2007 Full Year Results

Fausto Marchionni, CEO

Milan, March 31st, 2008

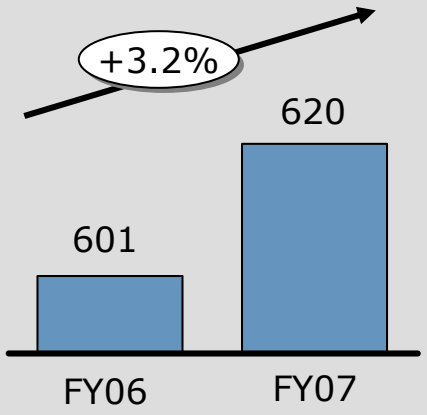
AGENDA

- **Fondiaria-Sai Group ’07 Results**
- **Milano Assicurazioni Group ’07 Results**
- **Investment management and capital allocation**
- **Strategic targets achieved so far**
- **New challenges and opportunities for the future**

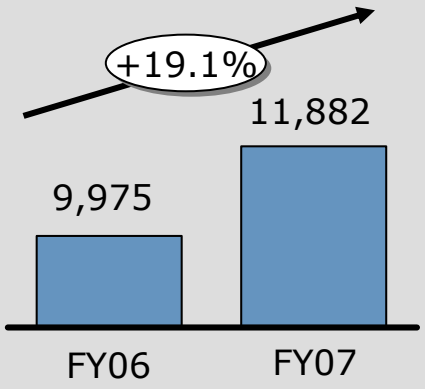
FY2007 RESULTS

Eur(m), Percent

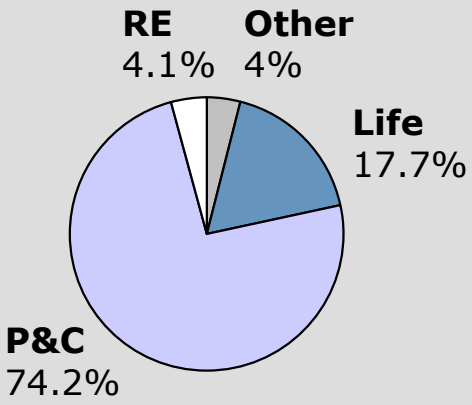
Consolidated result



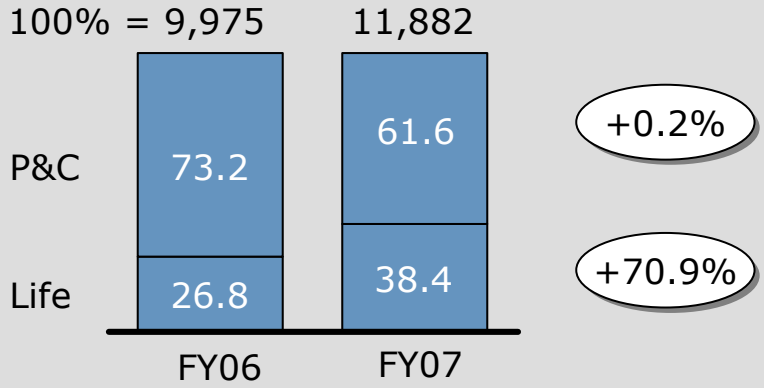
Gross Premiums Written



Contribution by line of business*



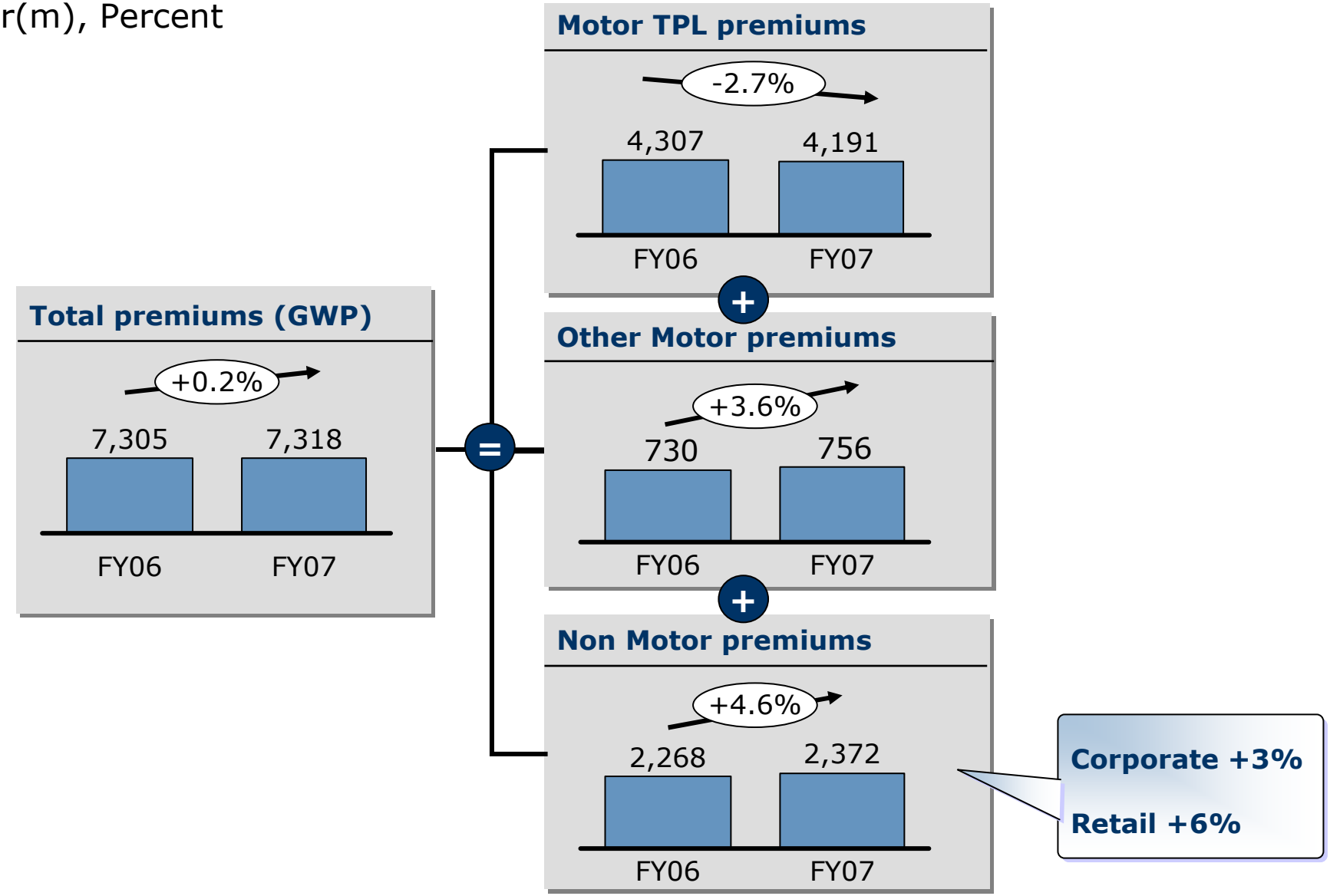
Gross premiums weight / Gross premiums Change



