

PRESS RELEASE

Directors' Report and Remuneration Report at December 31, 2011 published pursuant to Article 154-ter and Article 123-ter of Legislative Decree No. 58/1998 – Requested pursuant to Article 114, paragraph 5, of Legislative Decree No. 58/1998.

Milan, April 19, 2012 – It is announced that, on the request of Consob on April 16, 2012 in accordance with Article 114, paragraph 5 of Legislative Decree No. 58/1998 (CFA), the Board of Directors of Milano Assicurazioni S.p.A. – in supplementation to the Directors' Report at December 31, 2011 made available to the public, in accordance with Article 154-ter of Legislative Decree No. 58/1998, in consideration of the Shareholders' Meeting called for April 23 and 24, 2012 for the approval of the annual accounts and the presentation of the consolidated financial statements at December 31, 2011 – publishes the following requests and relative information and disclosures:

“with reference to the issues noted by Isvap – reported in the press release published on March 27, 2012 by the parent company Fondiaria-SAI and disclosed in the notes to the financial statements at December 31, 2011 – detailed information on the issues notified by ISVAP – specifying whether they refer to, in addition to the process for the calculation of the Motor TPL reserve and the application of the statistical-actuarial model, also the control system, with particular reference to the corporate governance system, to the adequacy of the internal control system and transactions with related parties – and on the corrective measures put in place by the Company or in the course of implementation, as well as disclosure in relation to any punitive procedures by ISVAP following the inspections made,”

The issues raised by ISVAP in relation to the corporate governance system and internal control system related to:

- **Management organisation:** In its report, ISVAP identified the “Control and Process Planning” department (reporting to the Claims Manager) as the department responsible for the control of the activities undertaken by the settlement officers in the determination of the inventory reserve, and observe that, during their inspections, there was no documentary evidence on verification of the appropriateness of the procedures adopted by the company and of their correct application.

Fondiaria-SAI in response to the above-mentioned observation, highlighted that the control on the activity of the settlement officers concerning the correct application of the procedures to determine the reserves was in reality quite extensive; the same evaluation must – given the universal settlement model – be considered valid also for Milano. In fact – while confirming the role of the above-mentioned department, in terms of achieving the planned objectives by the Claims Department, as well as compliant with the regulatory provisions, noted that the control on the settlement network also included the following levels:

- the first level control on the activity of the settlement officers with the objective to verify compliance with the procedures for the determination of the reserves, which is undertaken

onsite by the regional managers: the regional managers undertake a control on the operations of the settlement officers whenever a claim is presented by a settlement officer for authorisation which exceeds their authorisation limits, both in the reserve phase and in the settlement phase;

- further, from 2011, the Regional Managers undertake a structured verification on compliance of the operational/technical regulations utilising a uniform model at national level, with about 50,000 claims controlled per year, in addition to specific verifications on the activities of the settlement officers in the reservation phase;
- finally, it is the responsibility of another section of the Claims Department (“Quality Control”) to undertake further verifications on compliance with regulations by the Settlement Network.

Although these roles were already implemented before the notice received by ISVAP, the Claims Department considered it appropriate to specify and govern the above-mentioned responsibilities, also to provide a greater clarity of duties, in a specific circular issued in October 2011.

- Internal Auditing Department: ISVAP reported that in recent years the Internal Auditing Department did not undertake any examinations in relation to claims and reserve procedures nor did the Board of Directors provide any directives on any verifications of a general nature.

Fondiaria-SAI responded to the above-mentioned observations recalling the specific verifications made in the 2-year period 2008-2009 on different aspects of the claims settlement process, as well as the verifications on the reserve procedure made at the end of December 31, 2010 and transmitted to ISVAP in May 2011. Also in this case, given the universal organisational structure, the above response also applies to Milano.

On December 20, 2011, the Board of Directors of Milano appointed the Manager of the Internal Auditing Department.

At the end of 2011 the Internal Audit Department has prepared an intervention plan (to be carried out between December 2011 and July 2012 and currently in progress) in order to verify the correct implementation of the corrective actions identified by the Company, in relation to all claims management operations and information flows which were highlighted by the Institute. These activities have been carried out in coordination with the Compliance Department for the respective responsibilities and are in line with the implementation deadlines established for the individual corrective actions.

