

## PRESS RELEASE

**MILANO ASSICURAZIONI S.p.A.:**  
**CONSOLIDATED REPORT AT SEPTEMBER 30, 2010 APPROVED**  
**TOTAL DIRECT PREMIUMS OF EURO 2,587.2 MILLION**  
**(EURO 2,561.8 MILLION IN 9M 2009, +1%\*)**

### Direct premiums written\*

- In the Non-Life division: Euro 2,225 million (-1.2%)
- In the Life division: Euro 362.2 million (+17.2%)

### Technical performance\*

- Combined Operating Ratio of 101% from 106.1% in FY 2009 (97.9% in 9M 2009); Combined Ratio (including technical charges) of 104.7% from 108.9% in FY 2009 (101.5% in 9M 2009)

### Operating costs\*

- Management expenses of Euro 484.2 million - 18.6% of net premiums (Euro 481.8 million in 9M 2009, 19.0%)

### Result for the period\*

- Consolidated net loss of Euro 373.0 million (profit of Euro 26.9 million in 9M 2009)

### Balance Sheet Solidity

- Group shareholders' equity of Euro 1,649.3 million (Euro 1,881.9 million at 31/12/2009)

### \*IFRS 5 data

**Milan, November 10, 2010** - In a meeting chaired by Fausto Marchionni, the Milano Assicurazioni S.p.A. Board of Directors approved the consolidated results for the third quarter of 2010.

As already announced to the market, on June 17, 2010 Milano Assicurazioni S.p.A. and Banco Popolare di Milano S.c.r.l., under agreements signed in December 2009 in relation to the mutual winding-up of the partnership in the bancassurance sector and having received the necessary legal authorisations, concluded the transfer to Banco Popolare di Milano of the 51% holding in Bipiemme Vita S.p.A. held by Milano Assicurazioni.

Through this operation Bipiemme Vita therefore exits the Milano Assicurazioni Group consolidation scope and in accordance with IFRS 5 is considered a discontinued operation. Consequently, the income statement data of this company for the first nine months of 2009 is reclassified and recorded in the account *Profit/Losses of discontinued operations*. The other income statement accounts are therefore prepared at like-for-like consolidation scope with the third quarter of 2010, thus enabling comparison.

Total direct premiums written amounted to Euro 2,587.2 million, growth of 1% on the same period of the previous year.

In the Non-Life Division, direct premiums written totalled Euro 2,225 million (+1.2% on 9M 2009).

Premiums in the Motor classes amounted to Euro 1,569.6 million (-1.8%) following the actions undertaken to recover profitability in a sector with an established technical deterioration and particularly due to the cancelation of multi-claim contracts.

Premiums were affected by the continuation of the difficult economic conditions and in particular the weakness in new car registrations. The effects of the recently introduced regulations to the sector continued to be felt, with the attribution of the bonus-malus class at family level and also the application of malus only in the case of principal responsibility.

New contracts written in the year performed strongly thanks to the increased availability of new tariffs, based on better technical parameters and the new market scenario.

The number of Motor TPL claims reported decreased by 4.6%. Overall the number of claims reported decreased by 3.7%. The turnaround in the Land Vehicle class (-7.4%) confirms the effectiveness of the restructuring activities undertaken.

In the other Non-Life Classes, premiums amounted to Euro 655.5 million, an increase of 0.1%. Premium stability has been established through an underwriting policy which prioritises portfolio profitability, the application of correct technical parameters and the focusing of commercial initiatives particularly toward the retail sector which generally produces better technical margins.

As a result of that highlighted, the Combined Operating Ratio (Loss+Expense Ratio) amounts to 101.0% (106.1% in FY 2009), with a Loss Ratio of 81.2% (85.2% in FY 2009) and an Expense Ratio of 19.8% (20.9% in FY 2009), while the Combined Ratio including technical charges amounted to 104.7% (108.9% in FY 2009). The data - although remaining negative - improved significantly on the 2009 figures.

