motor Classes and of 7.8% in the other Non-Life Classes.

The increase in the **Motor TPL** premiums written of 1.33% results from the restructuring actions undertaken to increase the average premium and reduce claims. The growth objective of the average premium focuses both on tariff policies and a reduction in flexibility achieved through increased controls on the agreements and on the discounts provided to clients.
This strategy has therefore reduced the tariff mutuality, taking into account regulatory changes ("Bersani" and Direct Indemnity) and competitive dynamics, focusing the analysis on the client risk.
The review process continued of the commercial policies undertaken in relation to agreements and the fleets with particular attention to the recovery of profitability – with all of the principal fleets monitored at least monthly.

A new policy was launched in September based on territorial variables, which will favour growth opportunities in particular areas, based on region and size, to establish optimal tariff brackets.

For all tariff sectors, following the enactment of EU Directive V, concerning the adjustment of the maximum coverage from June 11, 2012, two Maximum levels were added: Euro 5 million - Euro 2.1 million and Euro 6 million.

In addition, the updating of the Tariff Regulations were principally addressed at older vehicles, through tariff adjustments and new agreements reserved only for vehicles recorded in the old registers and which were constructed at least 20 years ago.

The **Land Vehicle Class** reports a significant reduction in current year claims (8.66% in number and 11.49% in value), which offsets the contraction in premiums which is largely related to the current economic situation, due to continued weak domestic demand and the drop in new vehicle registrations following the withdrawal of government incentives, in addition to the decreased contribution from agreements with car manufacturers.
The increased underwriting restrictions for some guarantees such as those related to socio-political and natural events are also considered.

The **General Class** premiums contracted approx. 3.8% following the reform actions and discontinuation of policies within the less technically balanced sectors, such as the Buildings, Health and the Professional Sector, particularly in the Corporate sector.
The monitoring of contracts in the Public Bodies sector continued, in particular concerning the monthly verification of the technical performances, with greater attention focused on the health sector, with a close eye focused on performances in addition to the correct execution of contracts in relation to all of the components, implementing at the same time where necessary reform/discontinuation actions, undertaken together with ongoing interaction with the Claims Department management.
As part of the profitability recovery initiatives within the Retail General Class products, the campaigns concerning the Professional/Buildings products were stepped up in the third quarter of the year. The tariffs of the Hotels, Agricultural and Health (family segment) Classes were therefore reviewed. The new accident products have been particularly welcomed, which enable the development of new policies with profitable risk profiles.

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)			Claims reported by generation (*) Number		
	9M 2011	**9M 2010**	**Cge. %**	**9M 2011**	**9M 2010**	**Cge. %**
Accident	157,842	174,714	(9.66)	62,296	67,218	(7.32)
Health	142,278	141,511	0.54	201,725	192,983	4.53
Railway	2	-	-	-	-	-
Aviation	644	2,506	(74.30)	36	22	63.64
Maritime	11,576	8,976	28.97	521	565	(7.79)
Merchandise transport	9,840	9,779	0.62	1,680	3,535	(52.48)
Fire and other natural elements	157,866	180,620	(12.60)	49,975	62,100	(19.52)
Other property damage	182,364	198,362	(8.07)	113,590	121,892	(6.81)
Aviation TPL	1,093	2,391	(54.30)	10	22	(54.55)
Maritime TPL	3,291	2,506	31.36	306	300	2.00
General TPL	277,345	284,701	(2.58)	78,336	82,150	(4.64)
Credit	402	71	-	5	2	-
Bonds	32,437	39,508	(17.90)	1,550	1,335	16.10
Pecuniary losses	4,759	8,698	(45.29)	2,172	2,663	(18.44)
Legal expenses	1,709	1,470	16.26	1,113	1,231	(9.59)
Assistance	14,630	13,381	9.33	88,477	86,457	2.34
TOTAL OTHER NON-LIFE DIVISION	**998,079**	**1,069,194**	**(6.65)**	**601,792**	**622,475**	**(3.32)**
Motor TPL	2,362,748	2,619,863	(9.81)	568,023	657,491	(13.61)
Land vehicles	309,084	349,224	(11.49)	233,635	255,785	(8.66)
TOTAL MOTOR	**2,671,832**	**2,969,087**	**(10.01)**	**801,658**	**913,276**	**(12.22)**
TOTAL NON-LIFE DIVISION	**3,669,911**	**4,038,280**	**(9.12)**	**1,403,450**	**1,535,751**	**(8.61)**

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

The Motor TPL Division includes the claims paid for the charges incurred for the management of the claims as "Operator" within the new direct compensation system, net of those recovered as a flat-rate in the CONSAP compensation procedure.
The Motor TPL claims in the table refer to the events in which our policyholders were civilly responsible. In relation to claims made in the Motor TPL Division, the so-called "natural" claims were also included as claims caused (those occurring between policyholders of the same company) for comparative purposes.
The number of Motor TPL claims managed by the Group amount to 548,591 (-14.7%).

Technical reserves, net of reinsurance, amounted to Euro 11,283 million (Euro 10,796 million at 30/09/2010).

The percentage of management expenses to premiums was 21.8% (compared to 21.4% in the first nine months of 2010): this total does not include charges for the changes in commissions capitalised before 2008, amounting to Euro 18.8 million compared to Euro 37.0 million in the first nine months of 2010.

The table below shows the principal technical indicators in the third quarters of 2011 and 2010.

Data shown in %	**30/09/2011**	**30/09/2010**
Loss ratio	79.2	80.8
Expense ratio	21.8	21.4
Combined operating ratio	**101.0**	**102.2**
OTI ratio (*)	2.9	3.0
Combined ratio	**103.9**	**105.2**

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

The results of the Parent Company Fondiaria-SAI are briefly examined below.

In the Motor TPL Class, premiums written amounted to Euro 1,589 million (+1.7%). The number of claims reported in the period totalled 306,404 (-11%), while the number of claims paid totalled 285,822 (-10.2%).
The claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 68.9% and 80.31% at global level.

The speed of settlement of the current generation on the claims managed (NO CARD Claim + Managed CARD Claims) was 68.4% for the claims in the first six months and 57.39% for the claims in previous years. On the claims caused, the speed of settlement was 67.15% for the current half year.
In the first half of 2011, the claims reported and accepted from our policyholders (including late claims) within the new compensation regime (so-called CARD Managed claims system) amounted to 203,326, of which 150,939 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 173,929 - of which 127,163 gave rise to the full payment of the indemnity and 70,851 resulted in the recording of a reserve.
For accounting purposes, up to 30/09/2011 recharges were received for a value of Euro 513 million from the clearing house. The amount of the credits received was Euro 368 million.

Premiums written in the **Land Vehicle Class** amounted to Euro 274 million (-4.7%). The amount of claims reported reduced significantly (-8.0%) - as did claims paid (-9.9%). The accepted claims cost also decreased (-8.7%).
The technical performance of the division improved on the first half of 2010.

With reference to the **Non-Motor Classes,** the direct Italian premiums written amounted to Euro 825 million, a decrease of 3.3% compared to the third quarter of 2010. The number of claims reported remained stable, while the number of claims paid increased (+1.2%). The accepted cost therefore also increased (+9.41%).
Overall the technical performance of the Non-Motor Non-Life Classes was negative, although improving on the third quarter of 2010.

The subsidiary **Milano Assicurazioni** for the Non-Life Division reports a pre-tax loss of Euro 198.5 million (loss of Euro 371.1 million in 9M 2010), following a technical performance still impacted by the prior year portfolio performance and financial instrument impairments of Euro 92.5 million.

In relation to the technical performance, the combined ratio excluding reinsurance was 105.5% compared to 105.4% in 9M 2010 and 115.9% for the full year 2010.

Concerning insurance operations, the Motor TPL Class reported a positive performance for contracts issued in the current year, with higher average premiums, following the gradual rollout of the new tariff, with a reduction in flexibility granted to the agency networks in the application of the tariff, and a good result for claims reported which decreased 16.6% due to the discontinuation actions on the multi-risk portfolio, the closing of particularly poor agencies and a more favourable market environment.

The negative effects of contracts issued in previous years continued to be felt, particularly in certain regions of Central-South Italy, related to a higher frequency and a greater percentage of claims with physical injury.
The increased use of the new physical injury compensation tables, originally adopted by the Milan Court and quickly rolled out in the other major Italian cities, have maintained an elevated average cost of claims, particularly in relation to significant injury claims.
To combat fraud, which continues to represent a significant cost item, the antifraud group within the Fondiaria SAI Group was further strengthened, now operating throughout the entire country. This structure, also supported by specific IT supports, identifies potentially false claims with regional investigative and settlement networks carrying out more in-depth investigations to ascertain the reality behind the events claimed. The initiatives adopted are reporting significant results, with the withdrawal of complaints by alleged damaged parties and the reduction in the level of personal injuries, especially in the regions where the level of claims reported were at abnormal levels compared to the rest of the country.

The claims paid in the first nine months of the year were 566,398 compared to 647,340 in the same period of the previous year (-12.5%). In the Motor TPL Class, claims reported in the first nine months totalled 260,922 compared to 312,847 (-16.6%).
The amounts paid, gross of outward reinsurance, totalled Euro 1,712.3 million, a decrease of 8.5% on Euro 1,870.5 million in the first nine months of 2010.

In relation to the telephone and internet channel, premiums written by **Dialogo Assicurazioni** amounted to Euro 31.7 million, an increase of 36.6% on the first nine months of 2010.
The overall technical performance, although remaining negative, improved on the same period of the previous year, both in relation to current year claims and also prior year claims, already accrued.
The asset and financial management were affected by the current market turbulence, which in particular penalised global bonds issued by the Italian state and reports net income of Euro 0.5 million compared to Euro 0.7 million in 9M 2010.
The contribution of the company to the consolidated result was a loss of Euro 6.4 million (a loss of Euro 10.5 million in 9M 2010).

Liguria Assicurazioni, with a predominantly multi-mandate sales network, reports direct premiums written of Euro 179.4 million, a decrease of 9.5% on 9M 2010. Specifically, the Motor TPL Class recorded premiums of Euro 122.2 million (-10.9%), the Land Vehicle Class premiums of Euro 10.7 million (-23.1%) and the Other Classes reporting premiums of Euro 46.5 million (-1.3%). The decrease is due to the technical restructuring activity, which provides for closure of agencies and discontinuation of poorly performing portfolios, targeted discontinuation of contracts and average premium policy increases.
In fact the average TPL premium grew 14.1% on the same period of the previous year, while the number of contracts in portfolio decreased by approx. 23%.
The company operates with a network of 306 agencies (314 at the end of 2010) with a close eye kept on the regional coverage.