On January 23, 2012, the Board of Directors of Milano appointed the Manager of the Compliance Department.

- In general on the adequacy of the internal control systems: the Internal Audit, Compliance and Risk Management departments have for some time operated at Group level in order to undertake the respective activities for all of the insurance companies of the Fondiaria-SAI insurance Group, in accordance with specific outsourcing contracts individually authorised by ISVAP.

ISVAP reported that there were not adequate internal controls on activities outsourced, duties which were the responsibility of the parent company departments.

The Board of Directors of Milano having been advised of such observations by ISVAP during 2011 commenced a process to strengthen the controls on the activities outsourced, appointing a manager for each of the 3 departments, autonomous from the Fondiaria-Sai departments, as well as the creation (similar to that created by the parent company Fondiaria-Sai) of a specific coordination of the control departments.

On December 31, 2011, Milano appointed Heads of the Internal Audit and Risk Management departments and on January 23, 2012 appointed the Head of the Compliance Department, and consequently reviewing the outsourcing contracts which are illustrated in greater detail in the “Corporate Governance” report, Chapter 3.

Relating to the transactions with related parties, we report that the Board of Directors of Milano Assicurazioni adopted the “Conduct principles for significant transactions and procedures for transactions with related parties”. The Company has implemented conduct rules and principles in relation to transactions with related parties, defined at Group level by the parent company Fondiaria-SAI.

In 2011 Milano set up the Committee for Transactions with Related Parties, which corresponds to the Internal Control Committee and Remuneration Committee (for the specific transactions) as illustrated in greater detail in the “Corporate Governance” report, Chapter 1.

“taking into account that reported in the notes to the financial statements with regard to the revaluation of the prior year claims reserve, describe in detail the issues which have determined a significant strengthening by the settlement officers of residual reserves of prior year claims” as well as the initiatives put in place to overcome the issues met:

in relation to the role of the settlement network in the reserve formation process, describe the various operational manners adopted in the inventory-taking in 2010 compared to that of 2011 which required a strengthening of the residual prior generation reserves;”

To better set out this issue, it was considered necessary first of all to establish the general inventory-taking procedure of the reserves made by the settlement network.

The inventory-taking operation by the Claims Structure for the definition of the reserves of the individual policies is carried out from the beginning of the second half of the year. Specific communications are issued before the beginning of the procedure which contain the guidelines, the timelines and the indications given by the IT Structure for the extraction of the inventory-taking tables. In general, the procedure is as follows:

- Prior years: the tables (generated in July) concern all claims, within the ambit of the Claims Structure, open at the beginning of the inventory-taking, independently of the class and type of damage. Inventory-taking is therefore carried out on all open claims at the beginning of the session.
- Current year: the tables (generated in October) concern only some types of damage, within the ambit of the Claims Structure, open at the beginning of the inventory-taking but with the claim made by September 30.

The “managed” Motor TPL claims with only physical damage, non-motor claims, such as Fire damage – only the Acqua Condotta guarantee - “managed” Motor TPL claims in the last quarter, which are therefore evaluated based on the statistical “average cost” are not subject to inventory-taking.

The operational technical guidelines are based on, for a correct evaluation of damage, the completion of the investigation phase in relation to the definition of the amount, of the situation in terms of responsibility allocated and the extent of the contractual guarantee: independently of the relevant year the reserve valuation is an estimate of the “current cost”.

Considering that stated above, in terms of the strengthening of the residual Motor TPL reserves between 2010 and 2011, two effects have impacted the results:

- Regulatory and judicial developments, with the general extension of the use of tables for the settlement of Non-Property damage (the so-called Milan Court Tables). These tables, issued in