The Non-Life sector reported a loss of Euro 371.1 million compared to a profit of Euro 14.5 million in the first nine months of 2009. The result was strongly affected by the adjustment of AFS financial instrument values, with a negative impact of Euro 290 million.

In the Life Division, premiums totalled Euro 362.2 million, growth of 17.2%, thanks to the refocusing of the portfolio towards class I contracts (+13.3%). The Class V growth (+50.9%) was

due to renewed interest by institutional investors in these products, which provide adequate profit levels for the Company.

New business in terms of Annual Premium Equivalent (APE) amounted to Euro 35.7 million (+42.9%).

The Division reports a pre-tax loss of Euro 0.2 million, compared to a profit of Euro 34.7 million in the first nine months of 2009. The 2010 result was affected by AFS financial instrument impairments of Euro 54.9 million, gross of the share of policyholders.

The Real Estate sector recorded a pre-tax loss of Euro 10.1 million.

The financial and asset management recorded impairments on instruments classified in the available-for-sale category (AFS) for a total amount of Euro 344.9 million (Euro 40.8 million in 9M 2009). The continued poor performance of the financial markets has resulted for some securities in portfolio recording a listed value lower than the book value for a continuous period of at least 2 years. In line with the impairment policy declared in the 2009 financial statements, the book value of these securities was therefore aligned with the stock market values at September 30, a policy which is considered particularly punitive and often does not reflect the fundamental values of the entities concerned. The impairments carried out principally relate to investments held by Milano Assicurazioni in the following companies:

- Fondiaria-SAI which, considering the stock market value at September 30 of Euro 7.43, had a negative impact on the income statement of Euro 155.1 million, of which Euro 152 million already included in the half-year accounts;
- Generali (impairment of Euro 89.2 million);
- Unicredit (impairment of Euro 74.7 million).

In relation to the other types of financial income, interest income totals Euro 159.1 million, a decrease on Euro 190 million in the third quarter of 2009, due to the difficult economic environment and particularly the continuation of the expansive monetary policy by the relevant authorities with the maintenance of low base interest rates in order to foster a recovery, which remains tentative.

However, prudent trading activity which seeks to maximise the continued extreme volatility in the markets - within an overall economic environment characterised by uncertainty and concerns over the sustainability of the government deficits within various European states - has enabled net gains of Euro 42.4 million, an increase on the third quarter of 2009.

Management expenses, amounting to Euro 484.2 million, were 18.6% of net premiums.

The Group net result was a loss of Euro 373 million (profit of Euro 26.9 million in 9M 2009). As previously stated, the loss principally follows the impairment on AFS financial instruments under the impairment policy adopted in the 2009 annual accounts which had a negative impact of Euro 344.9 million.

The Group net equity, including the result for the period, decreased from Euro 1,881.9 million at 31/12/2009 to Euro 1,649.3 million at 30/09/2010.

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On the request of CONSOB, concerning the sale of non-strategic assets, the performance of Atahotels, the projected solvency margin and transactions with related parties in the first nine months of 2010, the following information is provided, all of which is also reported in the Interim Report at September 30, 2010.

### **Sasa - Liguria**

The corporate and industrial restructuring project continues concerning Liguria Assicurazioni S.p.A., Liguria Vita and the agency networks of Milano Assicurazioni distributing insurance policies under the Sasa and Sasa Vita brands.

This project, extensively set out in the 2010 Half-Year Report, provides in particular for the creation of a single insurance entity, legally separate, which regroups the agency networks more focussed on a multi-mandate offer, to be created through the share capital increases of Liguria and Liguria Vita, in accordance with article 2441, paragraph 4 of the civil code, reserved to Milano, with conferment of the business units of Milano which concern the agency networks distributing the brand products respectively of Sasa and Sasa Vita.

In relation to the possibility to develop the combined entity through sales operations, the negotiations in progress with the Clessidra Private Equity Fund have encountered some issues including those related to proposals put forward by the Clessidra Fund concerning the financial conditions of the operation (shareholding size and method of payment/financing of the transaction) and those of an operational nature (industrial outsourcing and IT agreements).