The restructuring actions undertaken had a good effect on the claims reported, which decreased by approx. 30% in the Motor TPL class and approx. 5% in the Other Non-Life classes. Consequently, the technical performance reports a significant improvement, with a combined ratio of 101.7% compared to 114.4% in the same period of 2010.
The income statement for the first nine months of 2011, prepared in accordance with IAS/IFRS standards, reports a loss of Euro 4.2 million - a significant improvement on the loss of Euro 25.8 million in the same period of 2010.

In relation to the marketing of standardised products distributed by the bank partners, **Systema Compagnia di Assicurazioni S.p.A.** recorded premiums written of Euro 28.8 million, almost double the Euro 15.1 million of the same period of the previous year, due to the greater contribution from the banking networks of Banca Popolare di Milano and Banca Popolare Pugliese.
However the technical performance deteriorated, in particular due to some significant claims reported in the Motor TPL class. The Land Vehicle class reports a good performance, although contracting on the same period of the previous year and the other Non-Life classes also report a positive contribution, with particularly satisfying performances in the Injury, Other Property, General TPL and Legal Protection classes.
The income statement is impacted by the above-mentioned Motor TPL claims with serious injury and reports a loss of Euro 1.6 million compared to a profit of Euro 0.5 million in 9M 2010.

With reference to the subsidiary **SIAT S.p.A.**, the operational performance (in accordance with International Accounting Standards) for the first nine months of 2011 compared to the same period of the previous year, reports a significant improvement (in relation to the technical component), with a total profit of Euro 3,472 thousand compared to Euro 2,592 thousand in the previous year. This improvement is principally attributable to the maritime sector relating to indirect business underwritten. Investment income and charges report a significant decrease, while other revenues (costs) remained stable.

In relation to the "Hull" sector, the market remains substantially unchanged, reporting a stable performance, a containment to the minimum of improvements requested on renewals (relating only to the fleets with statistically positive performances) and the application of penalties (in terms of premium and thresholds) on risks with negative results.

Also in the "Goods" sector, no significant change in the portfolio took place. The goods traffic, although reporting a modest overall recovery, saw changes which make future forecasting rather complex.

The premiums written amounted overall to approx. Euro 123 million, a decrease (-5% approx.) on the same period of the previous year.

The amount of the total claims paid (Euro 112 million, of which Euro 10 million for indirect premiums), reduced significantly compared to the same period of the previous year (Euro 127 million, of which Euro 11 million for indirect premiums) and, as in the past, principally relates to the Hull class. This reduction, which refers principally to this latter class, is due to the payment of some significant claims made in the corresponding period of the previous year.
At the same time, the claims reserve in the "Transport" sector has not changed significantly.

The subsidiary **DDOR NOVI SAD** recorded a profit of approx. RSD 235 million (approx. RSD 374 million in 9M 2010), attributable to:

- a decrease in gross premiums of approx. 6.1% on the same period of 2010, principally due to the portfolio review strategy and ongoing economic weakness following the extensive crisis. Contractions were reported in almost all of the Direct Classes, such as Land Vehicles (-9.6%), Fire (-23.9%), Other Property Damage (-8.2%) and Motor TPL (-1.8%). In particular, the Motor TPL sector continues to be affected by competitive pressures and the drop in new vehicle registrations. However, the growth in the Life sector (4.2%) and in the Accident and Health class (1.8%) offers signs of encouragement;
- the seasonal effects, which affected both the premiums reserve calculated according to the "pro-rata temporis" criteria (increase of RSD 247 million, 6.5% on 31/12/2010), and the bad debt write-downs (for an amount of RSD 68 million, however down on RSD 186 million in 9M 2010);
- direct claims settled reducing 7.6% on the same period of 2010; the decrease is particularly significant within the Land Vehicle Classes (-12.8%), Other Property Damage (-5.0%) and the Fire Class (-59.9%);
- income related to the decrease in the total claims reserve of RSD 38 million (in the same period of 2010, RSD 191 million were recorded).

LIFE INSURANCE SECTOR

The Division's pre-tax profit was Euro 112 million compared to Euro 65 million in 9M 2010.

Premiums written amounted to Euro 3,242 million, a decrease of 32.0% on 9M 2010.

The details by class compared to the first nine months of 2010 are shown in the table below:

(in Euro thousands)	9M 2011	9M /2010	Cge. %	1H 2011
II – Insurance on human life expectancy	1,001,649	3,169,196	(68.39)	737,640
III - Insurance as per points I and II linked to investment funds	2,013,763	1,251,654	60.89	1,656,586
IV - Health insurance as per art. 1 letter d) EU Dir. 79/267	298	158	88.61	201
V - Securitisations as per art. 40, Legislative decree 17/3/95 No.174	225,829	342,680	(34.10)	165,492
TOTAL DIRECT PREMIUMS	**3,241,539**	**4,763,688**	**(31.95)**	**2,559,919**
INDIRECT PREMIUMS	**633**	**941**	**(32.73)**	**358**
TOTAL LIFE DIVISION	**3,242,172**	**4,764,629**	**(31.95)**	**2,560,277**

The premiums written in the quarter amounted to Euro 681,895 thousand and represent 21.0% of all premiums in the first nine months of 2011.

The Parent Company recorded direct premiums of Euro 713 million, a decrease on the first nine months of 2010 (Euro 777 million).
Total premiums written by bank branches amounted to Euro 2,266 million and represents 70% of the total direct premiums written (70% in 2010).
The total premiums in the sector also include Euro 37 million (Euro 36 million in the first nine months of 2010) on investment contracts which do not fall under the ambit of IFRS 4 and therefore not included under premiums written but according to the deposit accounting technique.

Charges relating to claims, net of reinsurance, amounted to Euro 3,551 million (Euro 5,330 million in the first nine months of 2010).

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	9M 2010
II – Insurance on human life expectancy	83.7	1,005.0	502.3	1,591.0	1,246.4
III - Insurance as per points I and II linked to investment funds	32.6	775.1	297.0	1,104.7	541.3
IV - Health insurance as per art. 1 letter d) EU Dir. 79/267	-	-	-	-	-
V - Securitiastions as per art. 40, Legislative decree 17/3/95 No. 174	1.3	189.9	131.1	322.3	239.2

TOTAL	117.6	1,970.0	930.4	3,018.0	2,026.9

Management expenses as a percentage of premiums increased (4.9% in the first nine months of 2011 compared to 3.4% in 9M 2010), due to the decrease in premiums from the bancassurance sector - a sector characterised by lower servicing costs.

Net technical reserves amount to Euro 23,091 million, an increase of Euro 317 million on the end of the previous year.

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.
The results of the above-mentioned valuations are reported below.

(in Euro millions)	**9M 2011**	**9M 2010**	**Cge %**
Traditional Insurance Companies	79,396	97,513	(18.58)
Bancassurance	220,558	346,542	(36.35)
Total	**299,954**	**444,055**	**(32.45)**

Individual Life insurance
In the first nine months of 2011, the Individual Life premiums written by the distribution network were focused for 97% on the Separated Management products, which were characterised by a guaranteed annual minimum yield in addition to the protection of the investment, although at the beginning of the year the single and recurring premium minimum yield was reduced to 1.5%, in line with market trends.
More specifically:

- for the single premium forms, although with the continued attention on the important capital maturity segment, new business contracted significantly on the same period of the previous year, which was offset by premiums written concerning a collective agreement operational from the end of the previous year for the payment of winnings on a ‘Scratch and Win’ lottery.
- for the recurring premium form, a decrease on the first half of the previous year is reported;
- for the constant annual premium forms, the premiums relating to new contracts report strong growth, thanks in particular to the results of OPEN PIU’ and OPEN BRAVO.

The agency network responded positively to the launch from April of the single premium form and from May of the recurring premium form of the new OPEN DINAMICO product (the so-called Multi-risk insurance form), with strong results reported. OPEN DINAMICO is an innovative form of insurance which combines the characteristics of a UNIT product (an internal fund with a significant equity content) and a Revaluable product linked to the FONSAI RE separated management, offered to clients under two profiles - Relax (Unit-based portion of between 40% and 60% of the investment) and Sprint (portion of between 60% and 90%).
The innovative features are as follows:

- annual minimum return of 2% guaranteed exclusively on maturity of the contract or death of the policyholder for the revaluable component;
- the possibility to redistribute the investment between the two financial components on the direct request of the contracting party;

- subscription to the Balanced Management service.

The DEDICATA policy (Term Life Product) reported a significant increase in new business for both the constant capital form and the decreasing capital form.

In relation to the complementary pension segment, implemented through the Individual Pension Plans, in the first nine months of the year there was a sizeable increase in new business on the same period of the previous year.

Collective insurance and Pension Funds

In the first nine months of the year, within a still unfavourable economic environment, the traditional insurance coverage segment reported substantial stability in business volumes on the previous year.

The securitisation sector, concerning the management of business liquidity, contracted overall on the previous year, particularly following reduced interest from institutional clients with significant investment liquidity.

The complementary pension sector remained firm; on the one hand “pre-existing” pension funds maintained inflows in line with the previous year, and on the other, the Open Pension Funds continued to attract a steady stream of new subscribers with stable inflows.

The post employment benefit products (TFR and TFM) made a slight recovery in volumes terms compared to the previous year, despite the impact on this instrument from regulatory changes and the continued difficult economic environment.

The coverage of risk sector continues to attract - thanks also to a policy focused on personalising the offer - a strong contribution from institutions, with collective contracts showing signs of recovery in distribution terms and with growth of the portfolio; the results however have not yet fully fulfilled their potential.