* On Pre-tax Profit

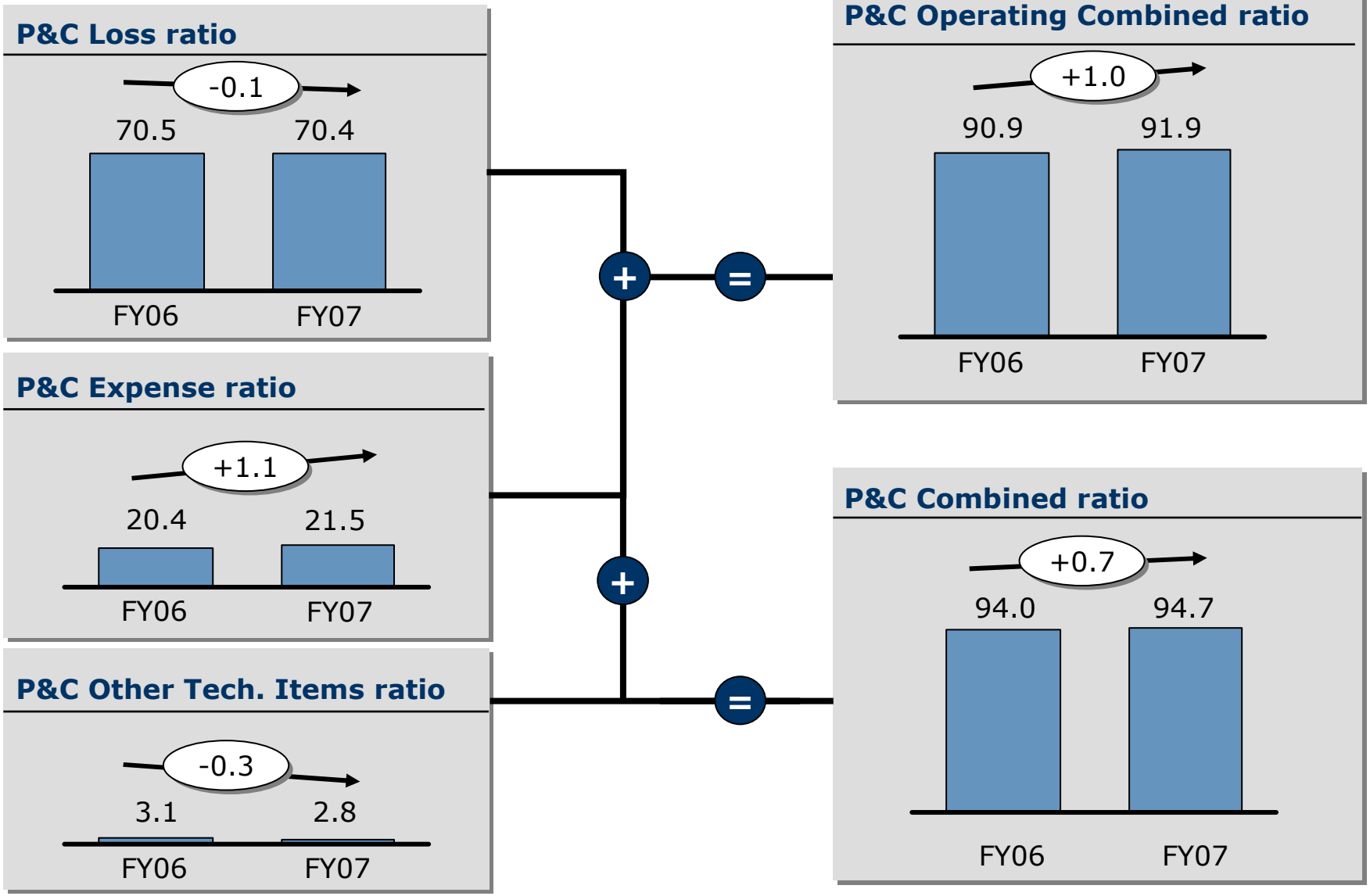
P&C PREMIUMS GROWTH

Eur(m), Percent



GROUP P&C COMBINED RATIO

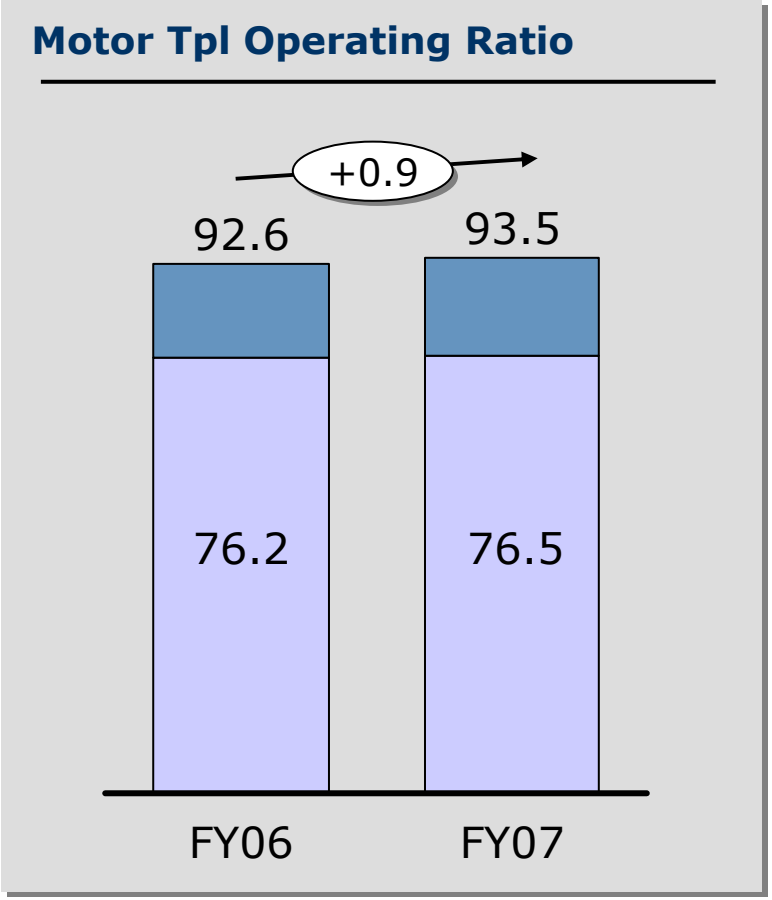
Percent

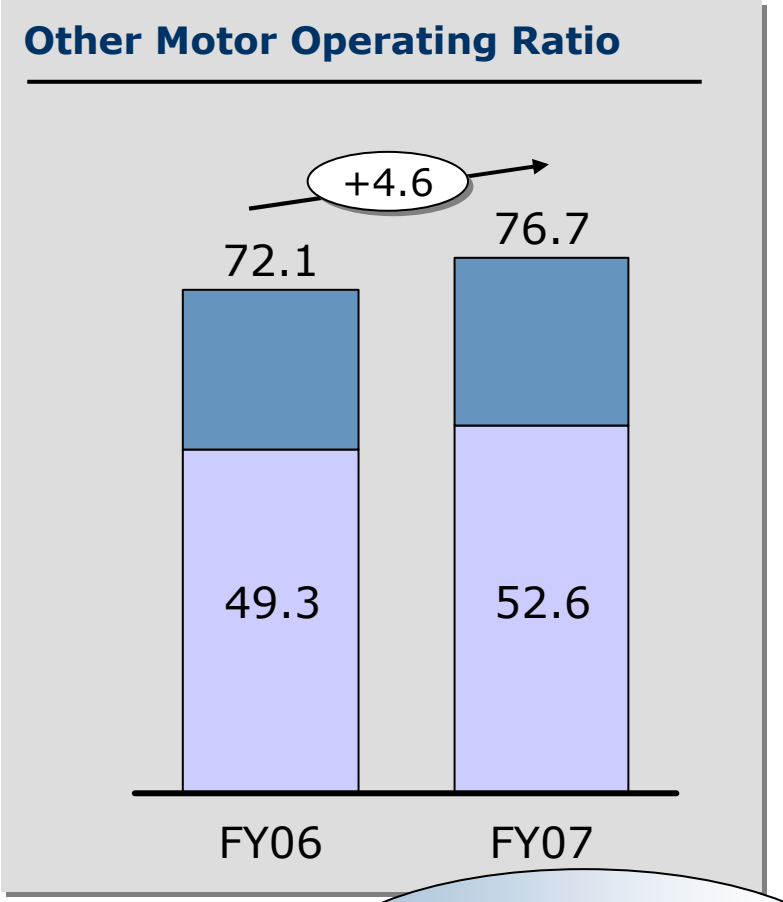


GROUP MOTOR TECHNICAL RATIO*

Percent

Loss ratio



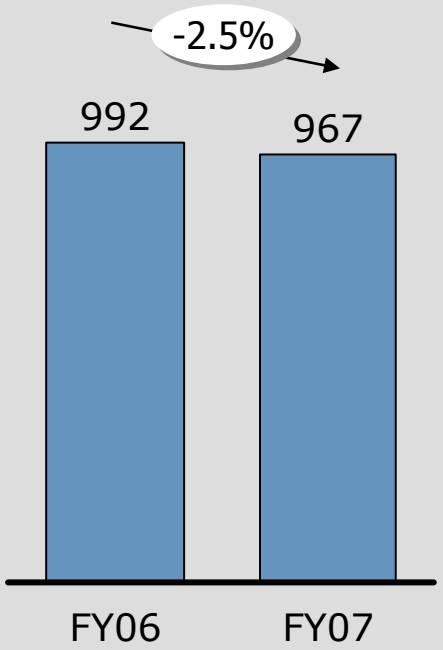


Lower margins due to agreements with car manufacturers

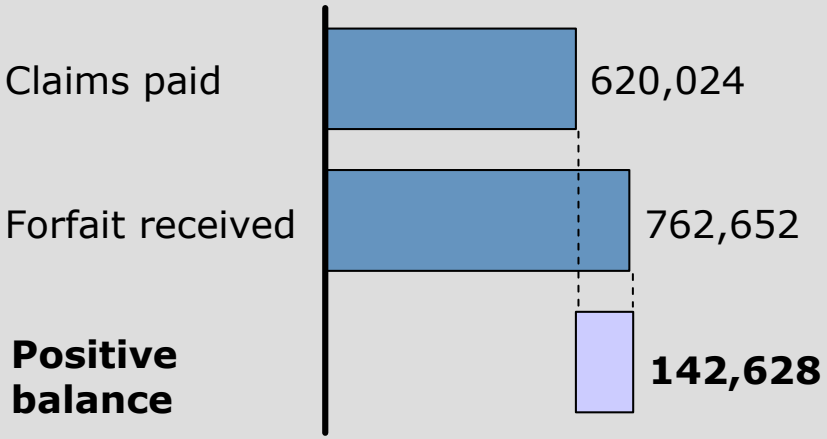
* Operative figures

GROUP MOTOR TPL: REPORTED CLAIMS/DIRECT REIMBURSEMENT (FORFAIT PAYMENTS)