the first half of 2009, in the course of 2010 and 2011 have resulted in a progressive adjustment of the average values, with particular regard to fatal claims. These tables established new parameters for the valuation of physical damage greater than 9% of Permanent Invalidity and fatal injury: The impact of the possible application of these Tables on the entire risk portfolio was estimated in 2010 to imply a valuation of the overall Motor TPL Reserves of approx. 14%. In 2010 however these Tables have been applied only to a certain part (approx. 60 %) of the country; this implied therefore the adoption of different valuation criteria for the above-stated damage and therefore the need for revaluations. In 2010, the two structures influenced greatest by the above-stated criteria, those of Serious Professional Injury and Professional Disputes, carried out further investigations concerning the analysis of the individual tables and their claims portfolio subject to inventory-taking (regarding the zones where the tables which have been applied), in order to simulate the impact on the revaluation of the reserves of the estimate of these damages, taking account of the application of the most onerous evaluations established by the Milan Court tables: following this review, a first adjustment of the sums allocated to the reserve was made. This revaluation process was made only in relation to the inventory-taking of the subsequent year, following the Cassation Court judgment of June 2011 which adopted the Milan Court Tables as a fair value criteria of damage, which at this point had been extended to all of the Italian regions;

- Organisational issues: in the spring of 2011, an organisational change was made to the Claim Structure with the creation of the Technical Structure which concerns fatal claims, claims with a value greater than Euro 300,000 for Motor TPL and Euro 100,000 for non-motor claims and the Generation No. -10 and previous Court Dispute: this restructuring in 2011 resulted in a review of the practices and a new technical valuation of damage more in line with the parameters of the Milan Court tables, also in light of a judgment which in June 2011 – as previously stated – substantially extended the application of the above Tables to all Italian Courts.

“Indicate the method for the establishment of the “average cost of accepted claims” adopted in 2011 and show for the years 2005-2010 the “average cost for accepted claims” by the company, comparing with the corresponding market values;”

With closure of the 2011 financial year, the Company strengthened the average cost of accepted current generation claims (or the average cost of current generation managed claims already settled in the same year and those allocated to the reserve for settlement in coming years), increasing the average value to Euro 4,220, compared to Euro 3,919 in 2010.

In order to establish the current year reserve for managed claims, the average costs of accepted claims was adopted, based on:

- the results of the Fisher-Lange and Chain-Ladder actuarial models, adopted as the benchmark models for the entire Motor TPL claims reserve portfolio;
- analytical evaluation made by the settlement officers and valuing of the statistical average cost for claims not involved in the inventory-taking;
- average cost of accepted claims of the market in 2010, adjusted for inflation.

Among other issues, it is noted that the average statistical cost of 2011 was drawn up based on the new table, issued in November 2011, based on the adoption of a linear generalised model.

The value of the average cost of accepted claims adopted by the Company between 2005 and 2010 and the corresponding market value (all amounts are net of the IBNR provision) are listed below. For greater clarity, for both aspects, the separate data between Paid and Reserved is reported; this allows greater clarity in how the Reserved Average Cost of Milano is always greater than the market average,

and how the comparison between the Average Accepted Claims Costs (where Milano presents lower values than the market) is therefore generated by an effect of the different mix between the Paid and Reserved, attributed to a differing current settlement policy of Milano compared to the market.

Average Costs	2005	2006	2007	2008	2009	2010
Milano						
Accepted	3,714	3,802	3,660	3,732	3,799	3,919
<i>Paid</i>	<i>1,951</i>	<i>2,032</i>	<i>2,095</i>	<i>2,268</i>	<i>2,330</i>	<i>2,419</i>
<i>Reserved</i>	<i>7,788</i>	<i>8,237</i>	<i>8,370</i>	<i>9,290</i>	<i>7,605</i>	<i>9,063</i>
Market						
Accepted	4,046	4,099	3,909	3,913	3,903	4,058
<i>Paid</i>	<i>2,154</i>	<i>2,198</i>	<i>2,229</i>	<i>2,372</i>	<i>2,362</i>	<i>2,428</i>
<i>Reserved</i>	<i>7,531</i>	<i>7,658</i>	<i>7,466</i>	<i>7,455</i>	<i>7,330</i>	<i>7,933</i>

“concerning the declaration issued by the Appointed Actuary of the Fondiaria-SAI Group, in relation to the fact that the Motor TPL reserves for 2011 “may be considered in line with the market averages” show for the years 2005-2010 the comparison of the claims reserves established by the Fondiaria-SAI Group compared to the market averages”.