The subsidiary **Milano Assicurazioni**, in the life sector reports a pre-tax profit of Euro 29.7 million (loss of Euro 0.2 million in 9M 2010) after impairments on financial instruments of Euro 42.1 million. The premiums written in the period were affected by the difficult economic environment and contracted on the same period of the previous year. The new policy portfolio however features a large portion of traditional type products with an ability to satisfy the entire client base through the quality level and extensive range of products offered, providing strong profitability. The investment policy focused on containment of volatility rather than an aggressive policy on short-term gains, with benefits for the solvency ratio, greater stability on returns of the separated management and positive effects which will become fully apparent once the market turbulences have passed which have for some time now characterised the financial markets.

Life premiums reduced within a contracting overall domestic insurance market (as highlighted by the latest data released by ANIA). In particular, the securitisation sector saw a significant drop off in interest compared to the past from institutional clients with high levels of liquidity, within the current generalised liquidity crisis. This has also impacted the recently launched securitisation products (securitisation and mixed special) targeting clients with less significant amounts of available liquidity.
In relation to Class I products, although premiums contracted, the quality of the new business from the distribution networks significantly improved in terms of portfolio mix.

The net profit of the subsidiary **Popolare Vita S.p.A.** in the first nine months of 2011 was a loss of approx. Euro 1.6 million (Euro 19.8 million in 9M 2010).
Gross premiums written amounted to approx. Euro 229.3 million (Euro 2,343.7 million in 9M 2010).

Premiums in the first nine months were concentrated in new single premium re-valuable saving products of Class I and V in separated management. The receipt of previous period premiums relating to pure risk and collective and individual savings policies is also considered.

Management expenses in the first nine months of 2011 totalled Euro 32.7 million (Euro 64.4 million in the first nine months of 2010).
The gross technical reserves amounted to Euro 6,765 million (Euro 7,881 million in 9M 2010) and relate for Euro 2,813 million to Class D reserves (Euro 3,483 million in 9M 2010).

At 30/09/2011, total investments reached Euro 7,439 million, compared to Euro 8,743 million at 30/09/2009, with approx. 46% consisting of financial assets recorded at fair value through profit or loss.
The distribution network of the company consists of 1,986 bank branches belonging to the Banco Popolare Group and, in relation to only post-sales, 31 branches of Credito Emiliano.

Lawrence Life in the first nine months of 2011 reports a profit of approx. Euro 13 million, an increase of 116% on approx. Euro 6.1 million in the same period of 2010.

In the first nine months of 2011, total premiums written amounted to Euro 1,888 million, almost entirely relating to insurance contracts, through five unit-linked product issues, with a duration of 5 years (Euro 1,165 million of premiums written in 9M 2010).

At September 30, 2011 total investments of the Insurance Company amounted to Euro 5,178 million (Euro 3,834 million in 2010), of which Euro 5,100 million (Euro 3,745 million in 2010) were Class D investments.

In order to better manage its development, the Company strengthened its organisational structures during the year appointing a Risk and Compliance officer and a Legal and Product Development Manager.

REAL ESTATE SECTOR

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

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

(in Euro thousands)	**9M 2011**	**9M 2010**
Profits realised	30	16
Total revenues	111,068	112,923
Interest expense	6,192	6,497
Total costs	111,988	139,247
Loss before taxes	(920)	(26,324)

(in Euro thousands)	**30/09/2011**	**31/12/2010**
Investment property	1,261,396	1,276,207
Financial liabilities	216,016	293,354

The pre-tax result was a loss of Euro 1 million compared to a loss of Euro 26 million in 9M 2010. The positive result benefitted from inter-company gains, reversed in previous years, which were recognised to the income statement in the first quarter of the present year, in addition to the positive effect of the valuation at equity of the associated company IGLI (which in turn holds a stake in Impregilo), although the company is not strictly involved in the real estate development or management activities.
Excluding the above-stated effects, the normalised result would amount to a loss of Euro 23 million.
The result in the period was also affected by depreciation on buildings of Euro 20.0 million (Euro 15.7 million in the first nine months of 2010) and impairments of Euro 5.1 million (Euro 0.4 million in the first nine months of 2010).

The reduction in financial liabilities is principally due to the repayment of Euro 57 million by Immobiliare Milano Assicurazioni of bank loans undertaken with BPM and with Efibanca, in addition to the reduction of the debt of the Tikal R.E. Closed Real Estate Fund of approx. Euro 15 million.

Real estate operations

During the first nine months of the year, the following real estate operations took place:

- in order to concentrate the real estate portfolio of the Fondiaria-SAI Group in wholly-owned assets, Fondiaria-SAI and some Group companies during 2010 decided to sell a number of vacant properties, located in condominium buildings owned by third parties and throughout Italy. In relation to this operation, during the period Fondiaria-SAI signed contracts for approx. Euro 9.4 million, while for Milano Assicurazioni the relative figure was approx. Euro 2.8 million and for Immobiliare Fondiaria-SAI approx. Euro 0.3 million;

- in addition 2 residences owned by Fondiaria-SAI S.p.A. in Rome, viale Beethoven, 63 for a total of Euro 1.2 million, an industrial building owned by Fondiaria-SAI S.p.A. in Castelmaggiore (BO) for Euro 5.2 million and an industrial building owned by Milano Assicurazioni in Rozzano for Euro 1.5 million were sold;
- in 2010 the subsidiary Liguria Assicurazioni approved the fractioned sale of the property in Segrate, Via Delle Regioni, 40 and contracts were signed for this operation in the period of Euro 0.6 million.

Real estate investments

CityLife

Following the conclusion of the procedure with the granting of the authorisations required by ISVAP and the Antitrust Authority, the appointed Arbitrator Leonardo & Co. S.p.A. prepared the final valuation document, which states the final price of the holding at the closing date, fixed as August 3.

The final valuation document establishes the following values:

- Euro 109,257,548 comprising all the amounts paid into Citylife since its incorporation to the present date by Immobiliare Milano Assicurazioni, in addition to the amount proportionally paid in by this latter to the Fondazione Fiera as consideration for the Transformation Zone identified in the deed, all amounts net of the income distributed and capitalised at the 3-month Euribor rate plus 1.5 percentage points from the date of payment until the date of sale of the investment;
- Euro 106,285,874, equal to the Net Book Value of the holding at June 30, 2011.

Therefore based on the agreement, the price of the holding is equal to the higher between the two results and therefore Euro 109,257,548, paid in a single instalment at the closing date.

Generali Properties assumed all commitments undertaken over the years by Immobiliare Milano Assicurazioni in relation to both the loan contract and the credit lines with the Lending Banks (equal to a maximum of Euro 270 million, including contingent commitments), with the Municipality of Milan and the Fiera Foundation (for a total of Euro 4.76 million) and with the shareholder banks for the junior working capital finance line (for a total of Euro 8.16 million), relating to the Holding in CityLife, and also providing a commitment to fully indemnity Immobiliare Milano Assicurazioni against any further obligations relating to these commitments, with effect from the closing date.

The sale of the holding at the above stated price enabled the recording of a gain of approx. Euro 12.9 million in the separate financial statements of Immobiliare Milano Assicurazioni and of approx. Euro 31 million at consolidated level for Milano Assicurazioni and Fondiaria-SAI.

Porta Nuova Varesine

The area of the Porta Nuova Varesine project is in Milan, between Via M. Gioia, Viale Liberazione, Via Galileo and Via Vespucci and provides for the development of approximately 42,000 sq.m for office use, 31,000 sq.m for residential use and 9,000 sq.m for retail use.

The sale of the residential components which began at the end of 2009 continued in the period. At September 30, 2011, 76 units were presold for a total value of Euro 124.3 million, comprising 29% of the total expected sales value and 40% of the total number of apartments.

Metropolis S.p.A.

The Group, through Immobiliare Milano Assicurazioni S.r.l., has a holding in Metropolis S.p.A. of 29.73%, for the purpose of the restoration, transformation and enhancement of the real estate complex at the former Manifattura Tabacchi buildings in Florence.

The Administration Council, in office since June 2009, has so far expressed a favourable opinion to the rapid development of the complex, to be undertaken within a new Structural Plan. On 22/06/2011 the new Plan was approved by the Municipality Board.

The project presented provides for the recovery of the historical monumental area, equal to approx. 50% of the entire gross area of 103,000 sq.m., and the demolition of the remaining volumes.

The plan submitted to the Municipality and the Public Works Board concerns the adoption of a Recovery Plan with related modifications to the existing town planning scheme. The modification plan was approved by the Municipality on 28/09/2011. Its adoption is scheduled by September 2012.

Progetto Alfiere S.p.A.

At the beginning of June Progetto Alfiere and Fintecna signed an agreement concerning the granting to Fintecna of a sales option on 50% of the holding in Alfiere.

On July 6, the Board of Directors of Fondiaria-SAI S.p.A. approved the above-stated operation.

OTHER SECTORS

The sector includes the Group companies operating in the banking, hotel and diversified sectors, as opposed to the insurance and real estate sectors.
The sector pre-tax result was a loss of Euro 37 million (loss of Euro 27 million in 9M 2010).
The Atahotels Group contributed a loss of Euro 10.7 million in the first nine months of 2011, and the Villanova Florentine Oncology Centre reports a loss of Euro 9.9 million.

BancaSai

At September 30, 2011, assets managed by **BancaSai** amounted to Euro 1.3 billion compared to approx. Euro 1.7 billion at December 31, 2010.

The number of current accounts decreased in the period (from 16,648 at the end of 2010 to 16,405 at September 30, 2011), while the level of time deposits also decreased (from Euro 16.7 million at the end of 2010 to Euro 1.8 million at September 30, 2011).
At September 30, bond loans had also been placed for a total of Euro 173 million (approx. Euro 177 million at the end of 2010).

Total indirect funds managed decreased to approx. Euro 650 million at September 30, 2011 from approx. Euro 991 million at December 31, 2010.

At September 30, 2011, the overall value of loans to clients increased to approx. Euro 883 million (Euro 837 million at 31/12/2010).
The increase in loans is largely attributable to the greater use by the subsidiary Finitalia (approx. Euro 50 million) and the growth in mortgages to the retail sector which offset the decrease in the Corporate and SME sectors.
This follows, in a reversal to the situation in 2010, the need to contain the credit risk following the extensive review put in place of the strategic guidelines of the bank in the lending sector.
Since April 2011, lending activities have ceased to be the driver of the bank growth strategy, therefore no development activities took place, instead concentrating efforts on the review of the existing portfolio, also with a view to reducing outstanding loans. The pricing policy was reviewed upwards in its various technical forms, to take account of the rising costs in sourcing funds and a more adequate remuneration of the risk. Finally, the objective was set to optimise the “granted/utilised” ratio in order to better contain the level of credit lines not utilised.