Under the current terms the Clessidra offer is not considered acceptable, although the negotiations continue.

### **Building sale project**

Milano Assicurazioni owns a building in Milan at Via Cordusio No. 2 and Via G. Casati No. 1. This is a prestigious mixed use building with a high value based on its architectural characteristics, its location in the historic centre of Milan and the recent investments made which will ensure a significant profit margin.

In view of the policy to gradually reduce the real estate component of the investment total - currently higher than our competitors' average - Milano Assicurazioni has explored the possibility to sell the building, considering also that the sale would result in a significant gain.

A competitive sales procedure was therefore begun in June among selected companies including the largest operators in the real estate sector internationally.

Currently the due diligence phase is almost complete for the parties who have made interesting offers and binding offers have been made for the purchase of the building, which will be examined by the relative boards of the company. The closing of the operation is scheduled by the end of the current year.

## **Performance of Atahotels S.p.A.**

The company continues to be affected by the difficult economic conditions and in particular by the crisis in the hotel sector, in which Atahotels is a market leader.

In the first part of the year volumes in the Milan area generally fell, particularly in the conferences sector, while in the summer months the resorts were affected by the crisis (lower number of guests than originally forecast, shortening of average vacation durations and last minute bookings, with the sector resorting to discounted promotional campaigns).

The Company decided not to follow the market trend of reduced prices, deciding against smaller margins so as not to reduce average sales margins within a contracted market, in expectation of a recovery in 2011. Revenues in the first nine months amounted to Euro 90.4 million, increasing 4.4% on Euro 86.6 million in the same period of the previous year, achieved however with the contribution of Residence The One, inaugurated only in July 2009. Operating costs remain substantially unchanged on the previous year (Euro 66.6 million in the first nine months of 2010 compared to Euro 67.3 million in the same period of 2009). This permitted a better gross operating profit of 26% (Euro 4.9 million) compared to the same period of the previous year. Rentals increased by 17% amounting to Euro 25.5 million. Depreciation amounted to Euro 8.5 million (particularly due to restructuring works and building improvements).

In the first nine months a loss of Euro 20.1 million was recorded, compared to a loss of Euro 19.5 million in 9M 2009. The third quarter reported a better performance than previous quarters (loss of Euro 1.5 million) due to the seasonality of the tourism sector benefitting from the contribution of summer vacations.

Due to the combined effect of the losses recorded and share capital injections by shareholders for Euro 20 million, the shareholders' equity totals Euro 10.2 million.

The share of the loss relating to the Milano Assicurazioni group, which holds 49% of the share capital, amounts to Euro 9.8 million. The share capital injection by Milano Assicurazioni in the current period totalled Euro 9.8 million, of which Euro 4.9 million on March 18 and Euro 4.9 million on June 30.

In order to regain profitability, initiatives continue to restructure the company and in particular rationalise and contain costs. Among the initiatives undertaken, we highlight the centralisation of some staff functions with savings in terms of resources and the optimisation of processes, as well as the outsourcing of some hotel services in order to render the relative costs more flexible and link them more closely to revenues. The hotel rental contracts with both companies of the Fondiaria-Sai Group and third parties are also currently being reviewed.

## **Solvency Projection**

Based on the economic performance in the period and taking into account the projected performance, it is estimated that, for the full year, the constituting elements of the solvency margin will comfortably exceed the minimum amount required by Isvap measure No. 18 of March 12, 2008, with a coverage ratio of approx. 190%.

## **Transactions with related parties**

The Board of Directors has previously approved specific conduct principles for the undertaking of significant transactions, inter-group transactions and transactions with related parties, including those relating to real estate construction projects, as recommended by the Self-Governance Code for listed companies. The Internal Control Committee, in undertaking its consultative functions, was appointed to carry out, as is common practise, a preliminary examination of the inter-group and related party transactions - which in accordance with the above-stated principles were subject to examination and approval by the Board of Directors or by the Executive Committee.