Reported claims
Net of CARD managed claims
Ths. units



Cumulative data
Dec. 2007
€ thousand

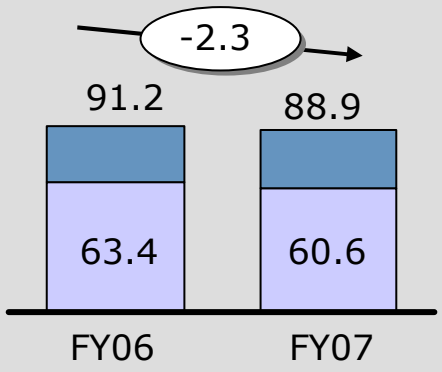


GROUP NON MOTOR TECHNICAL RATIO*

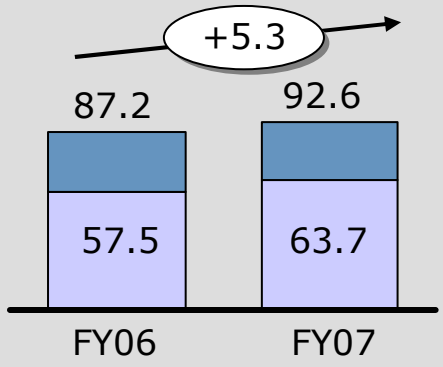
Percent

Loss ratio

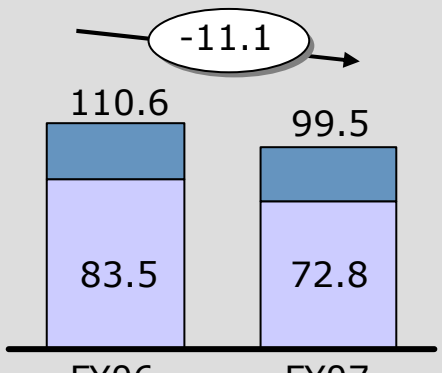
Health & Accident Operating Ratio



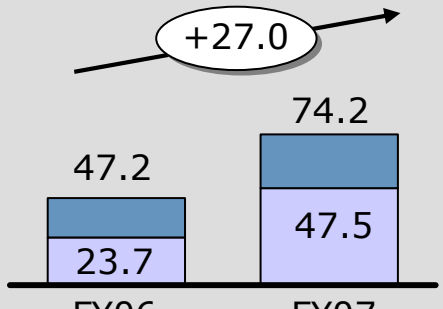
Property Operating Ratio



General Liability Operating Ratio



Others Operating Ratio

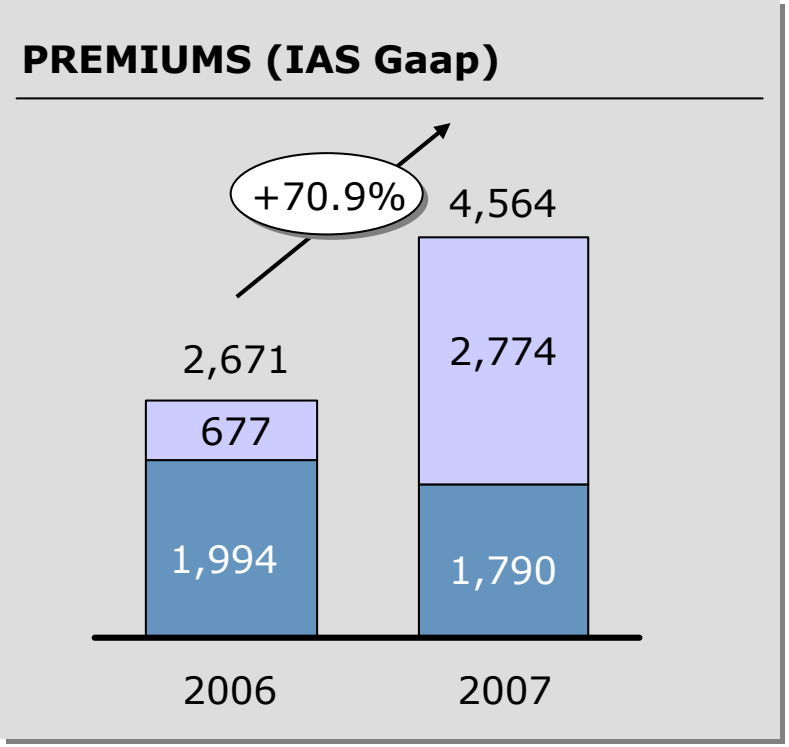


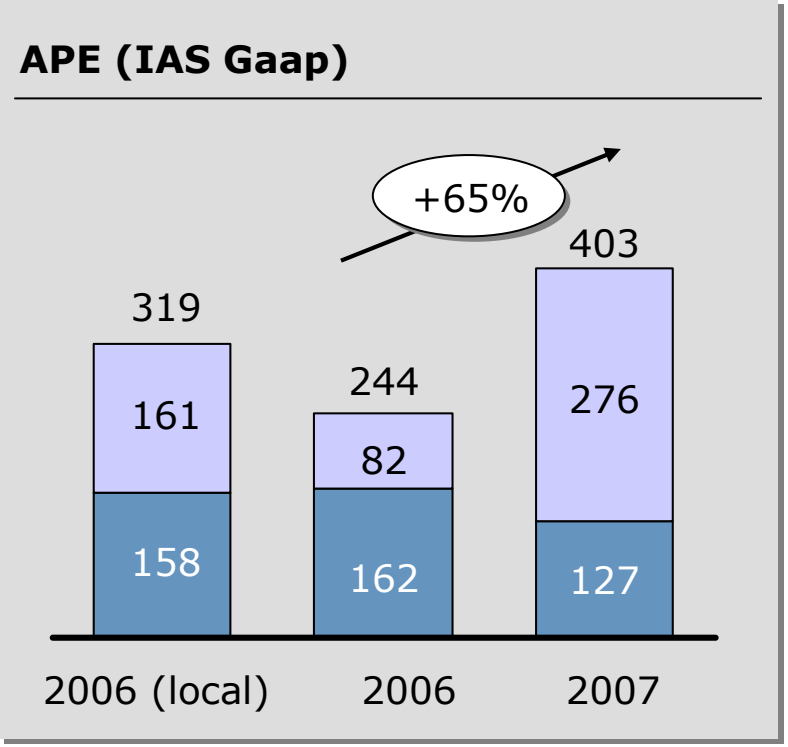
* Operative figures

LIFE PERFORMANCE: PREMIUMS AND APE

Eur(m), Percent

Bancassurance
Agencies

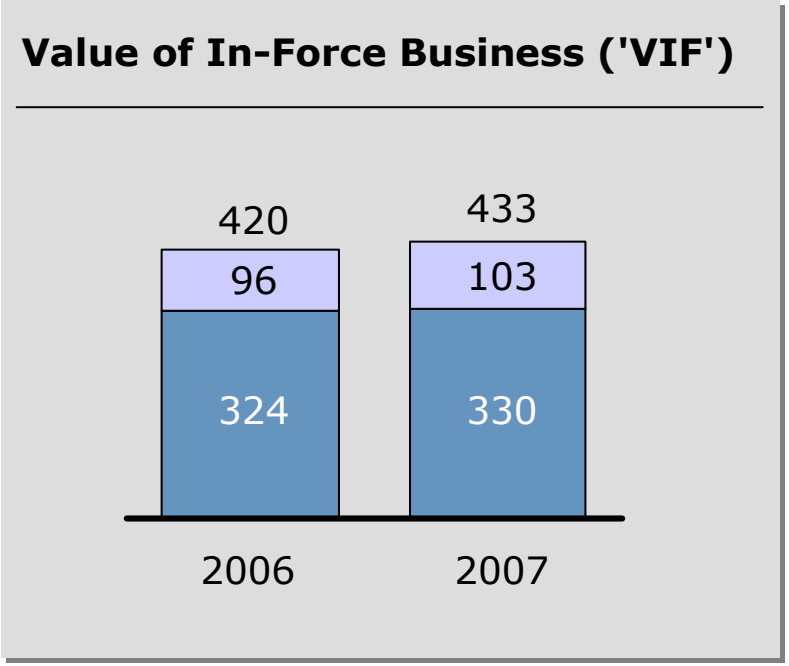


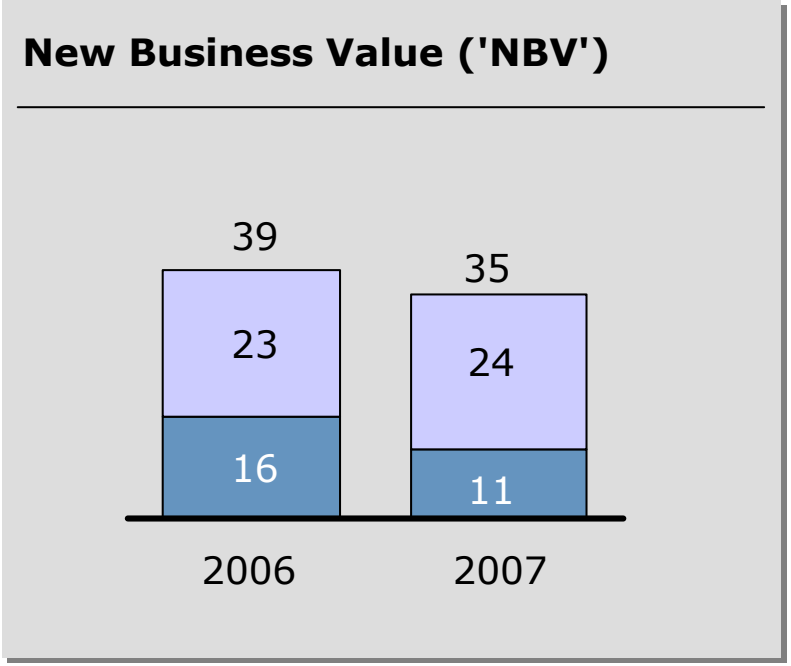


VALUE IN FORCE AND NEW BUSINESS VALUE*

Eur(m), Percent

Bancassurance and others | Fondiaria-Sai+Milano Ass.ni





Key Assumptions:	2006	2007
• Risk discount rate	6.5%	7.2%
• Average return on assets	4.7%	4.8%
• Tax rate	37.6%	32.9%

*Net of minorities, taxes, cost of capital, reinsurance and calculated with traditional methodology

Tillinghast has provided an opinion on the 2007 VIF and NBV of Fondiaria-SAI and Milano Ass.ni. IFRS consolidated net equity includes -27 € mln related to the impact of unrealized capital losses, deferred tax, shadow accounting, which is already embedded into the VIF

AGENDA

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- **Milano Assicurazioni Group ’07 Results**
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- **New challenges and opportunities for the future**

THE MILANO GROUP

- Fourth largest P&C company in Italy with 7% market share
- Second largest motor player with 9.2% market share
- High level of integration with Fondiaria–Sai on shared services (IT, Finance, Administration, Claims, General Services, Actuarial dept., Reinsurance) for a cost efficient platform
- Integrated sales organization across several brands/agents unions (Divisioni)
- Growth options (direct, bancassurance)

Focus on:
- Sales
- Underwriting
- Product tailoring

MILANO ASSICURAZIONI

MILANO ASSICURAZIONI	MILANO ASSICURAZIONI Divisione La Previdente	MILANO ASSICURAZIONI Divisione Italia	MILANO ASSICURAZIONI Divisione Nuova MAA

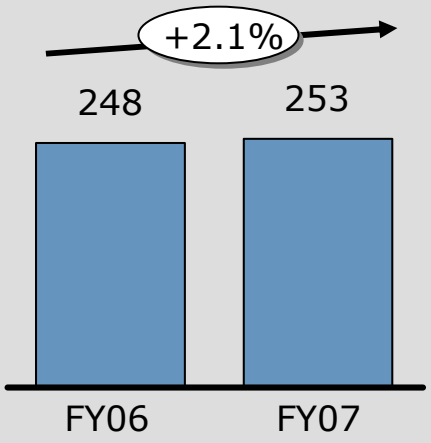
Dialogo	BPM Vita	Systema e FondiPrev	Others