It should be noted that the sentence reported in the Directors' Report (*“It is noted that the Appointed Actuary, on request of the Company, stated that at this point the Motor TPL reserves may be considered in line with the market averages”*), represents a partial summary of that established by the Appointed Actuary at the specific meeting of the Board of Directors for the approval of the financial statements at December 31, 2011, to which the Appointed Actuary was invited to attend, a sentence which therefore must be placed and interpreted only in this context.

In particular at the above-stated meeting of the Board of Directors the Appointed Actuary of the Company, referring to an estimate range of the values, in relation to which he declared the adequacy of the claims reserve at December 31, 2011 of the Vehicle and Pleasure Boat TPL class of the Company - in response to a specific question highlighted that a) the company is in line with the principal competitors in the class; b) but also these latter – except for very rare exceptions – do not establish positive ranges in relation to the actuarial valuations of claims reserve sufficiency for the Vehicles and Pleasure Boat TPL class.

“taking account of the issues drawn up by ISVAP on November 17, 2011 in relation to the “observations concerning the calculation of the actuarial models utilised, with highlighting of irregularities in the statistical projections”, establish if it was considered necessary also for 2011 to utilise the same Motor TPL Appointed Actuary and if the actuarial models adopted by this latter had been amended compared to the previous years. Provide further detailed information in relation to a “close and prudent selection of the parameters applied to the models, assuming a historical series if considered reliable and repeatable” compared to the procedure utilised in the previous years.

The Group (and therefore also Milano) decided also to employ the services for 2011 of the same Appointed Actuary.

For the valuation of the claims reserves for the financial statements 2008, 2009 and 2010, the Appointed Actuary adopted an appropriate methodological approach (the LDP Paid and Fisher-Lange

methodologies), confirmed also in 2011, and the valuation choices were supported by technical elements shown in the relative Actuarial Reports on the technical reserves of the Motor TPL and Pleasure Boats divisions. From 2010, the actuarial models were implemented by each type of management.

In relation however to the actuarial models utilised by the Company and applied by the Strategic Planning and Operational Control Structure to ensure the valuation of the Claims Reserve in terms of Last Cost (or therefore, taking account of the probability that the claim is not settled in the year, but must be reserved also for one or more following years) the following were also confirmed for 2011:

- the adoption of a more responsive and weighted actuarial model, establishing the same approach both for Fondiaria-SAI and for Milano; in particular the Fisher Lange (weighted at 35%), taking account that the high number of criteria utilised in this model increases the risk of variability) and the Chain Ladder Paid (weighted at 65%). More specifically:
 - The valuation of the Chain-Ladder model was carried out in such a manner to consider payment for up to 15 years;
 - The Fisher-Lange model utilised for the 2010 financial statements was drawn up utilising the model for the year of the claim and adapted subsequently. From 2011 the process was optimised, moving to a dynamic type model which is used more frequently in actuarial practice.
- A specific focus was placed on the construction of the reference data bases and on the selection of the parameters applied to the models, utilising historical series considered reliable and repeatable. In particular:
 - From the 2011 financial statements, it was considered necessary to introduce an estimate of the claims reserve separately for the Ordinary TPL claims (occurring since 2006), the No Card claims and the Managed Card claims (subsequent to 2007), considering to have reached, by the 5th year of direct indemnity, an adequate level of maturity of these historic series;
 - Another discontinuity compared to past years was the fact that the totality of claims was examined without carrying out any distinction between the type of event and delay. An estimate of the final reserve achieved by the model including the IBNR provision follows, cancelling in this way the estimated risk of the IBNR model present however until the 2010 financial statements;
 - The future inflation rate used in Fisher-Lange is 4% composed as follows: internal inflation of 2% as established by best practices of the insurance market; external inflation of 2%, taking account of the inflation established at 1.5% and that of the IPCA at 1.7% (source: Public Finance Decision Document);
 - relating to the estimate of the payment times of the Fisher-Lange model, only the irregular and non repeatable values were excluded, reliably selected.

The development factors (link ratios) of the Chain-Ladder model were selected calculating the average of all the historical series available without making any subjective selections.

“provide the reasons for which it was not considered appropriate to consider the revaluation of the claims reserve following the insufficiency noted by ISVAP at 12/31/10 as a correction of the error of the previous year in compliance with IAS 8”.

