

REAL ESTATE PROJECT PORTFOLIO VALUATION TERMS SET

JOINT PRESS RELEASE

In accordance with article 114 of Legs. Decree No. 58/98

THE BOARD OF DIRECTORS OF FONDIARIA-SAI S.p.A. AND MILANO ASSICURAZIONI S.p.A. APPROVE THE TERMS OF THE REAL ESTATE PROJECT PORTFOLIO VALUATION.

Milan, October 15, 2009

The Board of Directors of Fondiaria-SAI S.p.A. ("**FONDIARIA-SAI**") and of Milano Assicurazioni S.p.A. ("**MILANO ASSICURAZIONI**", and together with FONDIARIA-SAI the "**Insurance Companies**") today unanimously approved an operation concerning the valuation of the property portfolios of the Insurance Companies.

The operation relates to the conferment of a number of the properties owned by FONDIARIA-SAI and MILANO ASSICURAZIONI to a newly constituted non-speculative closed real estate fund, with a duration of 10 years, reserved for institutional investors and managed by the third party company FIMIT SGR S.p.A., the "**Rho Fund**". The characteristics of the Fund will be in line with best practices of similar Core instruments present on the market. The Tikal R.E. Fund, a real estate fund managed by Sai Investimenti SGR S.p.A. (controlled by FONDIARIA-SAI), will also take part in the operation through the conferment of one property.

The operation seeks to improve the Group's capital ratios, through a reduction of the real estate component within the overall investment portfolio, thereby also improving the Group's liquidity profile.

The strategic asset allocation of the investment portfolio of the FONDIARIA-SAI Group, with a value of approx. Euro 28 billion (excluding the class D component), records a real estate component of 13.5%, with allocated capital of approx. Euro 3.8 billion. This operation completes the restructuring and valuation process of the real estate portfolio of the Group begun in January 2008 with the delisting of Immobiliare Lombarda S.p.A.

The operation presents current and future advantages in terms of the restructuring of the assets as follows:

- the real estate component of the Group's total investment portfolio will reduce by approx. one percentage point;
- recognition of asset values that have appreciated strongly;

once the operation is completed the overall impact on the income statement will be substantially neutral.

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The spin-off provides for the conferment of the properties to the Rho Fund by the end of November.

The properties chosen number 15, of which 11 belonging to FONDIARIA-SAI, 3 to MILANO ASSICURAZIONI and 1 to the Tikal R.E. Fund.

The properties owned by FONDIARIA-SAI had a net book value at June 30, 2009 of approx. Euro 173 million, while the total value according to an expert appointed by FIMIT SGR, R.E.A.G. S.p.A., of the properties carried out in September 2009 was approx. Euro 323 million. The transfer to the Rho Fund with the application of a 10% discount to the current value of the properties, in line with market practice, will result in a gross gain of Euro 118 million at statutory accounts level.

The properties owned by MILANO ASSICURAZIONI had a net book value at June 30, 2009 of Euro 81 million, while the total value according to an expert's opinion was approx. Euro 111 million. The transfer to the Rho Fund will also see a 10% discount applied to the current value of the properties, resulting in a gross gain of approx. Euro 19 million.

The Tikal R.E. Fund property had a book value (market value) at June 30, 2009 of approx. Euro 86 million, while the expert's opinion amounted to approx. Euro 89 million. In this case the discount for the fund will be approx. 2%.

Overall the gross gain under IAS standards on the consolidated financial statements of FONDIARIA-SAI will be approx. Euro 155 million.

The formalisation of the contractual agreements is currently being carried out; the operation however provides for the following stages:

1. in the stage preceding the transfer, all of the properties involved in the operation will be the subject of a bank loan, currently under negotiation with a syndicate of primary banks, for an amount of approx. 55% of their transfer value;
2. the transfer of the properties to the Rho Fund and corresponding bank debt relating to the above-mentioned loans;
3. the issue by the Rho Fund in favour of the contributing parties – for an amount equal to the value of the properties transferred, net of the bank debt – of a 30% share reserved for the Insurance Companies, with a lock-up commitment of 4 years;
4. the placement with institutional investors of the residual quota (70%).

The operation will also allow the Insurance Companies - in the case of the full take up of the quotas reserved for institutional investors – to release liquid financial resources for a total amount of approx. Euro 339 million (approx. Euro 252 million for FONDIARIA-SAI and approx. Euro 87 million for MILANO ASSICURAZIONI), of which Euro 215 million from the bank loans and the remaining part (Euro 123 million) from the subsequent placement of the quotas.

The management of the properties transferred to the Rho Fund will continue to be undertaken by Immobiliare Lombarda which will sign the relative mandates with the fund.

Solely for the purposes of article 71 of Consob Regulation 11971/1999 and subsequent modifications, it is finally stated that the operation does not present, in substance, characteristics of significant or particular risks or uncertainties which may significantly affect the activities of FONDIARIA-SAI and MILANO ASSICURAZIONI. Therefore, in consideration of the type and the characteristics of the operation, FONDIARIA-SAI and MILANO ASSICURAZIONI state that the present press release provides adequate information in relation to the operation and communicates that, as the prerequisites are not met, an information document in accordance with article 71 of Consob Regulation 11971/1999 and subsequent modifications will not be published.

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