- Premium: €3.6(bn)
- Agencies: 1,364

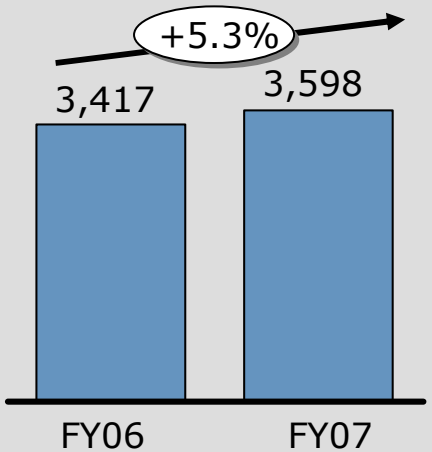
MILANO GROUP FY07 RESULTS

Eur(m), Percent

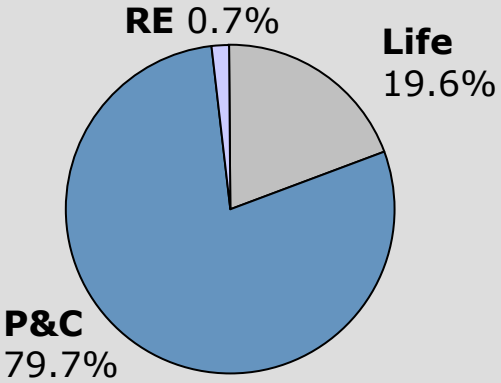
Consolidated result



Gross Premiums Written

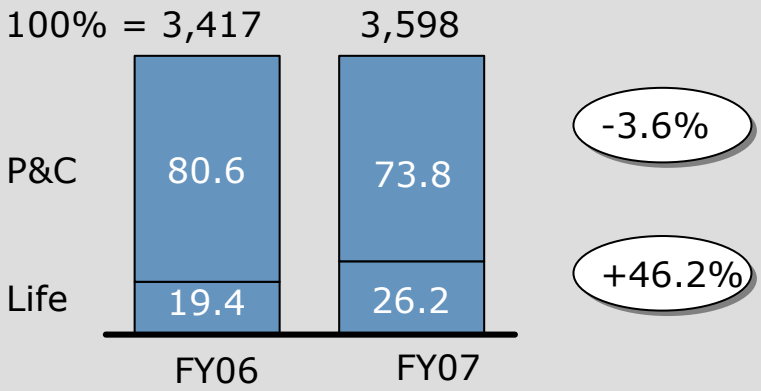


Contribution by line of business*



Gross premiums weight

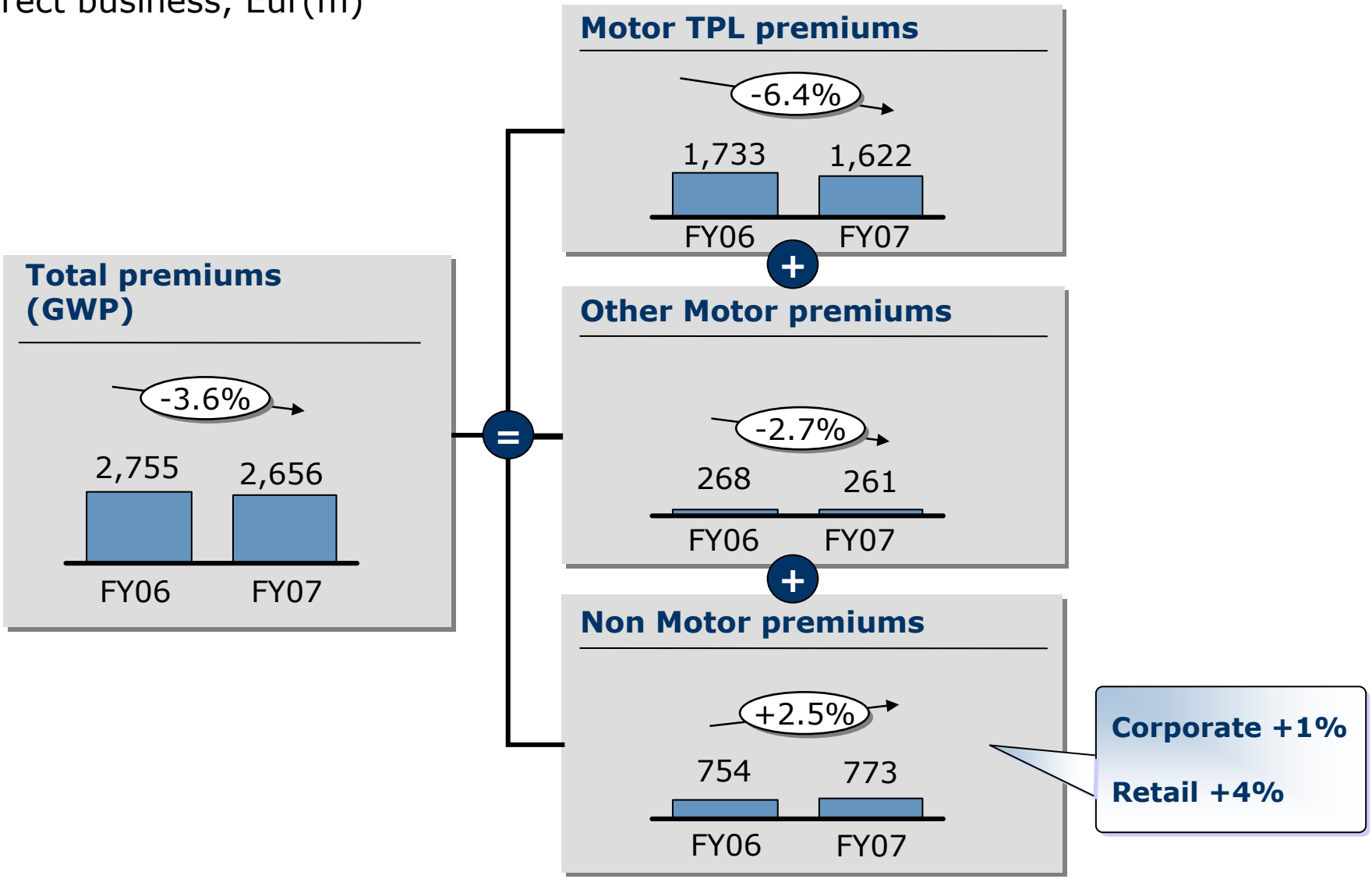
Gross premiums Change



* On Pre-tax Profit

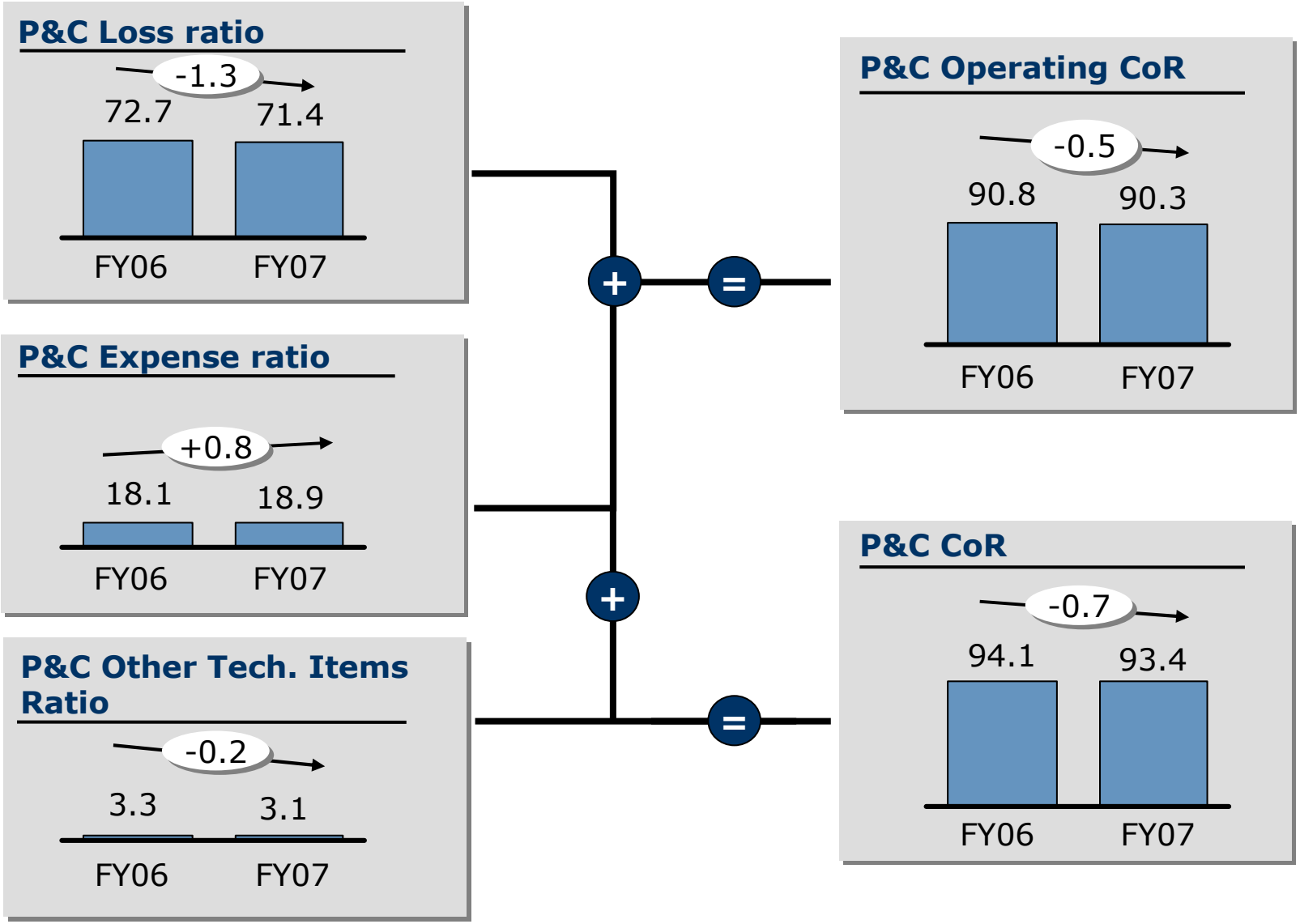
MILANO GROUP P&C PREMIUMS TREND

Direct business, Eur(m)



MILANO GROUP COMBINED RATIO

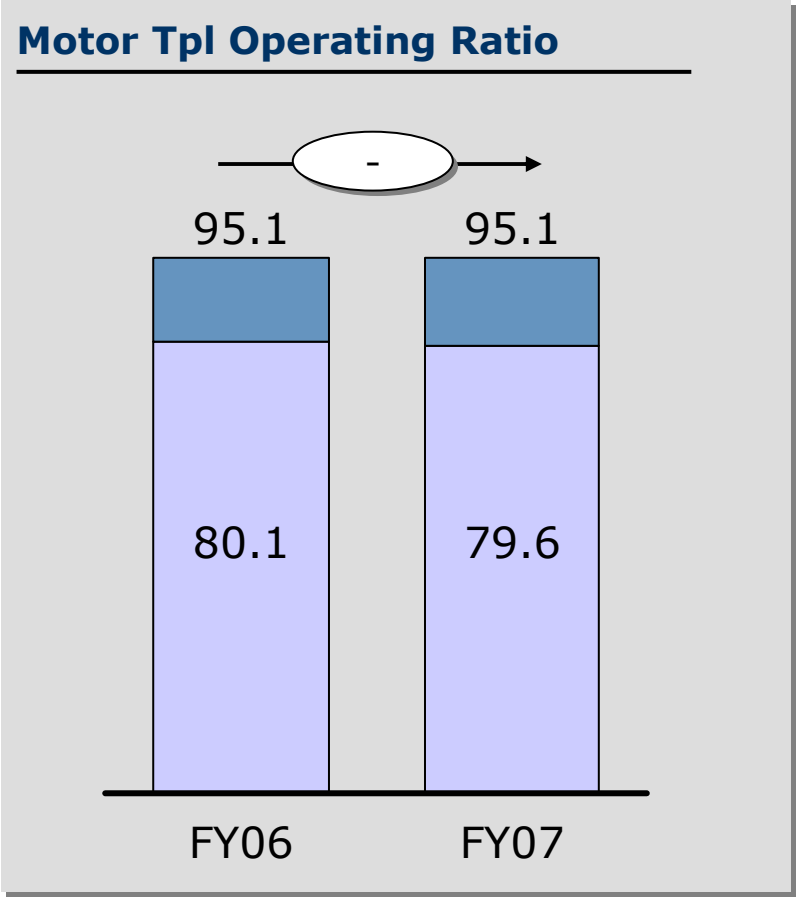
Percent

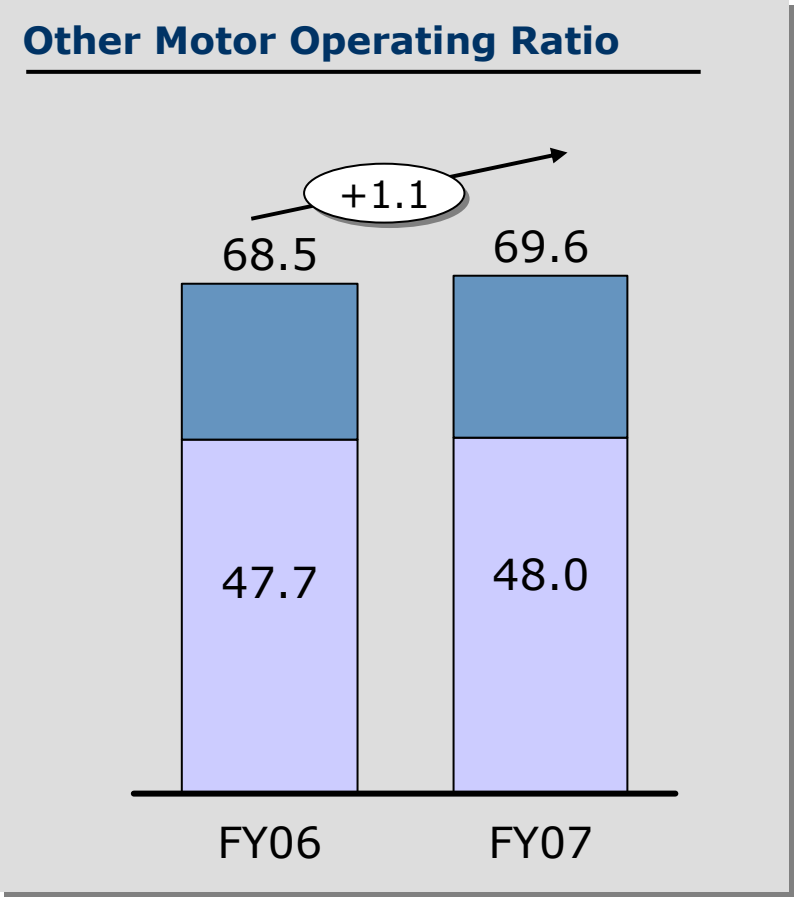


MILANO GROUP MOTOR TECHNICAL RATIO*

Percent

Loss ratio

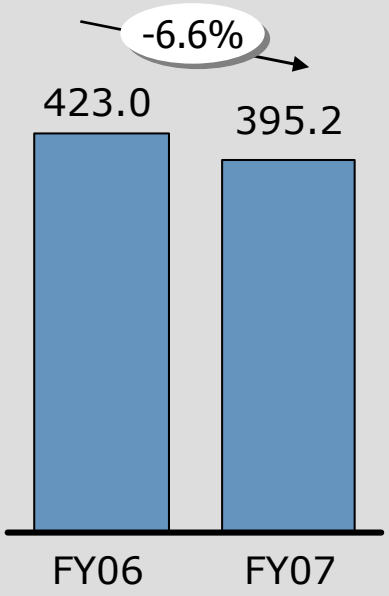




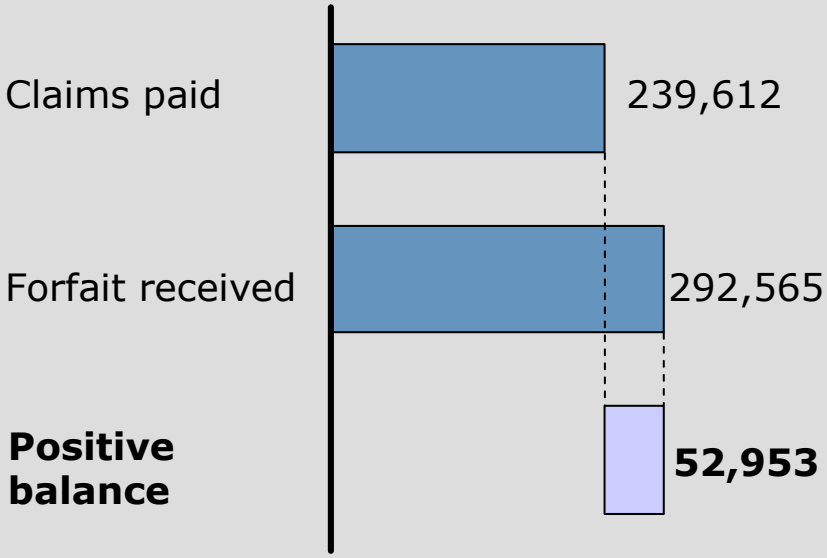
* Operative figures

MOTOR TPL: REPORTED CLAIMS/ DIRECT REIMBURSEMENT (FORFAIT PAYMENTS)