As noted, the Motor TPL claims reserve recorded in the accounts represents the result of a multi-phased complex technical valuation, which arises from a preliminary valuation made through an

analytical analysis of the single positions open, followed by a process to calculate the last cost assigned to a management level within the company which utilises statistical-actuarial methods for these purposes.

From a regulatory point of view, in fact Article 27 of ISVAP Regulation No. 16 establishes that the claims cost is valued in compliance with the last cost principle based on a projection from historical data and reliable and that, for the divisions in which the settlement process is slow or in which the analytical evaluation does not enable the consideration of all the future expected charges, the company must utilise also in the analytical valuations statistical-actuarial methodologies or valuation systems which consider the future development of costs.

The multi-phased process for the determination of the Motor TPL claims reserve (from the inventory-taking phase to that of the establishment of the last cost through utilisation of the actuarial statistical models) is informed by a multitude of parameters and competing variables which cannot be isolated and pinpointed as independent elements, nor re-measurable in a future time period on a "like-for-like" basis. These include, for example purposes and non exhaustive:

- The initial valuation of the settlement network
- The subsequent valuation of the settlement network
- The average costs paid by claim duration for closed claims
- The rate of closed claims broken down by unaccepted and reopened
- The status of the initial reserve
- The judicial outlook in relation to claim damages
- The general and sector rate of inflation
- Differing weights allocated to the actuarial statistical methodologies drawn up by professional practice

As indicated in the accounting principles, the current generation is valued based on the average cost, which is determined taking account of the best currently available information.

However the claims reserves, at like-for-like receivable due dates, of the obsolescence of inventory and the determination of the fair value of a number of financial assets and liabilities, may not be precisely measured, but may only be estimated, in order to reasonably determine its sufficiency.

The introduction of predictive elements characterise the claims reserve such as the estimated items and inn confirmation of this, Article 4 of the above-stated ISVAP Regulation No. 16, establishing the general valuation principles of the financial statement reserves, introduces the concept of sufficiency of technical reserves, which were considered reasonably estimatable, and for the definition includes elements of flexibility in the valuation criteria.

Based on that commented upon above, the estimate of the reserve involved valuations based on the most recent reliable information available at the date of the preparation of the financial statements. In relation to claims not yet settled and concerning prior generations the review of the estimate was in line and recurring: this was carried out considering the changes in the circumstances on which the estimates were based, of the new information available and/or based on greater experience (including the updating of the historical database of the claims parameters, the result of the changes in the initial reserve, the judicial outlook cited on a number of occasions in the notes to the financial statements and concerning the Supreme Court judgment in June 2011 which adopted, as a reference criteria for non-property damage compensation, the Milan Court Tables).

By its nature, the review of the estimate was therefore not correlated to previous years and therefore did

not correct the error as per IAS 8.

Therefore the increase in the Motor TPL claims reserve in the 2011 financial statements should be considered, in line of that outlined above, as the product of elaborations and analyses concerning the forecast cost of claims not yet settled, established in light of the information available at the time of the preparation of the above-stated financial statements, information which differs from that utilised and available, or which could not have been forecast at the time of the preparation of the previous financial statements and therefore in line with that established by IAS 8.

“with reference to the information in relation to the claim pursuant to Article 2408 of the civil code to the Board of Statutory Auditors of Fondiaria-SAI contained in the Directors’ Report – also taking into account the affirmations by the Board of Directors of Milano Assicurazioni in the reply to the request made by CONSOB on March 29, 2012 to report to the shareholders the contents of the Consob Communication and of the reply” – information on:

a) for each of the operations highlighted which involve the Company, (i) the state of the advancement of the investigation as reported in the Directors’ Report, by the Board of Directors of Milano Assicurazioni – together with the Board of Statutory Auditors – and with the objective to “verify events, evaluation of any effects for Milano Assicurazioni and the identification of any persons responsible for deeds which are not in the exclusive interest and benefit of the same”, (ii) the initiatives undertaken, and to be undertaken, establish also if legal actions are intended (for example, damage for compensation, settlement of contracts, request for penalties, activation of sureties), except for any decision concerning the transaction subject to the claim, which are undertaken, also in the negative outcome, by Milano Assicurazioni carrying out the operation with related parties to be treated in compliance with the procedures adopted in accordance with Regulation No. 17221 of March 12, 2010;

b) the manner and time period expected for undertaking the above-mentioned verifications, taking into account also that at point (ii) in relation to the procedures for transactions with related parties;”