The Bank continues to focus on the “fractioning of the risk” which remains one of the important requisites of the loan portfolio, both in relation to the distribution by economic activity and concentration by individual client.

Finally, an increase in bad debts in the period reflects both a continuation from that recorded in the previous year and ongoing economic uncertainty, which hit the Corporate, SME and Household sectors.

Against these receivables appropriate impairments were made. The overall cost of credit (including therefore the recovery of values and the adjustment of values, in addition to the portion of net provision for risks and charges concerning the provision of credit) at September 30, 2011 amounted to Euro 7.8 million (approx. Euro 7.4 million at September 30, 2010).

Bank capital requirements amounted to Euro 115.1 million at 30/09/2011 (approx. Euro 102.1 million at the end of 2010).

Atahotels

In the first nine months a loss of approx. Euro 11 million was recorded, compared to a loss of Euro 20.1 million in 9M 2010.

At consolidated level, the Atahotels Group, thanks to the combined effect of increased revenues and restructured costs, is returning to normalised profit levels - one of the principal objectives of the 2011 budget and the three-year plan presented to the Board at the end of 2010.

The reclassification of operating data highlights:

- overall hotel sector revenues in the first nine months of Euro 108.2 million, increasing 10.8% on Euro 97.7 million in the same period of the previous year on a like-for-like basis;
- operating costs are in line with the previous year (Euro 72.9 million compared to Euro 71.3 million; +2.3%);
- GOP (Gross Operating Profit: operating margin before rental, amortisation, depreciation, overhead costs, extraordinary charges and taxes) amounted to Euro 35.3 million compared to Euro 26.4 million in the first nine months of 2010 (+33.8%);
- property costs (28% of revenues, increasing 5.2% on the first nine months of 2010) and amortisation and depreciation (7.3% of revenues), resulted in a negative Contribution Margin to Overheads Costs of Euro 0.8 million, improving significantly by 91.6% compared to 2010 (Contribution Margin to Operating Costs to September 2010: Euro -10.2 million) and an improvement on budget (+23.3%);
- Overhead costs (Euro 8.7 million) increased by 3.7% on 2010, particularly as a result of the centralisation of commercial activities, lower than budget (-11.5%), thanks to the optimisations achieved through centralisation and restructuring.

The principal industrial indicators in the first nine months of 2011 report:

- 1,488,984 guests (an increase of 6.2% on 2010), with a reduction in the number of available rooms in the period of 1.8%;
- occupied rooms of 791,518, increasing by 5.3% on 2010;
- occupancy rate of 63.9%, up 4 percentage points on 2010 and 1 percentage point ahead of budget;
- average room revenue of Euro 92.3, increasing Euro 3.7 on the previous year and in line with budget;

- as a result of that stated above, the Revpar (average revenue per available room) in the first nine months of 2011 amounted to Euro 59.0 compared to Euro 52.8 million in 2010.

The outlook for the coming months engenders cautious optimism concerning the annual forecasts, although the hotel and residence business may be affected by a high degree of uncertainty related to the domestic economic and financial situation.

Centro Oncologico Fiorentino S.r.l.

In the first nine months of 2011, the Company results were in line with budget forecasts, with revenues increasing on the previous year, although a like-for-like comparison was not possible. Surgical oncology improved (+52% on the previous period) as did medical oncology (+90% on the previous year). Outpatient activities continued to grow despite a delay in the start up of activities following the delayed release of necessary authorisations.

In relation to the subsidiary Centro Florence S.r.l., the income statement reports a significantly improved result on the previous year (+257%) and in line with annual forecasts, thanks in part to the opening of the new facility at the Arezzo hospital, with an increase in contracted activities, achieving significant economies of scale, both for purchases and in relation to the health structure support functions.
Overhead and administrative costs were 2% higher than estimates, due to increased user charges, while direct cost comparisons were not possible with the previous year due to new specialities and new equipment.
In the first nine months of 2011, the parent company made capital injections of Euro 7 million with the net equity of the company at Euro 0.92 million. On November 7, 2011, as established by the Parent Company resolution, a further payment of Euro 3.0 million was made.

ASSET AND FINANCIAL MANAGEMENT

Investments and liquidity

At 30/09/2011, the volume of investments amounted to Euro 36,159 million, an increase of 0.4% on 31/12/2010.

The investments, tangible fixed assets and liquidity at 30/09/2011 compared to 30/06/2011 and 31/12/2010 are shown below.

(in Euro thousands)	30/09/11	Percent. 09/11	30/06/2011	Percent. 06/11	Cge. %	31/12/10
INVESTMENTS						
Investment property	2,848,132	7.64	2,856,621	7.59	(0.30)	2,894,209
Investments in subsidiaries, associates and joint ventures	195,059	0.52	200,975	0.53	(2.94)	325,369
Investments held to maturity	609,811	1.64	603,901	1.60	0.98	592,138
Loans and receivables	3,774,949	10.12	3,633,171	9.65	3.90	3,159,211
AFS financial assets	19,231,165	51.57	19,715,952	52.37	(2.46)	20,302,882
Financial assets at fair value through the profit or loss account	9,500,172	25.47	9,514,726	25.27	(0.15)	8,740,064
Total investments	**36,159,288**	**96.96**	**36,525,346**	**97.01**	**(1.00)**	**36,013,873**
Tangible fixed assets: buildings and other fixed assets	597,625	1.60	602,549	1.60	(0.82)	594,334
Total non-current assets	**36,756,913**	**98.56**	**37,127,895**	**98.61**	**(1.00)**	**36,608,207**
Cash and cash equivalents	536,226	1.44	523,127	1.39	2.50	625,940
Total non-current assets and cash equivalents	**37,293,139**	**100.00**	**37,651,022**	**100.00**	**(0.95)**	**37,234,147**

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

(in Euro thousands)	30/09/2011	30/06/2011	Cge. %	31/12/2010
AFS financial assets	**19,231,165**	**19,715,952**	**(2.46)**	**20,302,882**
Equity securities	1,323,867	1,598,472	(17.18)	1,528,791
Fund units	901,684	807,076	11.72	819,961
Debt securities	17,003,652	17,308,442	(1.76)	17,952,179
Other financial investments	1,962	1,962	-	1,951
Financial assets at fair value through the profit or loss account	**9,500,172**	**9,514,726**	**(0.15)**	**8,740,064**
Equity securities	30,094	37,357	(19.44)	32,502
Fund units	589,182	631,683	(6.73)	459,900
Debt securities	8,540,893	8,457,123	0.99	7,758,432
Other financial investments	340,003	388,563	(12.50)	489,230

The account **Investment property** includes the buildings held by the Group for rental to third parties or investment purposes. The gross carrying value was Euro 3,273 million (Euro 3,270 million at 31/12/2010), of which Euro 858 million (Euro 855 million at 31/12/2010) related to the land component, while the depreciation provision amounted to Euro 425 million (Euro 376 million at 31/12/2010).

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: IGLI (Euro 68.6 million), Garibaldi S.c.a (Euro 55.4 million) and Finpriv (Euro 24.3 million). The reduction in this account is due to the sale of the investment in CityLife and the reclassification within the "AFS financial assets" account of the Immobiliare Rho Fund following the loss of significant influence by the Group as a result of the governance changes introduced.

Loans and receivables are summarised in the table below:

(in Euro thousands)	30/09/2011	31/12/2010	Change
Bank and interbank receivables	732,029	764,172	(32,143)
Debt securities	2,483,546	1,825,970	657,576
Loans on life policies	46,114	53,597	(7,483)
Deposits held by reinsurers	26,051	27,417	(1,366)
Receivables from sub-agents for indemnities paid to agents terminated	234,648	240,821	(6,173)
Other loans and receivables	252,561	247,234	5,327
Total	**3,774,949**	**3,159,211**	**615,738**

The **Investments held to maturity** amount to Euro 610 million (Euro 592 million at 31/12/2010) and relate to listed debt securities, servicing life policies with specific assets.

The **Available-for-sale financial assets** include bonds and equity securities not otherwise classified.

In particular, the account includes debt securities of Euro 17,003.7 million (Euro 17,952.2 million at 31/12/2010), equity securities of Euro 1,323.9 million (Euro 1,528.8 million at 31/12/2010), as well as units in investment funds of Euro 901.7 million (Euro 820.0 million at 31/12/2010) and other financial investments of Euro 2.0 million (Euro 2.0 million at 31/12/2010).

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 8,540.9 million (Euro 7,758.4 million at 31/12/2010), equity securities of Euro 30.1 million (Euro 32.5 million at 31/12/2010), units in investment funds of Euro 589.2 million (Euro 459.9 million at 31/12/2010) and other financial investments of Euro 340.0 million (Euro 489.2 million at 31/12/2010).

In relation to the **Tangible fixed assets**, they include both buildings for direct use and property inventories for which the criteria of IAS 2 were applied.

The table below shows the results of the financial and real estate activities for the first nine months compared with the same period in the previous year:

(in Euro thousands)	9M 2011	9M 2010	Change
Net income from financial instruments recorded at fair value through profit or loss	180,614	405,125	(224,511)
Net income from investments in subsidiaries, associates and joint ventures	1,805	(5,794)	7,599
Income from other financial instruments and property investments of which:			
Interest income	599,665	536,267	63,398
Other income	115,581	146,274	(30,693)
Profits realised	167,465	277,054	(109,589)
Valuation gains	238	383	(145)
Total income	**1,065,368**	**1,359,309**	**(293,941)**
Charges from other financial instruments and property investments of which:			
Interest expense	54,916	56,733	(1,817)
Other charges	47,508	55,021	(7,513)
Losses realised	85,697	112,589	(26,892)
Valuation losses	284,616	401,302	(116,686)
Total interest expense and charges	**472,737**	**625,645**	**(152,908)**
TOTAL NET INCOME	**592,631**	**733,664**	**(141,033)**

Impairments on capital financial instruments in the AFS sector amount at 30/09/2011 to Euro 218.0 million, of which Euro 77.6 million already recorded to the half-year financial statements at 30/06/2011. Impairments recognised in the third quarter include Euro 46.6 million concerning the investment in Unicredit, Euro 45.9 million relating to Generali, Euro 27.6 million concerning the parent company Premafin and Euro 50.3 million relating to Greek debt securities with maturity up to 2020.