In line with the conduct principles in question, the guidelines on inter-group and related party transactions were drawn up (and approved by the Board of Directors) in accordance with ISVAP regulation No. 25 of May 27, 2008.

According to that established in the conduct principles and in the above-stated guidelines, inter-group transactions and those with related parties - and as applied to the situations detailed below - require the acquisition of a specific fairness opinion concerning the correctness of the transaction values, in addition to, where necessary, a specific legal opinion in the case in which the nature of the contract demands a more in-depth legal analysis.

The conduct principles and the guidelines are included in the Corporate Governance report, published in accordance with the relevant regulations to which reference is made.

The Company some time ago began the necessary actions for the adoption of the procedures concerning transactions with related parties established by Consob with resolution No.17221 of March 12, 2010, and with the examination and approval of the procedures by the Board of Directors of the Company scheduled to take place by the end of the current month of November in consideration of the deferment to December 1 of the deadline for the adoption of the procedures decided by Consob with resolution No.17389 of June 23, 2010.

The Board of Directors therefore on September 22, 2010 appointed the Internal Control Committee comprised exclusively of independent directors to examine the procedures in question and draw up an opinion to be submitted to the Board of Directors which will be called to approve the procedures. Therefore, although the present quarterly report has not been prepared in accordance with the disclosure obligations established by IAS 34 (Interim Accounts), disclosure on the significant transactions with related parties is included, with those reported concerning only transactions with business entities and with a value threshold of above Euro 5 million (this refers to balance sheet and income statement values as at and for the period ended 30/09/2010):

- in the current year Euro 1 million was paid to "IM.CO. S.p.A." in relation to the real estate operations concerning the land at Milan, Via Confalonieri-Via de Castillia (Lunetta dell'Isola). The operation began in 2005 with the sale to "IM.CO. S.p.A." of the above-mentioned land and provides for the purchase from "IM.CO. S.p.A." for Euro 93.7 million of a building for office use under construction on the land sold. The payments made to IM.CO. S.p.A. in the first nine months of 2010 amount to Euro 43.1 million, recorded in the account Property Investments;
- the Property Investments account at September 30 includes Euro 103.5 million of payments on account in previous periods to the company "Avvenimenti e Sviluppo Alberghiero S.r.l." in

relation to the execution of the real estate contracts on the building areas at Via Fiorentini, Rome. 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 under construction on the land in question at a price of Euro 110 million, including the supplementary contract signed in 2009. No payments were made in the current period in relation to this operation.

Fairness and legal opinions were sought from independent experts in relation to these operations. The fairness opinions confirmed the appropriateness of the sales price of the areas and the purchase price of the buildings under construction.

On the request of CONSOB, information concerning transactions with all related parties will be made available by December 8 through a press release, updated to September 30, 2010 and also concerning amounts below Euro 5 million.

Within an overall economic and financial scenario which continues to be volatile, the first positive signals in relation to the technical part have emerged, confirming the effectiveness of the actions undertaken to recover profitability. On the other hand, the group will continue to pursue the activities related to reducing the risk profile, balancing the asset allocation and whose effects will become evident in 2011.

Based on that set out above, it is possible that the group performance, strongly affected by the impairments made on AFS investments in the first nine months of the year, will be confirmed also for the full year. In light therefore of the Interim Results for the first nine months of 2010, the distribution of a dividend for 2010 is not forecast.

The Executive Responsible for the preparation of the corporate accounting documents, Pier Giorgio Bedogni, declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

Further details on the Group's financial results will be provided to the financial community by the CEO Mr. Fausto Marchionni today at the time of 3:30 PM, through a conference call and webcasting. Further information is available on the Internet site of the company.

The presentation will also be available on the Internet site of the company at the beginning of the conference call.

## **Definitions and Glossary**

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

Combined Operating Ratio = the Loss Ratio and general and acquisition charges (Expense Ratio) on premiums.

