



PREMAFIN – UNICREDIT AGREEMENT AND SHARE CAPITAL INCREASE PROGRAMME OF THE FONDIARIA-SAI GROUP

JOINT PRESS RELEASE

Pursuant to article 114 of Legislative Decree No. 58/98

Milan, March 23, 2011

Fondiaria-SAI S.p.A. ("**FONSAI**") and Milano Assicurazioni S.p.A. ("**MILANO**") announces that Premafin Finanziaria S.p.A. – Holding di Partecipazioni ("**PREMAFIN**") on March 22 communicated to them the reaching of an agreement with Unicredit (the "**BANK**") and whose principal terms are summarised below ("**THE AGREEMENT**"):

Premafin

The Agreement, based on confirmation by June 30, 2011 by Consob of the non-existence of Public Purchase Offer obligations on FonSAI to prevent its execution and the attainment, also by the same date, of the necessary waivers in accordance with the loan contract signed between Premafin, Unicredit and the other financing banks on December 22, 2004, establishes that:

1. where the Board of Directors of FonSAI approves, under the power delegated by the Shareholders' Meeting of January 26, 2011, a share capital increase of Euro 450 million ("**THE FS SHARE CAPITAL INCREASE**"), the Bank will subscribe to an amount such as to hold - post-capital increase - 6.6% of the ordinary share capital (the "**OBJECTIVE HOLDING**" and, overall, the "**SUBSCRIPTION COMMITMENT**").
2. Premafin will sell to the Bank a number of pre-emption rights such as to enable fulfilment of the Subscription Commitment.
3. The total investment of the Bank will be Euro 170 million, broken down as follows:
 - (i) for the Subscription Commitment, an amount necessary to subscribe the Objective Holding at the issue price and;
 - (ii) for the acquisition of the Premafin rights, an amount equal to the difference between Euro 170 million and the investment for the Subscription Commitment.
4. Premafin will allocate the consideration received from the sale of subscription rights to the FS Share Capital Increase in an amount such as to maintain a direct and indirect holding of at least 35% in the ordinary share capital post-capital increase (hereafter the "**PREMAFIN HOLDING**").

Premafin, at the Board of Directors' meeting of March 22, approved, among other issues, the subscription to – in accordance with the terms and conditions established under the agreement with the Bank – the considered FS Share Capital Increase, in an amount such as to maintain a direct and indirect holding of at least 35% of the ordinary share capital post-capital increase.

FonSAI

FonSAI in the Board of Directors meeting of March 22:

- noted the communication from Premafin in relation to the Agreement and the subscription commitment and the terms and conditions established in the agreement for the considered FS Share Capital Increase;
- considered the pertinent data of the draft 2010 financial statements of the subsidiary Milano; and approved among other issues:
 - the supplementation to the April 27, 2011 Shareholders' Meeting agenda of Milano, regarding the elimination of the nominal value expressed of the ordinary and savings shares in circulation and the power granted to the Board of Directors, exercisable until December 31, 2011, to increase the share capital, through the issue of new ordinary and savings shares, to be offered as options to shareholders, for a maximum amount of Euro 350 million;
 - the commitment to exercise a number of pre-emption rights of the considered share capital increase of the subsidiary Milano in an amount such as to maintain directly and indirectly, following the increase, a holding of at least 55% of the share capital, represented by ordinary shares, for a total investment today preliminarily estimated at approx. Euro 150 million;
 - the signing of new pre-underwriting agreements with Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G., as the Joint Global Coordinator and Joint Bookrunner, concerning the full subscription of any unsubscribed shares from the FS Share Capital Increase and therefore a commitment by Premafin and by the Bank to subscribe – under the terms and conditions established in the agreement – to this increase. The commitments of UniCredit Bank A.G. contained in the pre-underwriting agreement are dependent on the approval of the Management Board and the Supervisory Board of UniCredit Bank A.G. in accordance with Art. 136 of the Banking Act. Credit Suisse Securities (Europe) Limited undertook the guarantee for the entire maximum market risk of Euro 300 million until the date of the above-stated approval. In the absence of approval, the contract will continue therefore between FonSAI and Credit Suisse Securities (Europe) Limited for the entire maximum market risk of Euro 300 million.

Milano

Milano in the Board of Directors meeting of March 22:

- noted the communication from Premafin in relation to the Agreement and the subscription commitment and the terms and conditions established in the agreement for the considered FS Share Capital Increase;
- noted the commitment of the parent company FonSAI to subscribe to the considered share capital increase of Milano in an amount such as to maintain directly and indirectly, following the increase, a holding of at least 55% of the share capital, represented by ordinary shares, for a total investment today preliminarily estimated at approx. Euro 150 million;
- approved the 2010 draft financial statements

and approved among other issues:

- the supplementation of the Shareholders' Meeting agenda of April 27, 2011 regarding the elimination of the nominal value of the ordinary and savings shares in circulation and the power granted to the Board of Directors, exercisable until December 31, 2011, to increase the share capital, through the issue of new ordinary and savings shares, to be offered as options to shareholders, for a maximum amount of Euro 350 million;
- the Board of Directors report on the matters on the agenda of the April 27, 2011 Extraordinary Shareholders' Meeting;
- the signing of pre-underwriting agreements with Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G., as Joint Global Coordinator and Joint Bookrunner, concerning the full subscription of any unsubscribed shares from the share capital increase of Milano and the commitment undertaken by FonSAI to subscribe to these shares in a manner such as to maintain directly and indirectly a holding of at least 55% of the share capital post-capital increase for a total investment today preliminarily estimated at approx. Euro 150 million. The commitments of UniCredit Bank A.G. contained in the pre-underwriting agreement are dependent on the approval of the Management Board and the Supervisory Board of UniCredit Bank A.G. in accordance with Art. 136 of the Banking Act. Credit Suisse Securities (Europe) Limited undertook the guarantee for the entire maximum market risk of Euro 200 million until the date of above-stated approval. In the absence of approval, the contract will continue therefore between Milano and Credit Suisse for the entire maximum market risk of Euro 200 million.

Conclusions

These resolutions therefore provide the foundation for an important share capital increase programme for the companies of the Fondiaria-SAI Group ("the Group") for a total amount of Euro 800 million which, according to preliminary estimates, will result overall in an increase on the December 31, 2010 Corrected Solvency Margin (Solvency I) of Fon-SAI of approx. 30 percentage points.

The Agreement reached, and the consequent impact on the share capital of FonSAI and Milano, will strengthen the capital base of the third largest Italian insurance group (Euro 13 billion premiums written, 9 million customers – over 10,000 collaborators between employees and agents) within a very difficult Motor TPL and financial market situation, caused by an extensive global crisis and compounded by domestic issues within the sector.

The Agreement guarantees therefore for the Group – and for the protection of all policyholders and shareholders – the maintenance of strong solvency ratios, even in view of the more stringent requirements which will be introduced in 2012 by the European regulation concerning the solvency of insurance companies (so-called Solvency II), maintaining also the current shareholder structure of the Premafin – FonSAI – Milano group substantially unchanged.

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