Reported claims
Net of CARD managed claims
Ths. units



Cumulative data
Dec. 2007
€ thousand

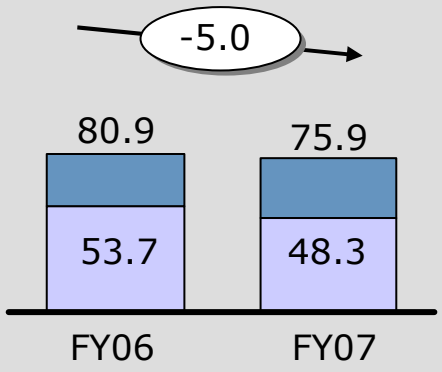


MILANO GROUP NON MOTOR TECHNICAL RATIO*

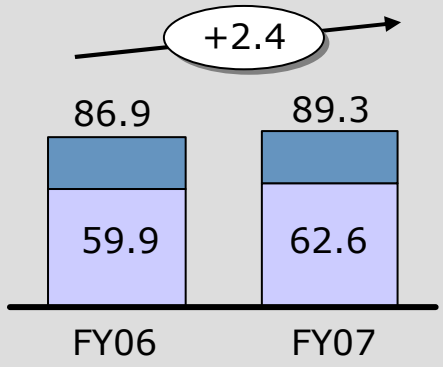
Percent

Loss ratio

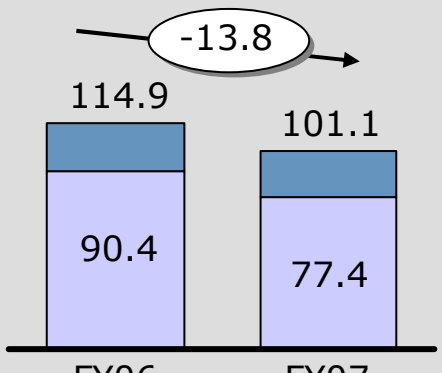
Health & Accident Operating Ratio



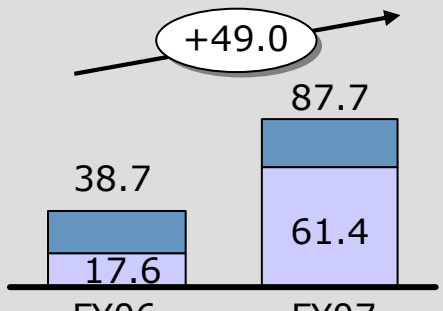
Property Operating Ratio



General Liability Operating Ratio



Others Operating Ratio



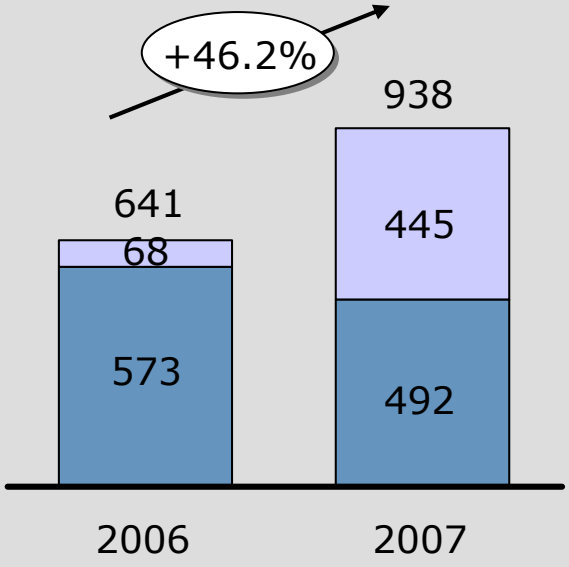
* Operative figures

MILANO GROUP LIFE PERFORMANCE: PREMIUMS AND APE

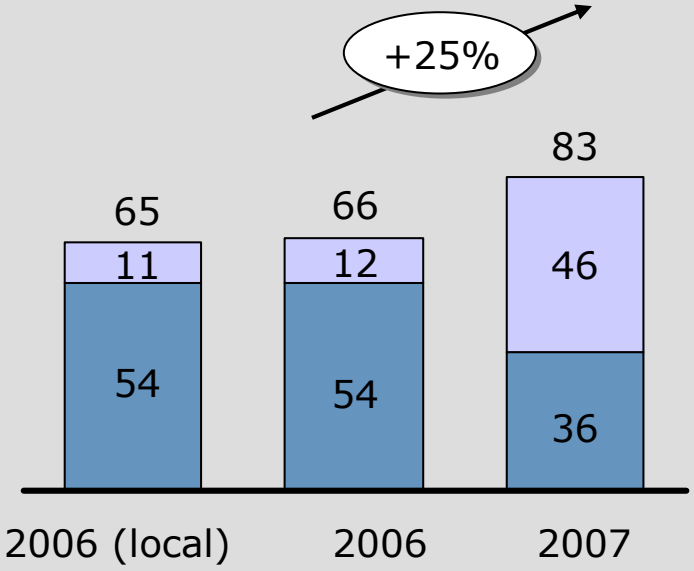
Eur(m), Percent

Bancassurance
Milano Ass.ni

PREMIUMS (IAS Gaap)



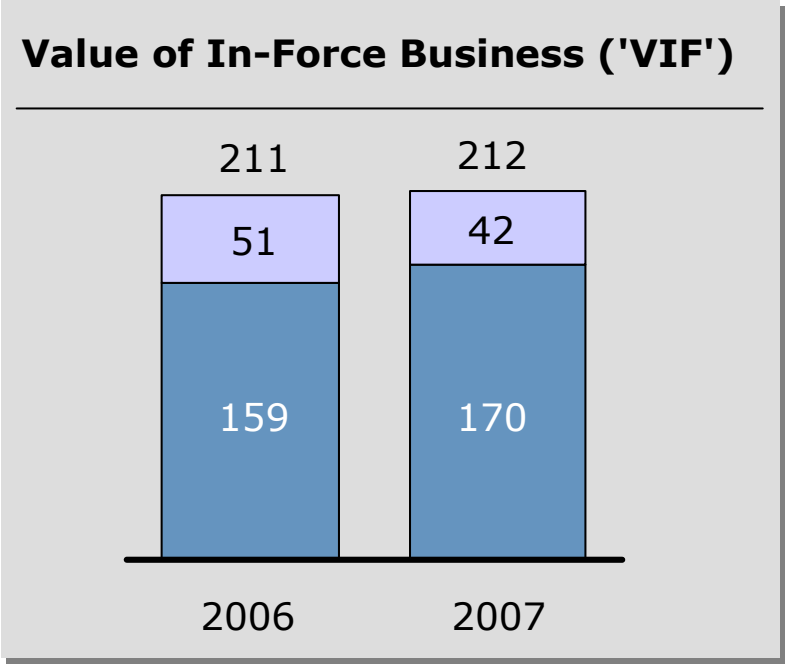
APE (IAS Gaap)

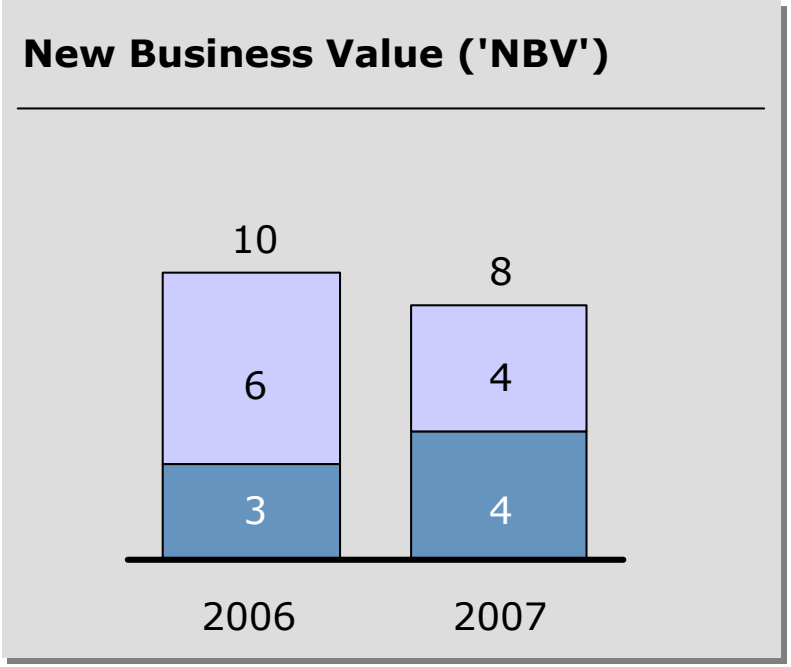


MILANO GROUP: VALUE IN FORCE AND NEW BUSINESS VALUE*

Eur(m), Percent

Bancassurance
Milano Ass.ni





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• Average return on assets	4.7%	4.8%
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* Net of minorities, taxes, cost of capital, reinsurance and calculated with traditional methodology

RATIONALE OF SASA AND LIGURIA ASSICURAZIONI CONFERRING

Rationale

- The acquisition of SASA and Liguria is just another step of an ongoing rationalization and integration process:
  - Milano Assicurazioni manages other multi-company agents (Nuova Maa and Milano)
  - Milano Assicurazioni managed previous integrations in a successful way (e.g. SIS, Italia, Nuova Maa)

SASA Assicurazioni

- Acquired in 2001
- Refocused on non tied agents after reorganization of Marine, Aviation Transport businesses at Group Level
- Number of agencies 773 in 2007
- P&C premiums 388 million euro (+2.2% in 2007)
- Life premiums 88 million euro (+1.7% in 2007)

Liguria Assicurazioni

- Acquired in 2006
- Number of agencies 280 in 2007 (247 in 2006)
- P&C premium 225 million euro (+31.3% in 2007)
- Life premium 23 million euro (+33.6% in 2007)

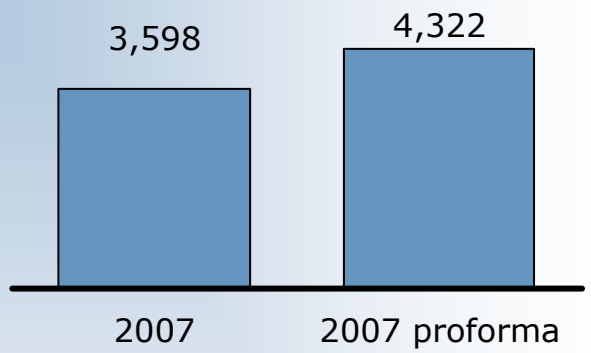
Liguria has to remain independent not to lose seller covenants

THE NEW GROUP

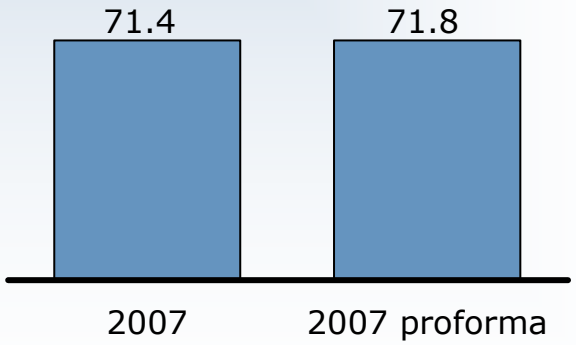
Eur(m), Percent

Proforma impact on 2007 data of SASA and Liguria conferring

Total premium (GWP)



Loss Ratio



	2007	2007 proforma
Agencies	1,364	2,417

AGENDA

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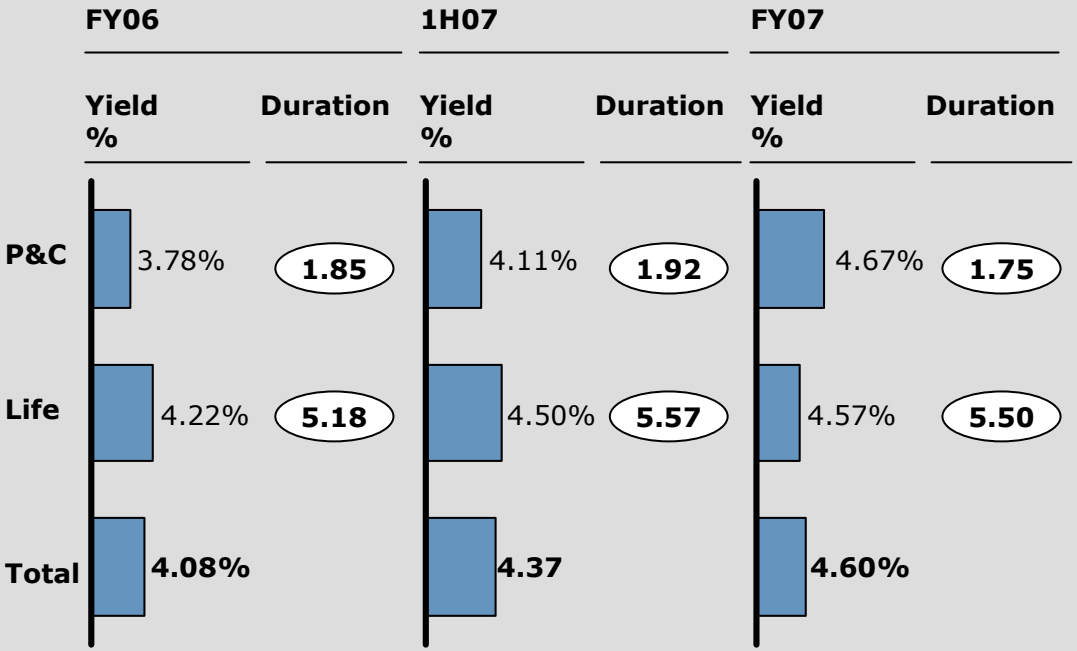
ASSET MANAGEMENT FONDIARIA-SAI GROUP[1]

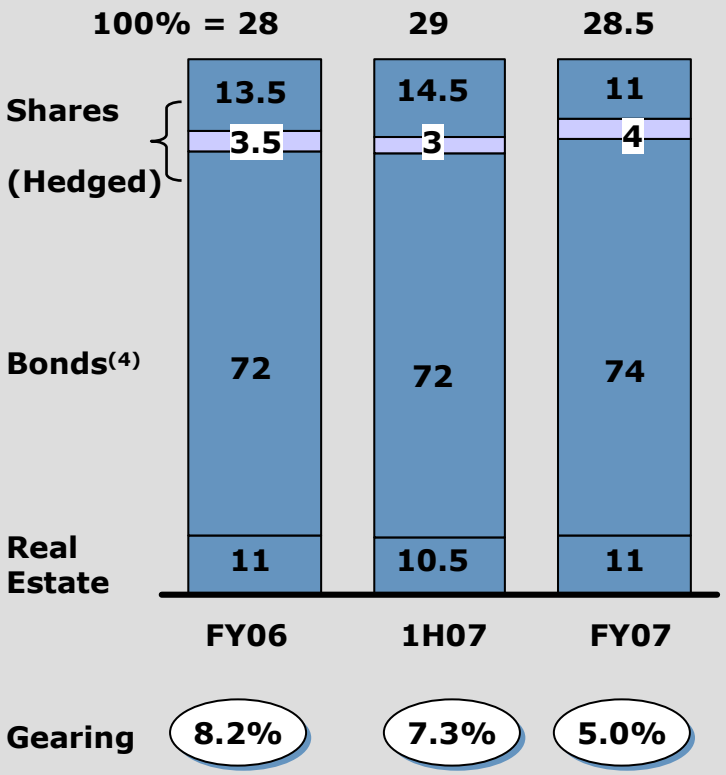
GRUPPO SAI FONDIARIA

Yield and duration[2]