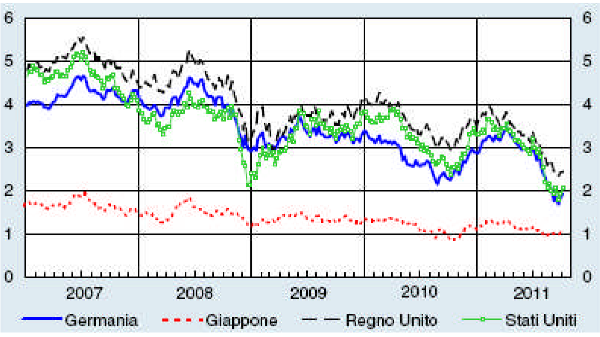
The net income from financial instruments recorded at fair value through the profit and loss includes net income relating to contracts in the Life sector whose risk is borne by the policyholders for Euro 202 million (net income of Euro 388 million in Q3 2010). This income is related to the charges of a similar amount recorded in the commitments to Life policyholders.

Management of the investments

Volatility on the financial markets increased significantly in the third quarter of 2011, with weakened growth forecasts for the advanced economies, which were further impacted by the Eurozone sovereign debt and banking system concerns.
Increased risk aversion accelerated the shift in portfolios toward securities of countries on more solid footing, as well as safe haven commodities and currencies such as gold and the Swiss Franc: this led to significant value reductions for stocks and private sector bonds, particularly within the banking sector. In addition, capital shifted away from the Emerging Countries.

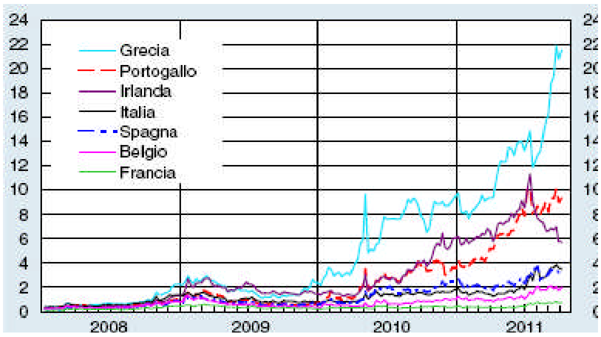
Government bond returns have reflected a move from investors towards more secure financial assets - decreasing to historically low levels.

Graph 2 – Ten-Year bond yields (in %)



Source: Bank of Italy – Economic Bulletin No. 66 (14/10/2011) Thomson Reuters Datastream

Graph 3 – Interest differentials between Ten-Year bond yields and German Bund yields (in %)

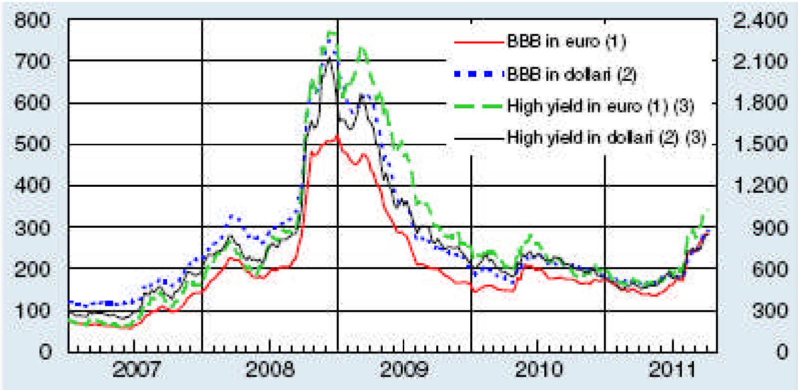


Source: Bank of Italy – Economic Bulletin No. 66 (14/10/2011) on Bloomberg data (latest available data refers to 7/10/2011).

From the beginning of July, Eurozone bond yield differentials of the individual states compared to the German Bund increased significantly (Graph 3). The EU Council decisions adopted on July 21 concerning the new Greek support programme and the measures to stem the contagion risk to other countries failed to lessen fears.

In the third quarter of 2011, the sharp drop in demand for financial assets considered risky significantly impacted the banking sector, in particular in Europe, exposed to sovereignty risk due to the extent of government bonds held in portfolio.
Credit Default Swap premiums of the United States and Eurozone banks significantly increased in both areas, particularly in Europe.

Graph 4 – Yield differentials between non-financial corporate bonds and government securities in $ and in € (in basis points)



Source: Bank of Italy – Economic Bulletin No. 66 (14/10/2011), Merrill Lynch.

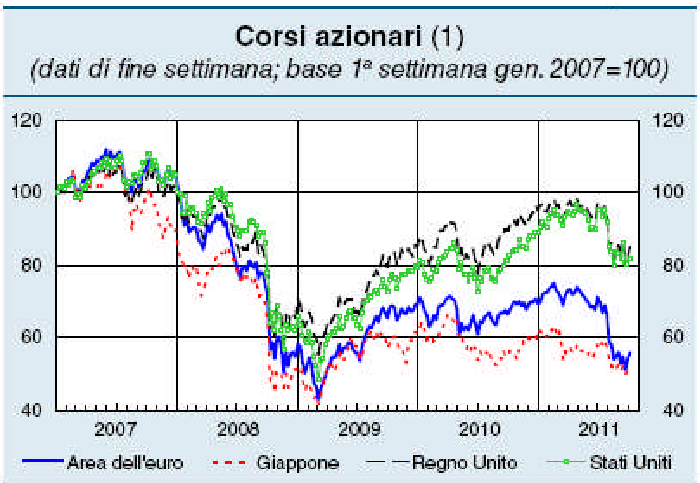
(1) *Fixed rate bonds and with a residual life not less than one year, issued on the Euro market; differentials are calculated based on French and German government securities.*

(2) *Fixed rate bonds in US Dollars and with a residual life not less than one year, issued on the US internal market: the differentials are calculated based on US government securities.*

(3)Right column.

From the beginning of July, share prices also significantly decreased. In the third quarter, the Dow Jones Euro Stoxx index comprising the largest companies quoted in the Eurozone and the US S&P500 index decreased respectively by 24% and 16%. The drop was most acute for banking shares. Market turbulence, as seen in stock option prices, increased significantly to levels not seen since May 2010.

Graph 5 – Equity prices[1]



Source: Bank of Italy – Economic Bulletin No. 66 (14/10/2011) Thomson Reuters Datastream

[1] Dow Jones Euro Stoxx for the Eurozone, Nikkei 225 for Japan, FTSE All Share for the UK and the Standard & Poor's 500 for the US.

At operating level, the current portfolio in the quarter was significantly rebalanced with a reduction in the percentage of financial securities held and a consequent reinvestment in defensive sectors (such as utilities), in line with the general economic environment. The sell-off of recent weeks enabled a short-term tactical move to re-establish the reduced exposure in the first half of the year to chemical and industrial securities.
In addition, the financial market weakness enabled a partial reconstitution of the position sold off in the first half of the current portfolio, establishing levels of higher interest and improving therefore the average portfolio and the expected dividend yield.

On September 8, the European Central Bank communicated its decision not to alter the official rates on principal refinancing operations, on marginal refinancing operations and on deposits at the central bank, confirming the respective rates at 1.50%, 2.25% and 0.75%.
The ECB based this choice on recent price pressures, particularly in relation to raw material and energy prices, which pushed inflation well over the targeted rate of 2% for the medium term.
At the beginning of November however, in order to tackle the crisis affecting European stock markets, the ECB lowered its interest rate by a quarter of one percent.

In recent months, also Spain and Italy have been impacted by the contagion from Greek debt requiring the implementation of new measures domestically to control the public deficit and to balance the accounts.

At a strictly operating level, the Non-Life sector activities within the bond market concentrated in the third quarter of 2011 on government securities, with a slight reduction of the corporate component through reducing some positions - in particular in the financial sector. The extensive market volatility and the spreads between core and peripheral countries favoured increased trading activity, particularly on short-term securities with switches carried out between Italian and German zero coupon securities. Although the average portfolio durations were reduced, profitability remained substantially intact.

The Life sector activity, considering the economic environment, was principally of a tactical nature. Given the continued tensions concerning the spread levels of sovereign debt, although with altering phases within the quarter, the primary objective was to maintain significant exposure to the so-called Core countries - in particular Germany.
Globally, with a view always to lessen the portfolio volatility, close attention was placed on money market instruments (Italian and German) for the investment of liquidity and to undertake the most neutral positions possible, where necessary.
The duration of the portfolios was reduced to offset risk with an insignificant impact in terms of current and future profitability.

In relation to the Corporate sector, the exposure was reduced in favour of government securities. The management activities consistently considered the ALM profiles of each portfolio, seeking to maximise the investment objectives with strong returns and in line with the profiles of the policies.

Fondiaria-SAI
The Non-Life Division is composed of 53.4% of fixed income bonds, 41.5% at variable rate and a residual 5.1% in short-term monetary assets.
The total duration of the portfolio is 1.84 years and the return on the Non-Life portfolio is equal to 3.10%.
The Life Division has a higher fixed rate bond allocation (83.7%), compared to the variable quota of the same class (16.3%), with a total duration of the portfolio of 5.38 years and a return of 4.73%.

Milano Assicurazioni
The Non-Life Division is composed of 61.8% of fixed income bonds, 36.3% at variable rate and a residual 1.9% in short-term monetary assets.
The total duration of the portfolio is 1.90 years and the return on the Non-Life portfolio is equal to 3.23%.
The Life Division has a higher fixed rate bond asset allocation (87.1%), compared to the variable quota (12.9%), with a total duration of the portfolio of 5.22 years and a return of 4.92%.

Greek sovereign debt crisis

On July 21, 2011, 30 major international financial institutions announced, through the Institute of International Finance, their full support for a second aid package for Greece.

The offer presented by the IIF concerns four exchange options on previously held Greek sovereign debt through newly issued securities, through rollover on maturing securities or alternatively, through a discounted buyback of securities held.

The first three instruments, with 30 year maturity, would be fully guaranteed by 30-year securities (triple A and zero coupon), issued by the EFSF (European Financial Stability Facility), while the 15 year maturity instrument will have a similar guarantee covering 80% of the nominal value.