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

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**MILANO ASSICURAZIONI GROUP**  
Segment Report

€/000

	Non-Life	Life	Real Estate	Other Activities	IC Extra	Total
1.1	2.244.264	353.826				2.598.090
1.2		706				706
1.3	-2.681	8.173	125			5.617
1.4	442					442
1.5	138.727	155.435	8.388	2		302.552
1.6	107.625	8.527	1.987	18.706	-6.782	130.063
<b>1</b>	<b>2.488.377</b>	<b>526.667</b>	<b>10.500</b>	<b>18.708</b>	<b>-6.782</b>	<b>3.037.470</b>
2.1	-1.822.926	-403.271				-2.226.197
2.2		-48				-48
2.3	-11.813	-256	-3.788			-15.857
2.4	-331.855	-82.786	-12.514	-7		-427.162
2.5	-462.220	-22.026				-484.246
2.6	-230.622	-18.514	-4.293	-18.374	6.782	-265.021
<b>2</b>	<b>-2.859.436</b>	<b>-526.901</b>	<b>-20.595</b>	<b>-18.381</b>	<b>6.782</b>	<b>-3.418.531</b>
	<b>-371.059</b>	<b>-234</b>	<b>-10.095</b>	<b>327</b>	<b>0</b>	<b>-381.061</b>
	<b>14.514</b>	<b>34.675</b>	<b>3.746</b>	<b>-66</b>	<b>-6.268</b>	<b>46.601</b>
Result before tax 09/30/2009 IFRS 5						

## MILANO ASSICURAZIONI GROUP

### Highlights Net Financial Position

	09/30/2010	06/30/2010	Var. %	€/000 12/31/2009
<b>INVESTMENTS</b>				
Investment properties	1.055.559	1.062.070	-0,61%	1.078.543
Investments in subsidiaries, associates and joint ventures	215.348	214.707	0,30%	189.331
Held to maturity assets	120.317	118.219	1,77%	114.924
Loans and receivables	457.806	460.342	-0,55%	510.588
Available-for-sale financial assets	7.293.315	7.180.234	1,57%	7.206.593
Assets at fair value through profit and loss	318.858	335.666	-5,01%	343.916
<b>Total investments</b>	<b>9.461.203</b>	<b>9.371.238</b>	<b>0,96%</b>	<b>9.443.895</b>
Tangible assets: buildings and other	65.105	64.637	0,72%	64.369
<b>Total no-current assets</b>	<b>9.526.308</b>	<b>9.435.875</b>	<b>0,96%</b>	<b>9.508.264</b>
Cash and cash equivalents	285.659	248.051	15,16%	247.015
<b>Total no-current assets and cash</b>	<b>9.811.967</b>	<b>9.683.926</b>	<b>1,32%</b>	<b>9.755.279</b>
<b>NET TECHNICAL RESERVES</b>				
<b>Non-Life net technical reserves</b>				
Provision for unearned premiums	1.013.423	1.123.253	-9,78%	1.121.114
Provision for outstanding claims	3.599.387	3.539.404	1,69%	3.629.678
Other provisions	3.700	3.669	0,84%	3.562
<b>Total Non-Life net technical reserves</b>	<b>4.616.510</b>	<b>4.666.326</b>	<b>-1,07%</b>	<b>4.754.354</b>
<b>Life net technical reserves</b>				
Mathematical provision	29.815	26.001	14,67%	37.119
Provision for outstanding claims	3.569.068	3.553.652	0,43%	3.482.010
Provisions for policies where the investment risk is borne by the policyholders	198.625	213.849	-7,12%	224.411
Other provisions	44.221	7.700	474,30%	36.720
<b>Total Life net technical reserves</b>	<b>3.841.729</b>	<b>3.801.202</b>	<b>1,07%</b>	<b>3.780.260</b>
<b>Total net technical reserves</b>	<b>8.458.239</b>	<b>8.467.528</b>	<b>-0,11%</b>	<b>8.534.614</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at fair value through profit and loss	73.012	71.861	1,60%	68.215
Other financial liabilities	397.115	395.860	0,32%	397.932
<b>Total financial liabilities</b>	<b>470.127</b>	<b>467.721</b>	<b>0,51%</b>	<b>466.147</b>