On March 19, 2012, at the shareholders’ meeting of the parent company Fondiaria-SAI, the Board of Statutory Auditors of this latter presented a report pursuant to Article 2408 of the civil code on the complaint made by the shareholder Amber Capital LP, as manager of Amber Global Opportunities Master Fund Ltd.; only on this date did the Board of Directors and the Board of Statutory Auditors of Milano Assicurazioni become aware of the above-mentioned complaint by the shareholder of the parent company and of the related report of the Board of Statutory Auditors of Fondiaria-SAI, a document published on the internet site of Fondiaria-SAI and subsequently transmitted to the directors and statutory auditors of Milano Assicurazioni.

On March 23, 2012, the Board of Directors of Milano Assicurazioni – specifically called – reported that the above-mentioned complaint and report of the Board of Statutory Auditors of Fondiaria-SAI concerned operations and facts, undertaken in the past, which also referred (directly or indirectly) to Milano Assicurazioni; specifically, they related to:

- *“ATAHOTELS Transaction”* (as per section 2 of the report pursuant to Article 2408 of the civil code of Board of Statutory Auditors of Fondiaria-SAI);
- *“Real Estate project in Milan, Via Lancetti”* (as per section 3.1 of the report pursuant to Article 2408 of the civil code of Board of Statutory Auditors of Fondiaria-SAI);
- *“Real Estate project in Milan, Via Confalonieri – Via De Castilla (Lunetta dell’Isola)”* (as per section 3.2 of the report pursuant to Article 2408 of the civil code of Board of Statutory Auditors of Fondiaria-SAI);
- *“Real Estate project in Milan, Via Lancetti”* (as per section 3.7 of the report pursuant to Article

2408 of the civil code of Board of Statutory Auditors of Fondiaria-SAI);

- “*The real estate advisory of Mr. Ligresti – remuneration paid to companies of the Ligresti family – remuneration to Gilli Srl and Gilli Communication Srl*” (as per section 4 of the report pursuant to Article 2408 of the civil code of Board of Statutory Auditors of Fondiaria-SAI).

Consequently, in the same meeting, the Board of Directors of Milano Assicurazioni, having examined and took notice of the report of the Board of Statutory Auditors of the Parent Company – although the complaint pursuant to Article 2408 of the civil code made by the shareholder of Fondiaria-SAI was not addressed to Milano Assicurazioni – decided to undertake specific and independent investigations in parallel with the Board of Statutory Auditors, in order to verify the events, evaluate any effects for Milano Assicurazioni and identify any persons responsible for deeds not in the interest and benefit of the company. In particular, the Board of Directors of Milano Assicurazioni decided:

- to include specific mention of the report pursuant to Article 2409 of the civil code of Board of Statutory Auditors of Fondiaria-SAI in the “Directors’ Report of the Separated and Consolidated Financial Statements of Milano Assicurazioni at December 31, 2011”;
- to obtain all documentation relating to the transactions referred to in the complaint made by the shareholder of the Parent Company relating to Milano Assicurazioni, and to be investigated in detail where necessary;
- to appoint expert advisers which assist in the above-mentioned verifications and evaluations.

For this purpose, the following appointments were made (i) Studio Pedersoli e Associati, as legal advisor appointed to evaluate the contractual aspects and the legal implications of the transactions reported concerning Milano Assicurazioni; (ii) PricewaterhouseCoopers, as financial/accounting advisor appointed to support the boards in the analysis relating to the transactions reported strictly concerning Milano Assicurazioni; (iii) REAG, as property expert appointed to support the boards in the evaluations on considerations of a purely real estate nature.

For the purposes of the necessary investigations, a data room was setup for the documentation relating to Milano Assicurazioni referred to in the Report pursuant to Article 2408 of the civil code of the Board of Statutory Auditors of Fondiaria-SAI and all information considered useful for the verification of any irregularities (also in accordance with compliance with regulations and procedures applicable to transactions with related parties), of the evaluation of any damage caused to Milano Assicurazioni and the identification of any responsibilities.