Involvement in the rescue plan was undertaken on a voluntary basis and only targeted the securities with maturity by 2020.
Although the exposure of the Fondiaria Group is limited overall (see comments in the other parts of the present report), we are closely following the developments concerning the agreement of October 27 last in Brussels, evaluating the possible consequences.

The Fondiaria SAI Group exposure to Greek government debt securities is reported in the following table.

	Nominal value at 30/09/11	Fair value at 30/09/2011	Adjust. to values	Gross AFS reserve	Gross AFS reserve net of the discretional investments of life policyholders
AFS financial assets securities due by 2020	86.0	37.4	(50.3)	-	-
AFS financial assets securities due beyond 2020	109.0	34.9	-	(75.1)	(34.7)
TOTAL	**195.0**	**72.3**	**(50.3)**	**(75.1)**	**(34.7)**

The following table reports the breakdown by maturity of the Fondiaria SAI Group of government securities issued by Portugal, Ireland, Spain and Greece: all the positions are classified as AFS financial assets.

(in Euro millions) State	**Maturity within 12 months**	**Expiry from 1 to 5 years**	**Expiry from 6 to 10 years**	**Expiry Over 10 years**	**Total Fair value (level 1)**	**AFS reserve (gross)**	**AFS reserve (net*)**
Spain	-	64.9	-	41.5	106.4	(14.4)	(8.9)
Portugal	-	2.9	-	-	2.9	(1.2)	(0.7)
Ireland	-	-	21.7	-	21.7	(3.9)	(1.7)
Greece	6.9	13.5	17.0	34.9	72.3	(75.1)	(34.7)

** net of the discretional investments of life policyholders*

Net technical reserves

(in Euro thousands)	**30/09/2011**	**30/06/2011**	**31/12/2010**
Non-Life technical reserves			
Unearned premium reserve	2,374,306	2,646,179	2,623,533
Claims reserve	8,897,476	8,563,326	8,595,280
Other reserves	11,152	11,363	12,317
Total Non-Life reserves	**11,282,934**	**11,220,868**	**11,231,130**
Life technical reserves			
Reserve for sums to pay	342,884	276,537	275,246
Actuarial reserves	15,434,236	15,636,809	15,909,498
Technical reserves where the investment risk is borne by policyholders	7,982,545	7,873,205	6,950,978
Other reserves	(668,919)	(381,683)	(362,064)
Total Life Reserves	**23,090,746**	**23,404,868**	**22,773,658**
Total	**34,373,680**	**34,625,736**	**34,004,788**

The technical reserves of the Non-Life Division at 30/09/2011 include the premium reserve of Euro 2,374 million and the claims reserve of Euro 8,897 million.

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 and are therefore recorded under financial liabilities.

The technical reserves of the Life Division decreased, compared to the value calculated in accordance with Italian GAAP, by Euro 748.3 million (Euro -454.7 million at 31/12/2010) due to the accounting of the deferred liabilities towards policyholders, consequent of the application of the shadow accounting technique as per IFRS 4.

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)	30/09/2011	30/06/2011	31/12/2010
Financial liabilities			
Sub-ordinated liabilities	1,039,166	1,044,690	1,041,446
Financial liabilities at fair value through profit or loss account	1,409,797	1,529,401	1,646,935
Other financial liabilities	840,682	854,996	1,161,725
Total financial liabilities	**3,289,645**	**3,429,087**	**3,850,106**

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

The account **Financial liabilities at fair value through profit or loss** includes at 30/09/2011 Euro 1,352 million (Euro 1,608 million at 31/12/2010) 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, increased by the revaluations in the period.

Other financial liabilities included Euro 264 million (Euro 304 million at 31/12/2010) relating to client deposits at the subsidiary Banca SAI and Euro 184 million relating to deposits with reinsurers (Euro 248 million at 31/12/2010).

The residual refers for Euro 315 thousand to financial debt items commented on above.

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 following table, which highlights a reduction in the debt from January 1, 2011 of over Euro 218 million.

(in Euro millions)	30/09/2011	30/06/2011	31/12/2010
Subordinated loans	1,039.1	1,044.7	1,041.4
Banks and other lenders	314.8	332.1	530.9
Total debt	**1,354.0**	**1,376.8**	**1,572.3**

The reduction in the debt from the beginning of the year is principally due to the repayment of Euro 75 million in January on the senior loan issued by Mediobanca to the Parent Company, and the repayment by Immobiliare Milano of the bank loan signed with BPM and a portion of that signed with Efibanca for a total of approx. Euro 57 million.

In addition the short-term loans granted to Finitalia and Atahotels were reduced respectively for Euro 38 million and Euro 20 million.
The Tikal Closed Real Estate Fund in the first half of the year repaid the final instalment of the loan signed in 2005 with Banca Intesa Sanpaolo as the agent bank for Euro 15 million.

The account **Subordinated loans** include the 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 2010 Financial Statements and the 2011 Consolidated Half-Year Report with no significant changes taking place.
In relation to subordinated bonds, against a nominal Euro 1,050 million, Interest Rate Swaps were subscribed of Euro 800 million. The mark to market of these positions at September 30, 2011 was negative for Euro 39.3 million.

In accordance with CONSOB Resolution No. DEM/6064293 of 28/7/2006, the subordinated and/or hybrid payables are supported by particular contractual clauses protecting the rights and interests of the lenders.

In relation to the **subordinated loan** contract of Euro 300 million of 22/6/2006 (undertaken for 50% by Fondiaria-SAI S.p.A. and the other 50% by Milano Assicurazioni S.p.A.), Article 6.2.1 letter (e) establishes, as a general obligation of the Parent Company, the continued control (in accordance with Article 2359, paragraph 1, No. 1 of the Civil Code) of the direction and coordination of Milano Assicurazioni S.p.A. by Fondiaria-SAI S.p.A..

In relation to the **hybrid loan** contract of Euro 250 million of 14/7/2008, the faculty to convert into shares of the Parent Company is subject to, in addition to any resolution by the extraordinary shareholders' meeting of the Parent Company of a share capital increase to service the conversion in line with the contractual terms indicated, the occurrence at the same time (and for a consecutive three year period) of the following situations:

(i) the downgrade of the Standard & Poor's rating (or any other agency to which the Parent Company is voluntarily subject, no longer being subject to the Standard & Poor's rating) of the beneficiary companies to "BBB-" or a lower grade;

(ii) the reduction in the solvency margin of the beneficiary companies, as established by Article 44 of the Insurance Code, to a level below or equal to 120% of the solvency margin required by Article 1, paragraph h) of the Insurance Code,

if (a) the situation causing the above stated events is not resolved, for both events, in the two fiscal years immediately subsequent, or (b) the solvency margin in the two subsequent fiscal years is not rectified to at least 130% of the requested solvency margin, Fondiaria-SAI and Milano Assicurazioni may, over a period of more than two years, put in place measures to enable compliance with the requested parameters.

No clauses are in place in the Group loan contracts (other than those indicated above) which place limitations on the use of significant financial resources for the activities of the Issuer.

The defining factors of the subordinated and/or hybrid loans relate in general not just to the repayment of such before the payment of all other payables owing to the insurance company at the settlement date, but also the need to obtain, in accordance with the applicable regulation, prior authorisation for repayment by ISVAP.

With reference to **Bank and other lenders**, amounting to Euro 332.1 million, the most significant amounts are reported below:

- Euro 117.6 million relates to the loan signed by the Tikal Closed Real Estate Fund in 2007 with Mediobanca as the Agent Bank. The cost of the loan is Euribor plus a variable credit spread between 70 and 110 basis points. The Fund, since 2008, has utilised interest derivative instruments in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted;

- Euro 103.7 million refers to the bonds issued in 2009 and 2010 by BancaSai in part variable interest rate and in part fixed interest rate, with variable expiry from 2011 to 2014;

- Euro 74.9 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 as the Agent Bank 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. The subsidiary Meridiano Secondo has undertaken a property loan with maturity on 25/09/2012 and an interest rate at Euribor at 3 months increased by 90 basis points;

- Euro 12.8 million refers entirely to the debt of the subsidiary Immobiliare Milano Assicurazioni. This relates to a bank loan signed with Efibanca with maturity on 23/02/2012 at an interest rate of Euribor at 6 months increased by 83 basis points. The reduction on December 31, 2010 of the net debt of the subsidiary of approx. Euro 57 million is due to the repayment on 31/05/2011 of the bank loan signed with BPM and the repayment in February 2011 of a portion of the loan undertaken with Efibanca;
-
- Euro 5.8 million refers to short-term loans for fixed use (so-called "hot money") obtained by the subsidiary Finitalia from various credit entities. Compared to December 31, 2010, the subsidiary reduced exposure to these types of loans by approx. Euro 38 million.

TREASURY SHARES, SHARES OF THE HOLDING COMPANIES AND ITS SUBSIDIARIES

At 30/09/2011 and at 31/12/2010, the Parent Company held treasury shares and shares in the parent company Premafin Finanziaria as shown in the table below:

(in Euro thousands)	**30/09/2011**		**31/12/2010**	
	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	132,323	9,982,557	229,261
Sai Holding	1,200,000	16,337	1,200,000	28,306
Total	**14,382,557**	**213,026**	**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	4,994	18,340,027	14,107
Milano Assicurazioni	9,157,710	2,494	9,157,710	7,044
Saifin - Saifinanziaria	66,588	18	66,588	51
Total	**27,564,325**	**7,506**	**27,564,325**	**21,202**

SHAREHOLDERS' EQUITY

Shareholders' equity at 30/09/2011 was as follows:

(in Euro thousands)	30/09/2011	30/06/2011	31/12/2010
Shareholders´ Equity	**2,538,187**	**2,607,163**	**2,550,105**
Group Net Equity	**1,850,044**	**1,922,907**	**1,882,127**
Share capital	494,731	167,044	167,044
Capital reserves	315,595	209,947	209,947
Retained earnings and other reserves	1,826,647	1,840,835	2,620,792
Treasury shares	*(213,026)*	*(213,026)*	*(321,933)*
Translation reserve	(47,205)	(46,700)	(56,598)
Profit or loss on AFS financial assets	(359,736)	(2,659)	(34,759)
Other gains and losses recorded directly in equity	11,650	29,377	15,216
Group loss	(178,612)	(61,911)	(717,582)
Minority interest shareholders' equity	**688,143**	**684,256**	**667,978**
Share capital and reserves pertaining to minority interests	838,531	707,951	902,126
Gains and losses recorded directly in equity	(117,336)	(24,057)	(22,869)
Minority interest profit/(loss)	(33,052)	362	(211,279)

The change in the "Share capital" and "Capital reserves" accounts relates to the share capital increase of the Parent Company in July.