Asset allocation[3] and Gearing

Eur (bn), percent



(1) Operative figures
(2) ORDINARY INCOME: excluded capital gains and mark to market valuations
(3) Class D investments excluded
(4) Portfolio '07: (~) Fixed Income 80%, Floating Rate 20% - Corp. 20%, Gov. 80%

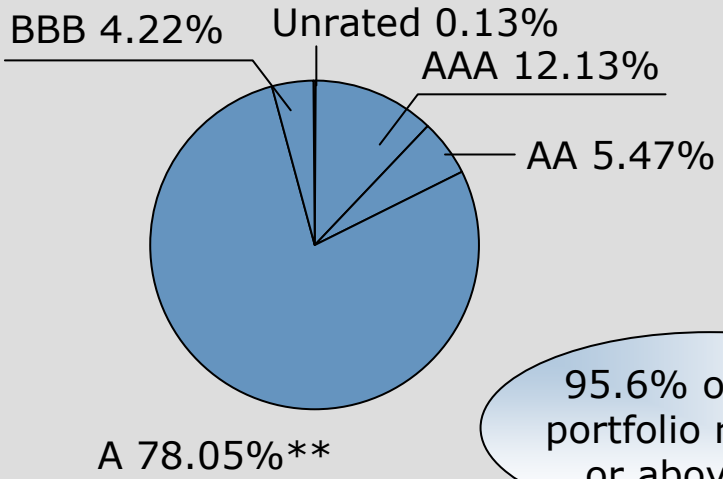
FONDIARIA-SAI GROUP INVESTMENTS EXPOSURE AND BOND PORTFOLIO PROFILE*

Structured Finance Investments exposure

- We don't have any investment exposure towards CDO, CLO, CPDO and MBS/ABS products
- We don't have any investment exposure towards US Monoline Insurers
- We don't have any off balance sheet Conduits or SIVs
- We don't have any exposure towards the subprime market

Bond Portfolio Profile

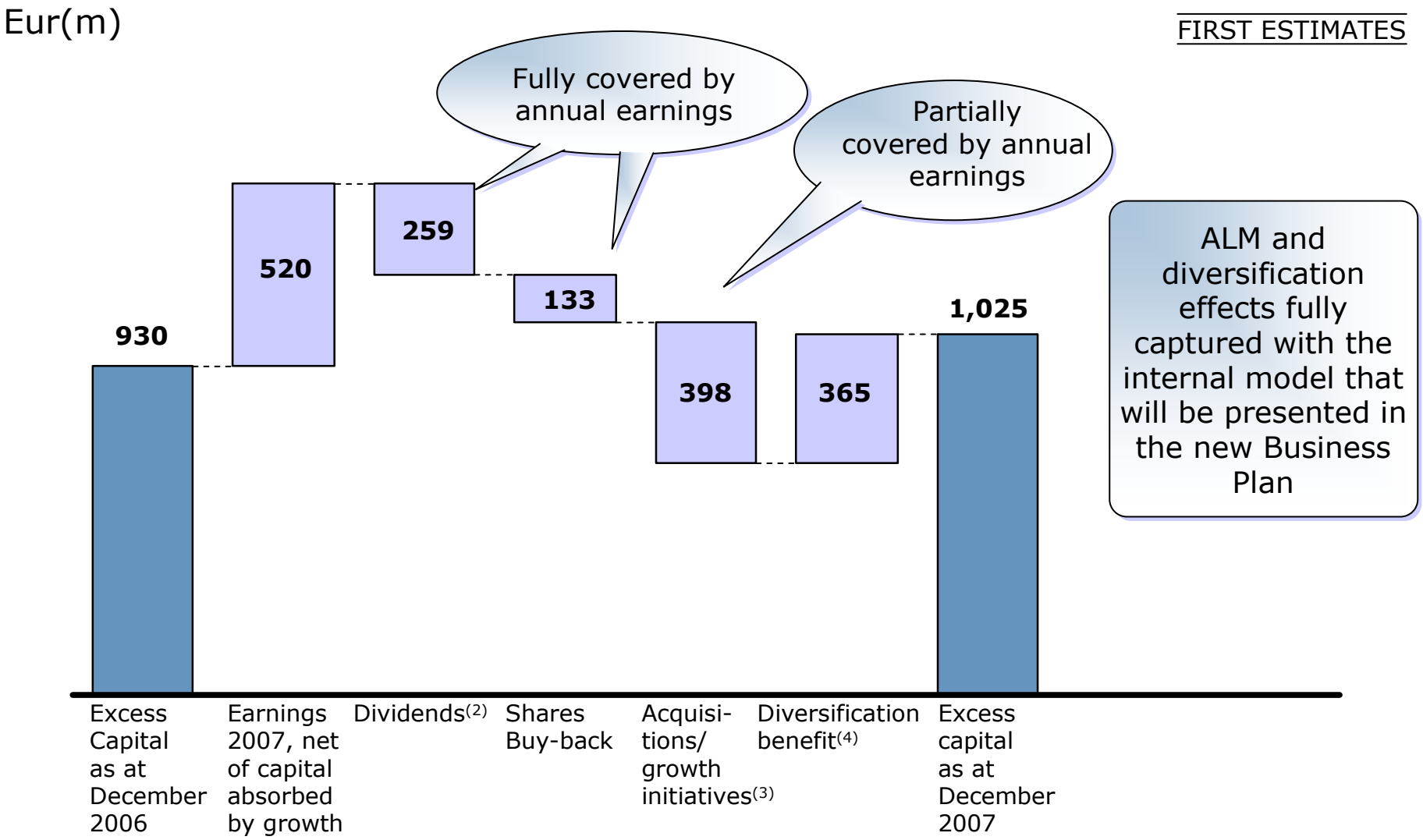
2007 Consolidated Bond Portfolio



95.6% of bond portfolio rated at or above "A"

* Operative figures
** 71.34% of which Eurozone Government Bond

2007 EXCESS CAPITAL EVOLUTION[1]

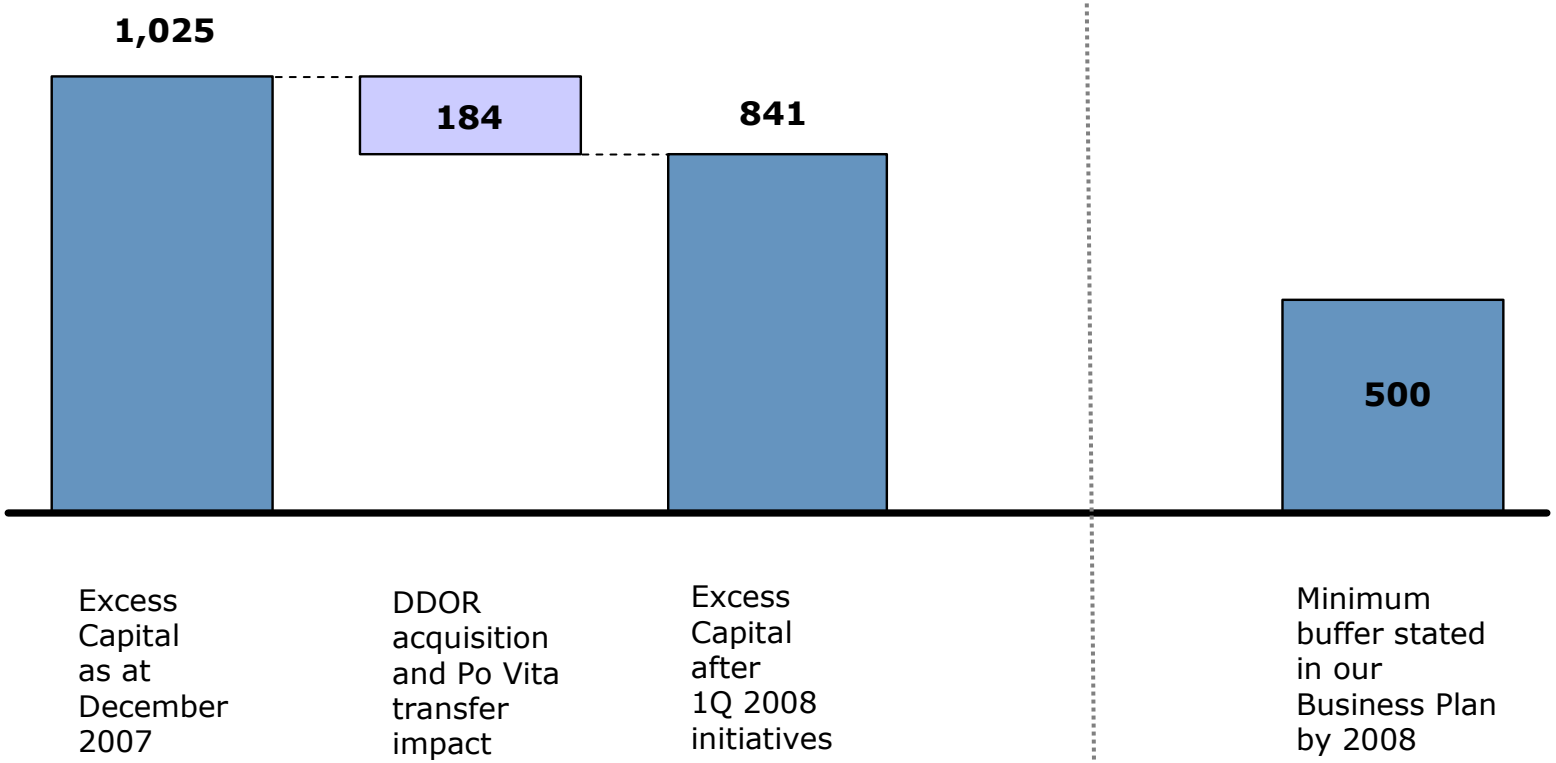


(1) Operative figures
(2) Including Milano dividends to third parties
(3) Including BPV acquisition, BPM Vita consolidation and other initiatives
(4) First conservative estimate on the basis of the new S&P's capital model

EXCESS CAPITAL EVOLUTION FORECAST*

Eur(m)

FIRST ESTIMATES

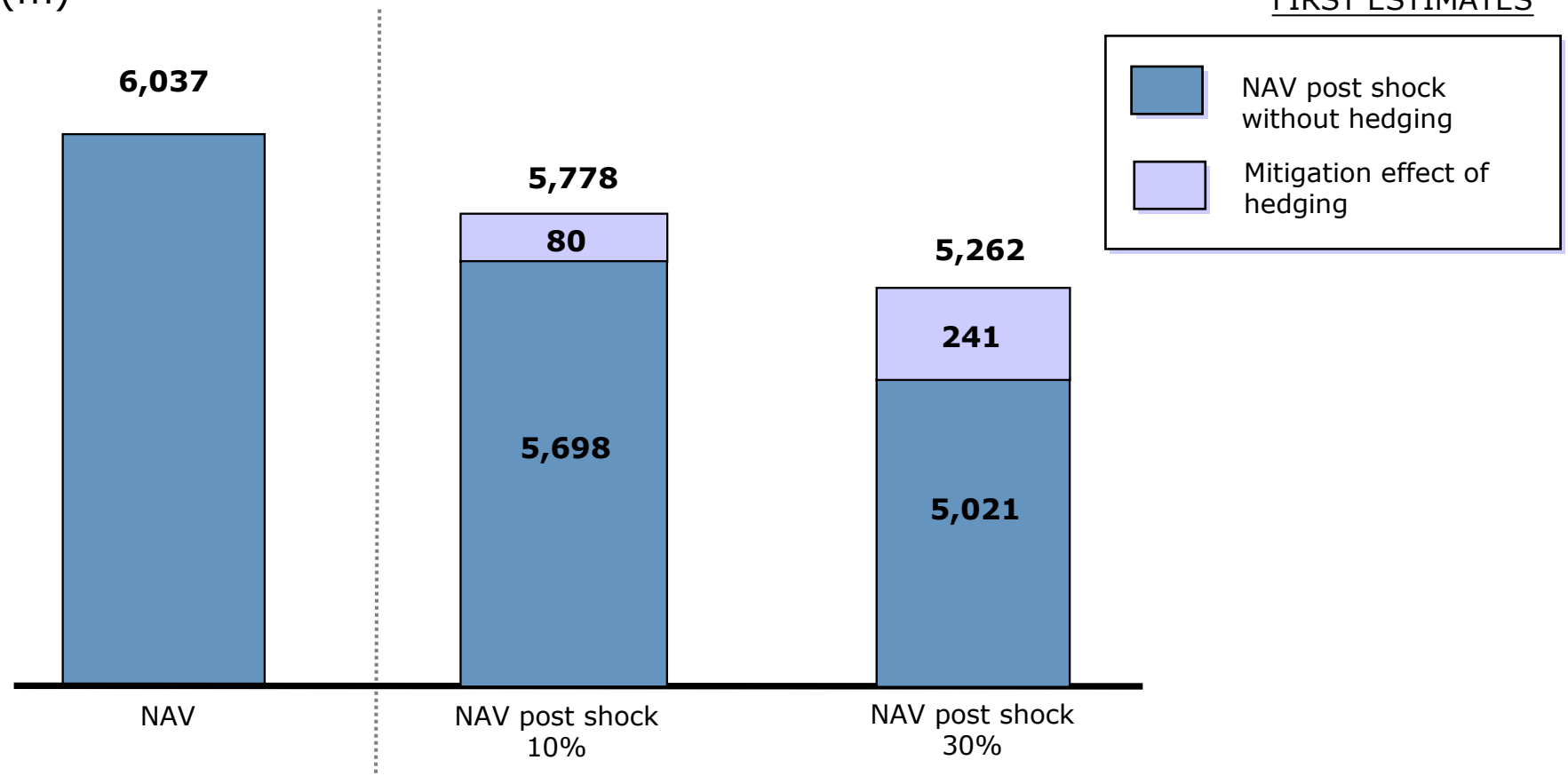


* Operative figures

NAV SENSITIVITY ANALYSIS AFTER AN EQUITY SHOCK*

Eur(m)