The collection of documentation – which began immediately as soon as the Board of Directors of the Company was informed of the Board of Statutory Auditors’ report of Fondiaria-SAI and the relative complaint of the shareholder of the Parent Company – has not yet completed, also following the first requests for supplementation already received by the appointed advisor, which has begun its activity of analysis and verification.

Given the short interval and due to the significance of the documentation to be examined, the analysis activity is still in course and to date the completion date cannot be precisely forecast, taking also account that part of the documentation is not yet available in the data room.

Currently any consideration of or decision on the events or the conduct subject to the report as per Article 2408 of the civil code of Board of Statutory Auditors of the Parent Company would be premature.

In any case, at the Shareholders’ Meeting called for April 23-24, 2012, the Board of Directors will report upon any results at that time from the investigations which have already begun.

In relation to the decisions which may be taken by the Board of Directors on the outcome of the

investigations undertaken, these may translate into initiatives to nullify contracts or commitments, also in the phase of execution, which are characterised (whether now or at the moment of their signing) by prejudicial terms and conditions, or such as to mitigate the effects; these may also translate into recoveries or request for damage with the parties (physical or legal persons, related or unrelated parties) who are responsible for the damage incurred by Milano Assicurazioni. This is all carried out after verifying if the formal compliance with the conduct regulations and the consequent appearance of suitability (or at least as not damaging) of transactions with related parties is accompanied by an adequate consideration of the interest of Milano Assicurazioni.

As correctly highlighted by CONSOB, any decision relating to the transactions subject to the complaint of the shareholder of Fondiaria-SAI which is undertaken - also in a negative sense - by Milano Assicurazioni concerns a transaction with related parties and will be treated in accordance with the procedures adopted as per CONSOB Regulation No. 17221 of March 12, 2010.

“with reference to the information on the integration project with the Unipol Group, contained in the Directors’ Report – noting also the intention declared by the Board of Directors of Milano Assicurazioni in the response to the request transmitted by CONSOB on 29.3.2012 to “report to shareholders the content of the Consob Communication and of this response” – information on:

a) the implementation of the procedures for transactions with related parties in accordance with Regulation No. 17221 of March 12, 2010 in relation to the integration project with the Unipol Group;

b) the state of advancement of the negotiations and the manner and the timeframe with which the Committee of Independent Directors called to evaluate the interest of the Company to participate in the integration project and the extent and substantial correctness of the relative conditions, including any decision concerning share swap ratios of the proposed merger, specifying the composition of the committee”

It is stated that Milano Assicurazioni was informed of the proposed integration project with the Unipol Group on January 13, 2012, when, following the communication on the same date of the press release concerning the signing of a letter of intent between the Ligresti family and Unipol Gruppo Finanziario S.p.A., this latter sent to the Company a request for access to information and documentation in order to begin the due diligence of an accounting, legal and tax nature.

In relation to the proposed integration project with the Unipol Group, in the meetings of January 23 and 30, 2012, the Board of Directors of Milano Assicurazioni appointed, in application of the procedures for significant transactions with related parties, a Committee of independent directors which acts as the Committee for the Transactions with Related Parties, comprised of 4 members: Mr. Davide Maggi (who is appointed coordinator of the Committee), Mr. Maurizio Burnengo, Ms. Nicola Miglietta and Mr. Aldo Milanese. This Committee was specifically incorporated for the purpose of the integration operation with the Unipol Group (Special Committee).

The Special Committee appointed proceeded to select 3 advisors (a financial advisor, a corporate valuations expert, which supports the first in the methodologies chosen in relation to the determination of any share swap, and a legal advisor), which assists the Committee and the Board of Directors in its evaluation and decisions in relation to the integration with the Unipol Group. In this regard, it is stated that the Board of Directors, comprising a majority of independent directors, considered more than adequate the appointment of 3 advisors selected by the Special Committee and considered it unnecessary to employ other consultants.

The Special Committee was therefore immediately involved also through the receipt of adequate information (whenever available) and meetings with the advisors and the parties appointed to carry out the due diligence activities and the functional analysis for the proposed integration project and

subsequent negotiations.