The profits or losses on available-for-sale financial assets derive from the fair value adjustment of the financial instruments classified in this category, net of the relative deferred taxes and of the part attributed to policyholders. The significant change on June 30 principally follows the deterioration of debt securities in September: against impairments in the third quarter for a gross amount of Euro 108.3 million, which transferred the charges from the fair value adjustment of the relative financial instruments from this reserve to the result for the period, the reserve reduced.

OTHER INFORMATION

Execution of the Fondiaria-SAI rights issue

With the relevant authorisations obtained, on July 15, 2011 the shareholder rights offer subscription period concluded for a maximum 242,564,980 newly issued Fondiaria-SAI ordinary shares and a maximum 85,122,444 savings shares, relating to the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of January 26, 2011.

During the rights offer period between June 27, 2011 and July 15, 2011 (inclusive), (the "Offer Period"), 120,763,821 option rights were taken up for 241,527,642 newly issued Fondiaria-SAI ordinary shares and 42,023,328 option rights for 84,046,656 savings shares, equal to respectively 99.572% of the total of the newly issued ordinary shares and 98.736% of the total of the newly issued savings shares offered, for a total value of Euro 446,338,119.00.

Following the subscription commitments undertaken, 39,717,548 option rights were directly and indirectly exercised by the shareholder Premafin Finanziaria S.p.A. for the subscription of 79,435,096 newly issued ordinary shares for a value of Euro 119,152,644.00 and 12,112,567 option rights were exercised by UniCredit S.p.A. for the subscription of 24,225,134 newly issued ordinary shares for a value of Euro 36,337,701.00.

The non exercised option rights were subsequently offered by Fondiaria-SAI on the market.

The Rights Options were utilised for the subscription of 1,037,338 newly issued ordinary shares, of a nominal value of Euro 1.00 each, with the same rights as those already in circulation, at a price of Euro 1.50 per share of which Euro 0.50 share premium, in the ratio of 2 ordinary shares for every 1 Rights Option exercised and for the subscription of 1,075,788 newly issued savings shares of a nominal value of Euro 1.00 each, with the same rights as those already in circulation, at a price of Euro 1.00 per share and therefore without share premium, in the ratio of 2 saving shares for every 1 Rights Option exercised.

The subscription of the shares was made through authorised intermediaries utilising the centralised management system of Monte Titoli S.p.A. (the "Authorised Intermediaries") by July 27, 2011, at the risk of expiration.

The Shares subscribed to by the conclusion of the Stock Market offer were debited to the accounts of the Authorised Intermediaries at the end of the last day of the rights options exercise period and therefore were available from the subsequent settlement day.

The share rights offer subscription period concluded on July 27, 2011 with all newly issued Fondiaria-SAI ordinary shares and savings shares taken up (the "Shares") concerning the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of January 26, 2011 (the "Share Capital Increase").

All 518,669 ordinary option rights and all 537,894 savings share option rights not exercised at the end of the Offer Period were sold on July 20, 2011 at the first session in which the Option Rights were offered on the open market by Fondiaria-SAI through UniCredit Bank AG, Milan Branch in accordance with Article 2441, third paragraph of the Civil Code and subsequently exercised through the subscription of 1,037,338 newly issued ordinary shares and 1,075,788 newly issued savings shares, equalling respectively 0.428% of the total newly issued ordinary shares and 1.264% of the total newly issued savings shares offered, for a total value of Euro 2,631,795.00.

The Share Capital Increase therefore concluded with the full subscription to the 242,564,980 ordinary shares and the 85,122,444 savings shares offered, for a total value of Euro 448,969,914.00, without recourse to the guarantee consortium. The new share capital of Fondiaria-SAI totals Euro 494,731,136, comprising 367,047,470 ordinary shares and 127,683,666 savings shares of a nominal value of Euro 1.00 each. The declaration required as per Article 2444 of the Civil Code was filed at the Turin Company Registration Office in accordance with law.

Execution of the Milano Assicurazioni rights issue

With the relevant authorisations obtained, on July 15, 2011 the shareholder rights offer subscription period concluded for a maximum 1,284,898,797 newly issued Milano Assicurazioni S.p.A. ordinary shares and a maximum 71,726,389 savings shares, relating to the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of April 27, 2011.

During the rights offer period between June 27, 2011 and July 15, 2011 (inclusive), (the "Offer Period"), 542,567,376 option rights were taken up for 1,265,990,544 newly issued Milano Assicurazioni S.p.A. ordinary shares and 29,021,556 option rights for 67,716,964 savings shares, equal to respectively 98.528% of the total of the newly issued ordinary shares and 94.410% of the total of the newly issued savings shares offered, for a total value of Euro 343,783,874.79.

In particular, in accordance with underwriting commitments, the shareholders Fondiaria-SAI S.p.A., Fondiaria-SAI Nederland BV, Sai Holding Italia S.p.A., Sainternational S.A., Pronto Assistance S.p.A. and Popolare Vita S.p.A. exercised 350,396,460 option rights for the subscription of 817,591,740 new ordinary shares for a total value of Euro 210,448,113.88.

At the end of the Offer Period, 8,103,537 rights options valid for the subscription of 18,908,253 ordinary shares and 1,718,325 rights options valid for the subscription of 4,009,425 savings shares were therefore left unexercised, respectively equating to 1.472% of the total of the newly issued ordinary shares and 5.590% of the total of the newly issued savings shares offered, for a total value of Euro 5,927,878.70.

The non-exercised option rights were subsequently offered by Fondiaria-SAI on the market.

The Rights Options were utilised for the subscription of newly issued ordinary shares, without indication of the nominal value, with the same rights as those already in circulation, at a price of Euro 0.2574 per share, in the ratio of 7 ordinary shares for every 3 Rights Option exercised and for the subscription of newly issued savings shares, without indication of the nominal value, with the same rights as those already in circulation, at a price of Euro 0.2646 per share, in the ratio of 7 saving shares for every 3 Rights Option exercised.

The share rights offer subscription period concluded on July 27, 2011 for all newly issued Milano Assicurazioni ordinary shares and savings shares concerning the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of April 27, 2011.

All 8,103,537 non-exercised ordinary rights options and 1,718,325 non-exercised saving share rights options at the end of the Offer Period were sold on July 20, 2011 during the first session in which the Rights Options were offered on the open market by Milano Assicurazioni through UniCredit Bank AG, Milan Branch in accordance with Article 2441, third paragraph of the Civil Code.

At the end of the Stock Market Offer Period, 18,872,077 newly issued ordinary shares and 4,009,425 newly issued savings shares, respectively equating to 1.469%% of the total of the newly issued ordinary shares and 5.590%% of the total of the newly issued savings shares offered, for a total value of Euro 5,918,566.48 were subscribed to. Therefore 36,176 newly issued ordinary shares equating to 0.003% of the total of the newly issued ordinary shares, for a total value of Euro 9,311.70, were not taken up.

These Shares were subscribed to by Credit Suisse, UniCredit Bank Milano, Keefe, Bruyette & Woods Limited, The Royal Bank of Scotland N.V. (London Branch), Banca Akros S.p.A. and Equita SIM S.p.A., in accordance with the guarantee agreements signed on June 22, 2011.

Following the subscription by the guarantee consortium banks, the Share Capital Increase therefore concluded with the full subscription of 1,284,898,797 ordinary shares and 71,726,389 savings shares offered for a total value of Euro 349,711,752.88.

The new share capital of Milano Assicurazioni amounts therefore to Euro 373,682,600.42, comprising 1,842,334,571 ordinary shares and 102,466,271 savings shares, without allocation of a nominal value. The declaration required as per Article 2444 of the Civil Code was filed at the Milan Company Registration Office in accordance with law.

ISVAP inspections

ISVAP carried out inspections of Fondiaria-SAI concerning principally the activities of the corporate boards, the control activities carried out by the delegated departments (Audit, Risk Management and Compliance), the risk pertaining to membership of the Fondiaria SAI Group particularly concerning intercompany transactions with related parties, in addition to the application of the organisational and management model as per Legislative Decree No. 231/01, as well as procedures governing the principal phases of the Motor TPL claims cycle.

In relation to the governance and control aspects, following the inspections, which commenced on October 4, 2010, ISVAP highlighted particular issues concerning the Group structure, the governance system and the internal control system, the organisation and activities of the corporate boards, the control departments, the transactions with related parties and the liquidity risk.

In relation to the highlighted aspects, ISVAP has requested clarifications and justifications concerning the above stated issues.

The action plan of Fondiaria-SAI concerns the internal organisation and the drawing up of the decision making procedures and the control procedures within the overall corporate organisation. In particular, the identified action areas were subject to examination and approval by the Board of Directors of Fondiaria-SAI in the meetings of July 21 and August 2, 2011, which previously had been subject to discussion in the Board of Directors' meeting of July 6, 2011.

The Parent Company responded with the provision of precise clarifications and adequate justifications to ISVAP concerning the significant issues raised by the Institute. In particular, the Board of Directors approved the adoption of a number of measures concerning the operational procedures of the corporate boards, the holding of the relative meetings, the review of the allocation of duty and senior management and departmental powers concerning the operating segments as well as a review of a number of organisational measures principally relating to the control departments (Audit, Risk Management and Compliance).