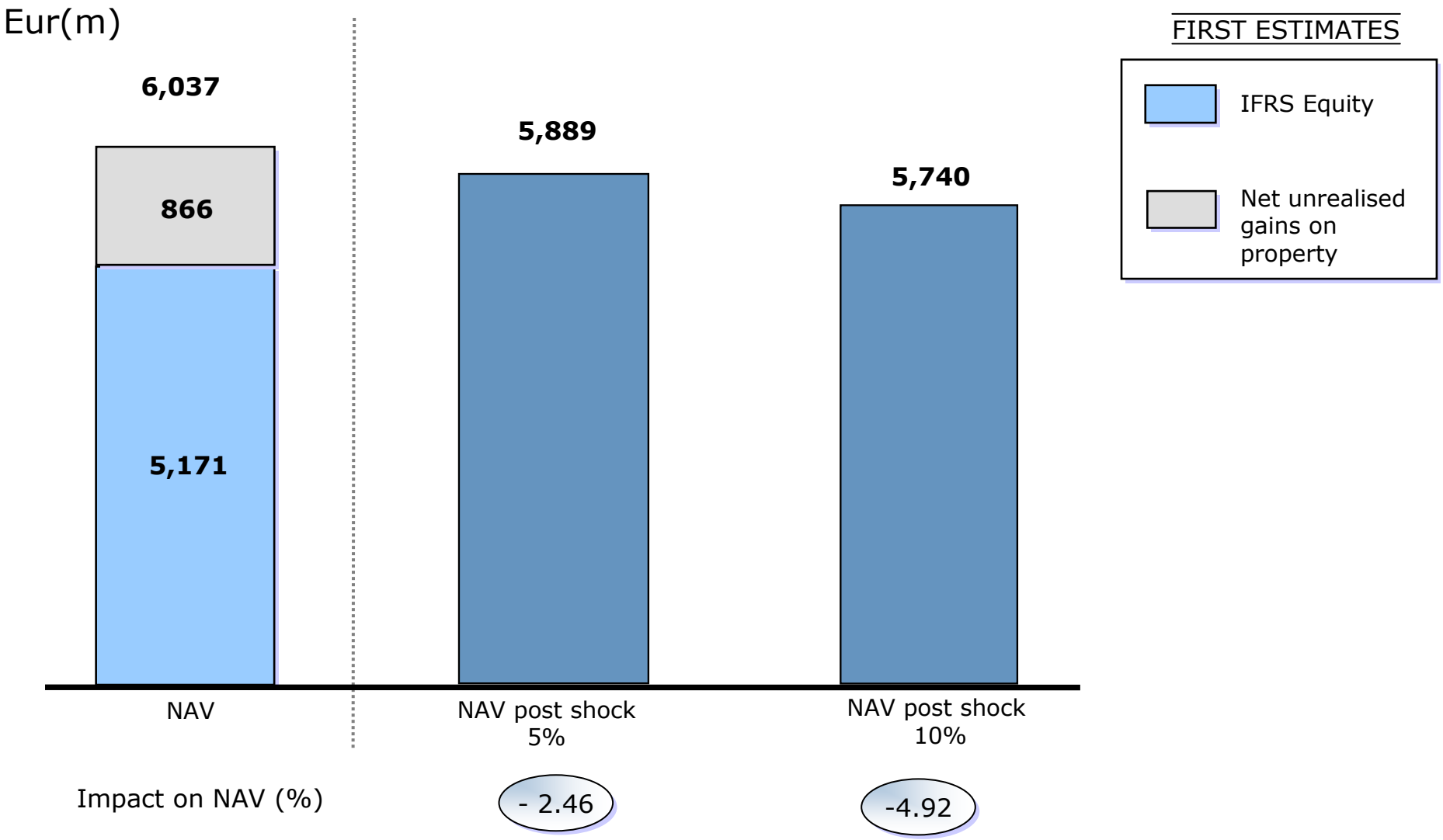
FIRST ESTIMATES



	NAV	NAV post shock 10%	NAV post shock 30%
Impact on NAV (%)		- 4.28	-12.84
Mitigation effect of hedging (%)		+1.33 p.p.	+4 p.p.

* On the basis of a 15% tax rate

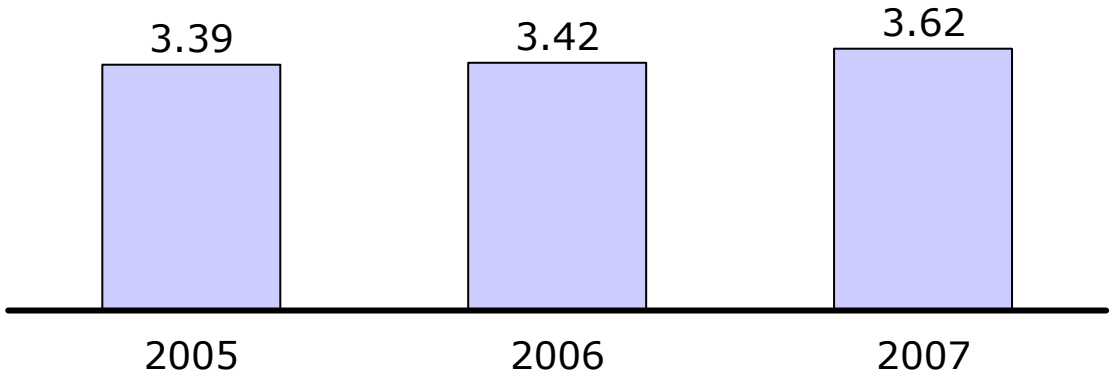
NAV SENSITIVITY ANALYSIS AFTER A PROPERTY SHOCK (REAL ESTATE)



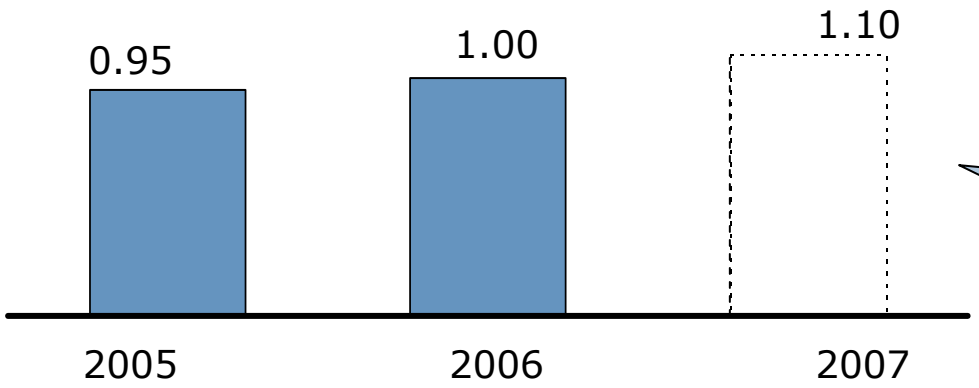
FONDIARIA-SAI DIVIDEND POLICY

Eur, Percent

EPS diluted



Dividend per ordinary share*



Dividend proposed, still to be approved in Shareholders' Meeting

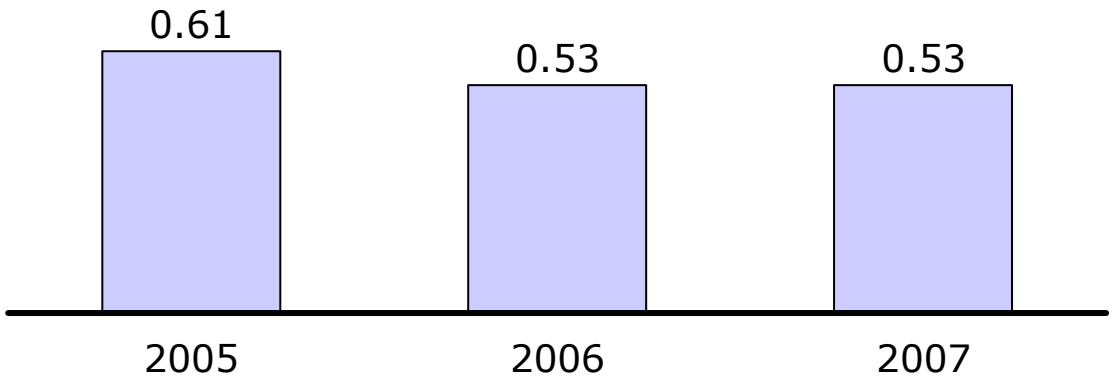
	2005	2006	2007
Dividend payout	53.9%	62.7%	60.2%

* Saving share 1.002 in 2005, 1.052 in 2006 and 1.152 proposed in 2007

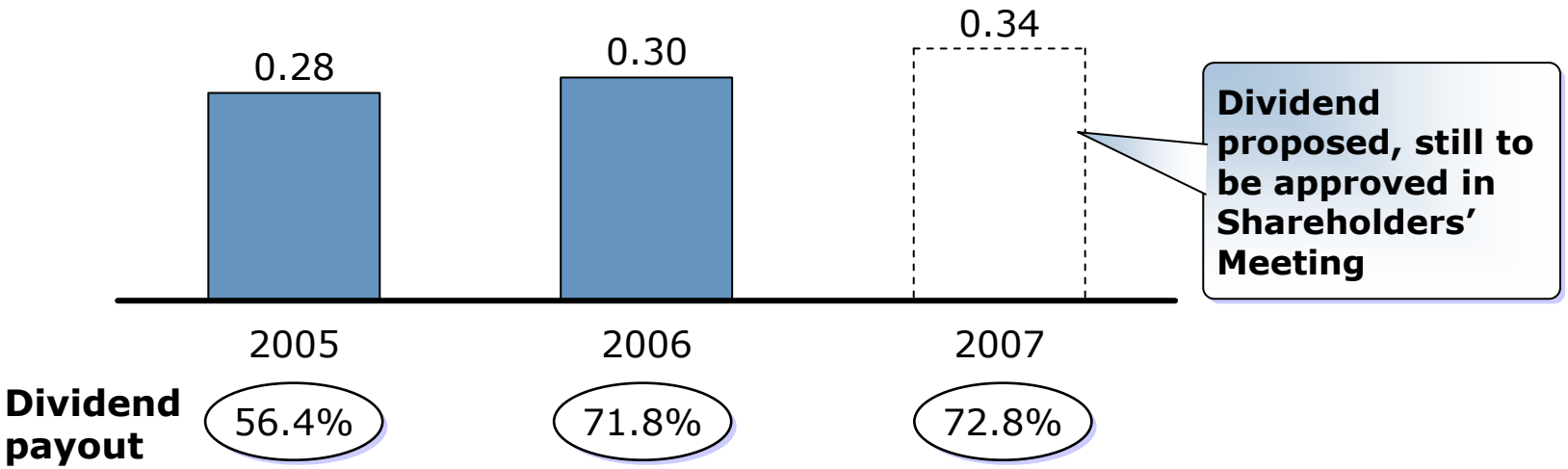
MILANO ASSICURAZIONI DIVIDEND POLICY

Eur, Percent

EPS diluted



Dividend per ordinary share*



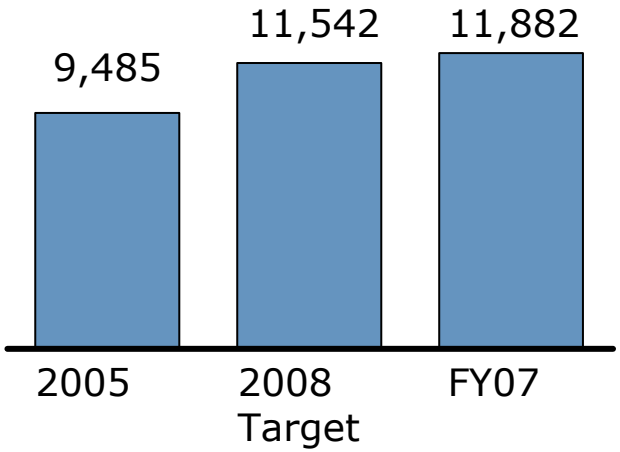
* Saving share 0.30 in 2005, 0.32 in 2006 and 0.36 proposed for 2007