With the press release published in the late afternoon of April 16, 2012, Unipol Gruppo Finanziario S.p.A. noted that its Board of Directors and that of the subsidiary Unipol Assicurazioni S.p.A. – meeting on the same date to undertake the relative resolutions respectively devolving to them, including among others, the fixing of the essential elements for the proposed merger with regard to the integration project which establishes for the incorporation into Fondiaria Sai S.p.A. of Premafin Finanziaria S.p.A., Milano Assicurazioni and Unipol Assicurazioni S.p.A. – declared that *“the share swap of the Merger – in order to respect the values of the companies involved, as emerging from the analysis and examinations of values carried out over these months – establishes that the holding of UGF in the ordinary share capital of Fondiaria Sai, as an incorporated company within the Merger, is equal to 66.7% and that “UGF and Unipol Assicurazioni intend to pursue the integration project if the Boards of Directors of Premafin, Fondiaria Sai and Milano agree with, respectively, the economic terms stated above”.*

In relation to these resolutions, the Board of Directors of Milano Assicurazioni, meeting in the evening of the same day, noted this communication and – in order to carry out the necessary examinations concerning the economic terms approved by the Unipol Group and also in light of that communicated by the Parent Company Fondiaria-SAI – postponed its business to Friday April 20, 2012, communicating at the same time its decision to the market.

It is stated that currently neither the Special Committee nor the Board of Directors have taken any decision in relation to the proposed integration project, deciding to carry out at the end of the analysis the identification of the industrial interest and the synergies, in addition to the share swap ratio: therefore the evaluation of the efficiencies and the advantages for Milano Assicurazioni and its shareholders from the integration.

Consob also has requested the Board of Directors of Milano Assicurazioni S.p.A., also in accordance with Article 114, paragraph 5 of Legislative Decree No. 58/1998, to supplement the Remuneration Report at December 31, 2011, made available to the public in accordance with Article 123-ter of Legislative Decree No. 58/1998, with the following elements:

- “a) *with reference to Section I of Table 7-bis of Attachment 3A of the Issuers’ Regulations, noting that – as indicated in the same Section – “the information required is provided also in a negative sense if it is not available as relating to unforeseeable aspects of the remuneration policy”:*
- i. the information required by letter a) in relation to the role and the parties involved in the preparation and approval of the remuneration policy for the members of the Board of Directors;*
 - ii. the information required by letter d), in relation to the objectives pursued by the remuneration policy and to the principles on which it is based, highlighting compliance with that established by Isvap regulation No. 39 of June 9, 2011;*
 - iii. the description of the remuneration policies, also in relation to the members of the Board of Directors, as required by letter e);*
 - iv. the information required at letter i), highlighting the compliance of the policy with the long-term interests of the Company and the risk management policy;*
 - v. the information required at letter f) on the policy followed in relation to non-monetary benefits.*

b) in relation to Section I of Table 7-bis of Attachment 3° of the Issuers’ Regulations:

- i. *in the First Part, for the members of the Boards of Directors and Control Boards and General Managers, an adequate representation of each of the items which comprise remuneration, including post employment benefits, highlighting the compliance with the remuneration policy, as required by the table;*
- ii. *in the First Part, in particular:*
 - *with reference to the directors which receive post-employment benefits, an adequate representation of the criteria under which the indemnity is determined, as well as any further remuneration resolved and paid;*
 - *in relation to the remuneration received by Mr. Emanuele Erbetta in his employment with the Company in the period 1-31.01.2011 – indicated in the account “Other remuneration” in the relative table of the Second Part and amounting to Euro 466,960.33 – adequate representation of the criteria for the determination of the remuneration;*
- iii. *both in the First and Second Part, the indications under non-monetary benefits of the value of insurance, social security and pension coverage which – as reported in paragraph 7 of Section I of the Report – was signed against the civil responsibility of the Board of Directors and Board of Statutory Auditors;*
- iv. *both in the First and Second Parts, indication of the number of senior managers with strategic responsibilities to which the aggregated information on remuneration paid refers.”*

in accordance with that established by Consob, today a supplementation of the annual financial report and a supplement of the Remuneration Report, together with the requests of Consob contained in the above-stated communication of April 16, 2012, were therefore filed at the registered office.

The documentation stated above is published on the internet site of Milano Assicurazioni S.p.A.

For the Board of Directors

The Chairman

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