In relation to the control department, the Board, in the two meetings stated above, resolved:

- in relation to the significant issues highlighted by the Institute concerning the position of the control departments within the organisational structure (Audit, Risk Management and Compliance) department, to modify the structure approved at the meeting of January 27, 2011, placing the Audit, Compliance and Risk Management department under the direct and exclusive control of the Board of Directors. The Chief Executive Officer will approve salaries (excluding all variable components), vacations, expenses and career advancements;

- to make amendments in relation to the control department heads, with the appointment of persons possessing the specific skills required, and more in general, all regulatory requirements to the Audit and Risk Management departments in the persons respectively of Mr. Giorgio Borghino and Mr. Giorgio Bedogni and committing to appoint the new Compliance Department head at a subsequent meeting, ensuring the centralisation of all the control departments at Parent Company level, in order to carry out the respective activities for all of the insurance companies within the Fondiaria-SAI insurance group, in accordance with specific outsourcing contracts individually authorised by ISVAP;

- to incorporate, with the prior withdrawal of the Compliance Committee and the governance functions previously undertaken by the Board, of a new committee involving, in addition to the Audit, Compliance and Risk Management Department heads, also the Board of Statutory Auditors (through its Chairman), the Internal Control Committee (through its lead coordinator), the Supervisory Body as per Legislative Decree No. 231/01 (through its coordinator) and the appointed actuary, in addition to the head of the newly created "Intercompany Activity Unit" (described below), with the possible involvement also of the audit firm, in order to allow all the bodies or departments which have been allocated a specific control function, to collaborate together as per ISVAP Regulation No. 20/2008, exchanging all useful information for the completion of their relative duties;

- to create a specific organisational body called the "Inter-group Activity Unit", headed by the Chief Executive Officer, in order to, among other issues, evaluate the best method to fulfil the requirements concerning transactions with related parties, clearly establishing the relative duties and appointing Ms. Angela Pasetti as head of the committee.
  For the same reasons outlined above in relation to the Audit, Compliance and Risk Management Departments, the new department was also created at Parent Company level and will carry out activities for the companies also belonging to the Group.

The Board in the meeting of August 2, 2011 therefore also approved a new company organisational structure, already announced to the market to take account of the re-allocation to the direct and exclusive control of the Board of Directors of the Audit, Compliance and Risk Management departments and the alterations and/or departmental re-allocations taken to date as part of the Company and Group reorganisation, while considering also the current evaluations concerning the re-distribution of the various departments contributions to the reaching of corporate objectives.

The Board also approved, following disclosure on all of the aspects highlighted by ISVAP, the interest of the insurance Company in carrying out transactions with related parties subject to the inspections by the Institute, maintaining the duty to examine and approve, in relation to all initiatives not yet concluded, all decisions concerning the continuation or halting of the initiatives, while in compliance with the procedures for the carrying out of transactions with related parties approved by the Board.

Finally, based on the financial situation of the Company (also taking account of the successful outcome of the share capital increase) and in light of the property operations carried out (CityLife) and/or in progress (sale of real estate assets, such as for example the property in Milan, Via Pantano), the Board considers that the financial commitments related to the initiatives are not critical from a financial viewpoint.

In relation to some aspects of the Motor TPL claims cycle, on the completion of the inspections made last January, ISVAP made some comments relating to the correct loading and movement of the claims portfolio, as well as on the application of adequate criteria for the definition, evaluation, settlement and payment of claims. The Company has not yet responded to the ISVAP comments as the necessary verifications and investigation are still ongoing within the timeframe required for reporting.
The issues arising are not considered currently to lead to possible penalties.

The ISVAP comments also relate to the 2010 accounts and the formal keeping of the insurance registers.

Revocation of the Chairman of all executive powers

Reference should be made to the 2011 Consolidated Half-Year Report.

New Unicredit designated directors appointed and new organisational structure approved

Reference should be made to the 2011 Consolidated Half-Year Report.

Transactions with related parties

In the third quarter of the year, further payments on account were made to the Company IM.CO. for Euro 5.3 million in relation to real estate operations in course at Milan, Via Confalonieri - Via de Castillia (Lunetta dell'Isola). The project included the sale in 2005 to IM.CO. S.p.A. of land and the purchase of a building for office use to be constructed on the land for a price of Euro 99.1 million in accordance with the recently agreed supplement to the contract. The total payments on account to IM.CO. at September 30, 2011 amount to Euro 61.4 million.
No further payments were made in the quarter in relation to the real estate operation for the building located at via Fiorentini, Rome. Euro 102.5 million was recognised to the Property investment account concerning this operation at September 30 and is therefore unchanged on June 30. We recall that this operation, undertaken in 2003, included the sale to "Avvenimenti e Sviluppo Alberghiero S.r.l." of a site and the purchase of the completed real estate complex to be constructed on the land in question at a price of Euro 110 million, including the supplementary contract signed in 2009.
In relation to the construction of the tourist port at Loano, Euro 6.8 million was paid in the quarter to Marcora Costruzioni S.p.A. by Immobiliare Fondiaria-Sai S.r.l. through the subsidiary Marina di Loano S.p.A..
Payment received for a life policy of Euro 4 million is also reported.
Transactions with Associated Companies principally refer to construction revenues, matured by Immobiliare Lombarda S.p.A. from the company CityLife S.r.l. (sold on August 3, 2011) in relation to the project at the former Milan Trade Fair area, which during the quarter (until the date of sale) amounted to Euro 3.7 million: the relative cash inflow amounted to Euro 6 million. Also in relation to this project, Euro 14.2 million was paid in the quarter to the associated company Tre Torri Contractor S.c.a.r.l.

Sales organisation and personnel

The personnel of the Fondiaria SAI Group at 30/09/2011 is as follows:

	30/09/2011	**31/12/2010**
Italian companies	6,038	6,093
of which Parent Company:	2,590	2,594
Foreign entities	1,726	1,824
Fondiaria SAI S.p.A. Group	**7,764**	**7,917**

The above table does not include the seasonal personnel of Atahotels, comprising 619 persons at 30/09/2011 (128 at 31/12/2010).
In addition, the employees of the foreign companies include 651 brokers.

With reference to 30/09/2011, the national distribution of the Fondiaria-SAI S.p.A. Agents was as follows:

	Total at 30/09/2011	Total at 31/12/2010
North	621	637
Centre	305	309
South	323	336
TOTAL	1,249	1,282

With reference to the Group it is noted that in the third quarter of 2011 there were 3,303 agencies (3,454 at 31/12/2010), operating through 2,658 sales points (2,766 at 31/12/2010) representing the traditional distribution channel.

Communications

Sponsorship
In the third quarter of 2011 the Fondiaria SAI Group supported the Prader Willi Association and their Families. The Prader Willi Syndrome is a very rare genetic defect, present at birth, whose causes are currently unknown.

Press Office
In the third quarter of 2011, the activities of the Fondiaria SAI Group Press Office focussed particularly on the share capital increases of Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A., on changes to corporate governance, the corporate boards and the organisational structure and on the sale of the investment in Citylife S.r.l..

The press office was involved in issuing press releases concerning Group activities and the half-year results, organised and managed meetings with newspapers and journals in order to expand further on the services and products offered by the Group. The Press Office also supported the meetings of the CEO with the press (Italian and foreign).

Group solvency margin at 30/09/2011 and projection for year ended 31/12/2011

In accordance with the provisions of the Supervision Authority in relation to the adjusted solvency margin and the application of the prudent filters, consequent to the introduction of the new IAS/IFRS standard, for the third quarter of 2011 the ratio between the constituting elements of the adjusted solvency margin are sufficient to cover the required margin - this latter estimated at Group level. In particular, the coverage ratio amounts to 111.0%, compared to 97.4% at the end of 2010.
By December 31, 2011, taking account of the normal operations and excluding extraordinary and unforeseeable events, a coverage ratio above 100% is forecast.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A. review 2011 forecasts

On the request of CONSOB, on October 6 last Fondiaria-SAI communicated that, based on the available information and the financial market performance, it was reasonable to assume that the consolidated result forecast in budget 2011 of Euro 55 million would not be met.

Budget 2011 did not include any positive effects from the sale of non strategic assets other than property assets, except for the net gain from the sale of buildings of Euro 33 million, net of the tax effect.

For these latter, at the current date, the data indicates a profit of approx. Euro 36 million, net of the tax effect, of which Euro 5 million concerning gains from the sale of buildings and Euro 31 million from the sale of the investment in Citylife. Negotiations are currently under way for further divestments.

In relation to the write-down of AFS financial instruments, budget 2011 includes a forecast write-down of approx. Euro 40 million, part of which already recognised in the first quarter. Budget 2011 was based on reasonable performance expectations for the financial markets which, in light of the sovereign debt crisis and the consequent extensive volatility of the financial markets, did not materialise.

For the reasons outlined above, it is reasonable to assume that the Group net result for Milano Assicurazioni in budget 2011 of approx. Euro 50 million will not be met.

OUTLOOK

As previously communicated to the market on October 6, Fondiaria-SAI and Milano Assicurazioni reviewed the outlook for 2011.

In particular, in relation to the Parent Company, it may be assumed that the Budget 2011 consolidated net profit target of Euro 55 million will not be met. In fact, the Budget 2011 will not be met following the sovereign debt crisis and the consequent extensive volatility of the financial markets.

In addition there is the need to further revalue the non-life claims reserve, whose exact requirements will not be known until the end of the year following the review process in course.

In relation to the insurance management, the Non-Life sector in the last quarter of the year will see a continuation of the actions taken to recover technical profitability.
In particular, in the Motor sector a new tariff will be implemented which remodels the tariff mutuality based on further analyses of the effective risk of the policyholder and the initiatives concerning particularly poorly performing portfolios or agencies will continue.
In the Other Non-Life Classes, the underwriting policy will continue to favour the retail client and the small-medium size business sector, while business in the municipalities and regions with particularly satisfying technical performances will be developed further. A catalogue of new products with increased protection for the client subject to greater economic volatility than the past will be gradually rolled out. The new products are aimed - through specific reform actions of the portfolio - at clients holding policies with guarantees no longer considered adequate.

In the Life class, the actions to improve the portfolio quality will continue, increasing the level of periodic premium Class I products (annual or recurring), which are more remunerative and engender client loyalty, creating therefore long-term value.

The actions taken to contain operating costs will continue through a more stringent resource allocation plan, the elimination of non essential services and the re-launch of leaving incentives for those who have fulfilled their pensionable requirements.

Milan, November 10, 2011

For the Board of Directors

Mr. Emanuele Erbetta

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

The undersigned Massimo Dalfelli, as Executive Responsible for the preparation of the 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 September 30, 2011 corresponds to the underlying accounting documents, records and accounting entries.

Milan, November 10, 2011

The Executive Responsible
for the preparation of the corporate accounting documents

Mr. Massimo Dalfelli