AGENDA

- **Fondiaria-Sai Group ’07 Results**
- **Milano Assicurazioni Group ’07 Results**
- **Investment management and capital allocation**
- **Strategic targets achieved so far**
- **New challenges and opportunities for the future**

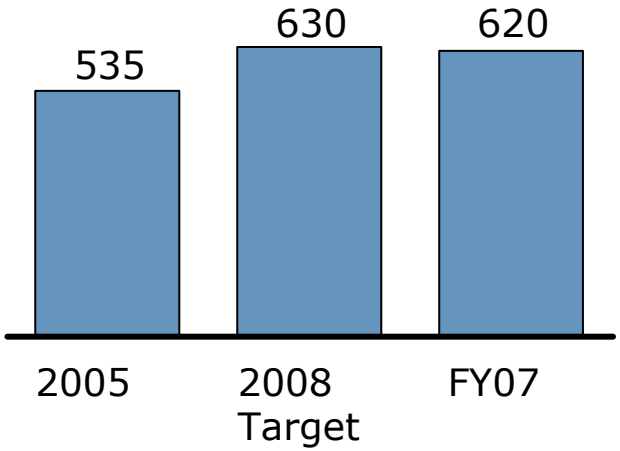
KEY TARGETS 2006-2008

Premium
Eur(m)



- Already achieved 2008 target one year in advance
- Strong growth in life through bancassurance
- Internal growth in non motor retail
- Pressure on motor and life due to market trends

Net Profit
Eur(m)



- Almost achieved already in 2007

STRATEGIC TARGETS ACHIEVED IN 2007

GRUPPO SAI FONDIARIA

Targets	Identified actions	Accomplished activities
Grow in Foreign Country	**Expand our footprint in new geographies**, as a growth option	• Acquisition of DDOR Novi Sad: mkt leader in Serbia • Distribution network concentrated in wealthiest and more populated Serbian region • Good technical performance, Motor TPL claims frequency at 3.6% and loss ratio at 63.6%: GWP €159(m) (+13% in 2007)
Re-Launch Direct Channel: DiALOGO	**Become the point of reference** with a mkt share of 10% **in direct arena**, invest in visibility and re-design customer approach	• Launched 5 years plan • Developed customer strategy based on mass market • Since June new advertising campaign • Created a new platform: re-design of the whole concept of the operations and management, very slim and focused internal organization
Revitalize Life Business	• **Focus on profitability** by rebalancing business mix • **Growing in Bancassurance** channel	• Developed new products with less capital absorption • Less corporate capitalization • Change in internal criteria to assign commercial target (from volume to in-force value) • Signed 10+5 years agreement with Gruppo Banco Popolare

AGENDA

- **Fondiaria-Sai Group ’07 Results**
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MARKET EVOLUTION: NEW CHALLENGES AND NEW OPPORTUNITIES

New challenges		New opportunities
Changes in distribution channels/ regulation	• Higher administrative and training costs for agents • Shift of contractual power towards distributor • Higher portfolio liquidity	• Become the best carrier to work with for agents/brokers *"Progetto Insieme"*
New claims process	• Claims as a differentiating factor • Direct relationship with the claimant	• Manage the supply chain for motor repair • Transform front-line performance in claims
Changing needs	• Polarization of customers • Increasing concern for pension and health	• Increase premium financing leveraging in-house credit • Re-launch of health (Polo Salute) improving supply chain management
Slow in economic growth and risk repricing	• Rush to safety • New opportunity for liquidity generators	• Reshaping life coverage

LAUNCH OF AN INDUSTRIAL REORGANISATION IN 2008 OF THE FONDIARIA-SAI GROUP

Rational

FINANCIAL DRIVER

- Financial opportunity generated from a valuation asymmetry in the IL share price, which has excessively penalised the real estate sector - compared to the value and prospects of the company, while at the same time recognising a significant premium (approx. 30%) to the minority shareholders of IL
- This asymmetry, on the date prior to the announcement of the bid, was seen in an IL share price which discounted net equity by approx. 28% (*)

INDUSTRIAL DRIVER

A further industrial driver, in the event of a successful bid, focused on the industrial reorganisation of the activities of IL within the FonSAI group with expected benefits in terms of:

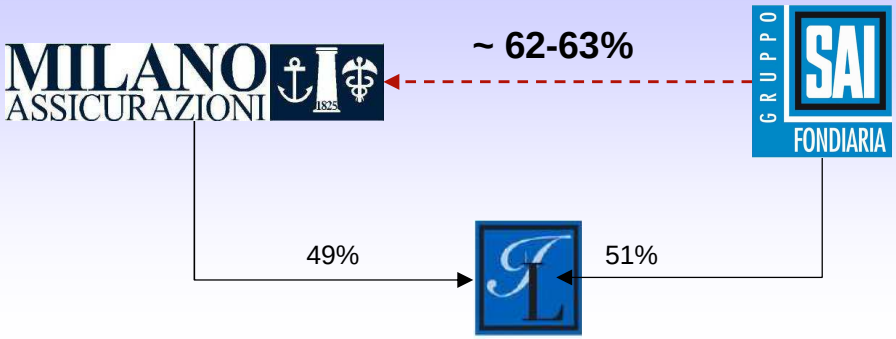
- ✓ Cost synergies related to the delisting of IL
- ✓ Efficiencies in risk capital management and return on assets
- ✓ Efficient tax rate
- ✓ Capacity to attract further investors

Fondiaria-Sai launches a bid on the minority shareholders of Immobiliare Lombarda (38% of the share capital)

(*) as at 31.12.2006

GUIDELINES ON THE REORGANISATION OF IMMOBILIARE LOMBARDA

Theoretical situation post bid (*)



(*) Situation in case of full take up of the offer, after the delisting of IL and conferment of 37.9% of IL to Milano Assicurazioni

Guidelines for valuing the business areas of IL

Real Estate Management

Concentration of the service lines for an efficient property portfolio management (asset management, property management, advisory etc.) in a captive consortium vehicle owned by Group companies

Assets Owned

Concentration of real estate assets and of financial investments directly in the insurance companies with direct impact on the insurance companies P&L

Project Development

Concentration of FonSAI group real estate projects in a tax efficient vehicle

Possible opening of capital to new investors creating value for the projects

CONCLUSION

September 2008

OUR INDUSTRIAL PLAN

2009-2011

DISCLAIMER

Some of the statements contained herein reflect future expectations based upon the Management's current views and assumptions and involve a significant degree of uncertainties.

The user of such information should recognise that actual results, performances or events may differ materially with such expectations due to future events which are beyond the Management's control (i.e. general economic and sector conditions).

Neither Fondiaria-SAI SpA nor any of its affiliates or employees hold any liability towards any user of the information provided.

The Senior Executive responsible for drawing up the company accounts, Pier Giorgio Bedogni, has declared in accordance with para. 2 of Article 154-bis of the Consolidated Finance Act that the figures reported in this press release, except for the operative ones, correspond to the figures in the documents, books and accounting records.

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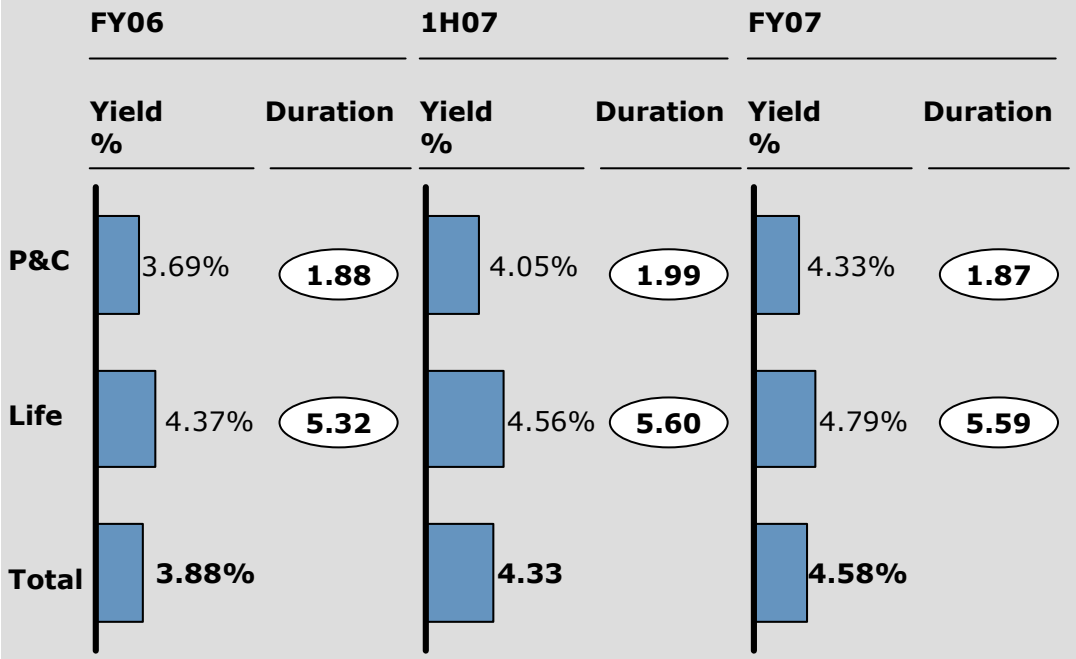
E-mail: investorrelations@fondiaria-sai.it

APPENDIX

ASSET MANAGEMENT MILANO GROUP(1)

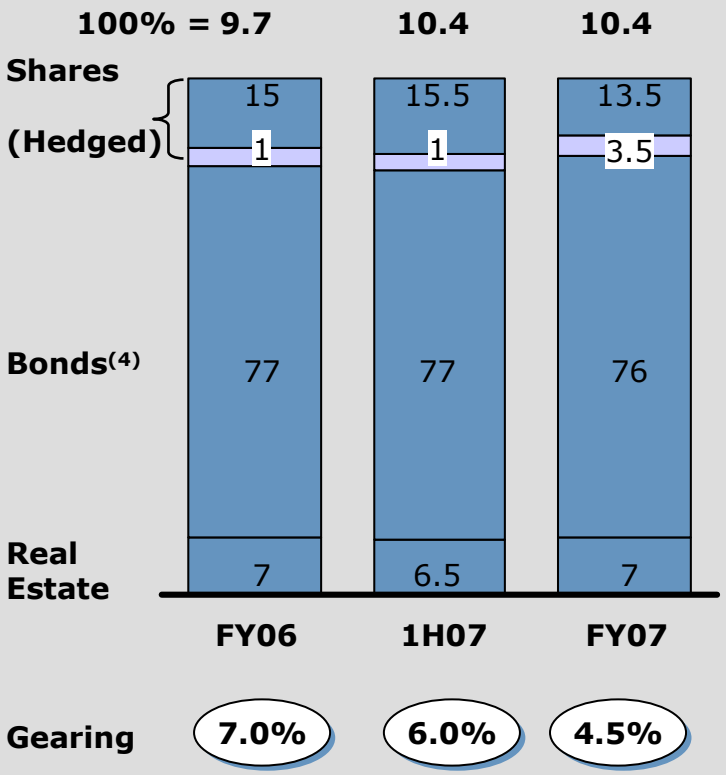
GRUPPO SAI FONDIARIA

Yield and duration(2)



Asset allocation(3) and Gearing

Eur (bn), percent



(1) Operative figures
(2) ORDINARY INCOME: excluded capital gains and mark to market valuations
(3) Class D investments excluded
(4) Portfolio '07: (~) Fixed Income 80%, Floating Rate 20% - Corp. 20%, Gov. 80%

GLOSSARY

GWP	Premiums relating to insurance contracts written and recognized in the operating year, gross of reinsurance
Combined Ratio	(Claims incurred + Total expenses) / Premiums incurred, net of reinsurance premiums
Operating Combined Ratio	(Claims incurred + Operating expenses) / Premiums incurred, net of reinsurance premiums
Loss Ratio	Claims incurred / Net earned Premiums
In-force value (VIF)	Life portfolio value to date, including new production