## MILANO ASSICURAZIONI GROUP

### Consolidated Profit&Loss

	Gen. - Sett. 2010	Gen. - Sett. 2009 (IFRS 5)	3° trim. 2010	3° trim. 2009 (IFRS 5)
Net premium	2.598.090	2.533.986	800.854	785.737
Commission income	706	578	568	483
Net income on financial instruments at fair value through profit and loss	5.617	56.919	4.118	17.697
Income from subsidiaries, associates and joint ventures	442	2.357	171	2.074
Income from other financial instruments and investment property	302.552	292.093	90.968	82.478
<i>Interest income</i>	<i>159.065</i>	<i>189.959</i>	<i>52.374</i>	<i>56.346</i>
<i>Other income</i>	<i>58.981</i>	<i>56.142</i>	<i>19.244</i>	<i>13.047</i>
<i>Realised gains</i>	<i>84.302</i>	<i>44.887</i>	<i>19.146</i>	<i>11.980</i>
<i>Unrealised gains</i>	<i>204</i>	<i>1.105</i>	<i>204</i>	<i>1.105</i>
Other revenues	130.063	111.208	33.355	25.898
<b>TOTAL REVENUES</b>	<b>3.037.470</b>	<b>2.997.141</b>	<b>930.034</b>	<b>914.367</b>
Net charges relating to claims	-2.226.197	-2.124.365	-713.448	-715.880
Commission expense	-48	-60	-13	-17
Charges from subsidiaries, associates and joint ventures	-15.857	-9.132	-2.378	-2.229
Charges from other financial instruments and investment property	-427.162	-99.809	-202.174	-25.929
<i>Interest expense</i>	<i>-9.644</i>	<i>-10.773</i>	<i>-2.602</i>	<i>-3.824</i>
<i>Other expense</i>	<i>-14.357</i>	<i>-10.662</i>	<i>-4.258</i>	<i>-4.947</i>
<i>Realised losses</i>	<i>-41.943</i>	<i>-27.790</i>	<i>-12.602</i>	<i>-3.042</i>
<i>Unrealised losses</i>	<i>-361.218</i>	<i>-50.584</i>	<i>-182.712</i>	<i>-14.116</i>
Management expense	-484.246	-481.841	-145.466	-155.231
<i>Commissions and other acquisition expense</i>	<i>-395.697</i>	<i>-402.683</i>	<i>-117.987</i>	<i>-130.599</i>
<i>Investment management expense</i>	<i>-2.979</i>	<i>-3.114</i>	<i>-1.612</i>	<i>-992</i>
<i>Other administrative expense</i>	<i>-85.570</i>	<i>-76.044</i>	<i>-25.867</i>	<i>-23.640</i>
Other costs	-265.021	-235.333	-45.558	-42.268
<b>TOTAL COSTS AND CHARGES</b>	<b>-3.418.531</b>	<b>-2.950.540</b>	<b>-1.109.037</b>	<b>-941.554</b>
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE TAX</b>	<b>-381.061</b>	<b>46.601</b>	<b>-179.003</b>	<b>-27.187</b>
Tax	4.714	-18.882	1.229	2.080
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>-376.347</b>	<b>27.719</b>	<b>-177.774</b>	<b>-25.107</b>
<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>	<b>3.281</b>	<b>-1.313</b>	<b>0</b>	<b>2.480</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>-373.066</b>	<b>26.406</b>	<b>-177.774</b>	<b>-22.627</b>
<b>attributable to the Group</b>	<b>-373.041</b>	<b>26.896</b>	<b>-177.766</b>	<b>-23.847</b>
<b>attributable to Minorities</b>	<b>-25</b>	<b>-490</b>	<b>-8</b>	<b>1.220</b>