

## PRESS RELEASE

**Report to the market relating to allocation of financial instruments to company representatives and employees, in accordance with Article 84-bis of CONSOB Regulation 11971/1999.**

**Florence, 14 September 2007** – In accordance with Article 84-bis of CONSOB Regulation 11971/99 and of CONSOB Ruling 15915 of 3 May 2007, we hereby provide the information required on FONDIARIA-SAI's stock option schemes for 2006-2011 in favour of the directors and managers of FONDIARIA-SAI, its subsidiaries and its holding company for the acquisition of FONDIARIA-SAI savings shares.

### RECIPIENTS

On 14 July 2006 the Board of Directors of FONDIARIA-SAI voted to allocate the options referred to in these stock option schemes in accordance with the resolution passed by the Extraordinary Meeting of FONDIARIA-SAI shareholders held on 28 April 2006.

In accordance with this resolution a total of 8,700,000 options was allocated to the executive directors as follows:

NAME	COMPANY	POST	N° of option rights allocated
Jonella LIGRESTI	FONDIARIA-SAI	Chairman	1,900,000
Fausto MARCHIONNI	FONDIARIA-SAI MILANO ASSICURAZIONI	Managing Director Chairman/Managing Director	1,900,000
Giulia Maria LIGRESTI	PREMAFIN FINANZIARIA	Chairman	1,900,000
Paolo Gioacchino LIGRESTI	IMMOBILIARE LOMBARDA	Chairman	1,900,000
Antonio TALARICO	IMMOBILIARE LOMBARDA	Managing Director	1,100,000

However the number of options allocated to individual managers takes account of the level of responsibility held and of the impact of the roe on the business. The total number of options allocated to managers is the maximum of 6,300,000 shares resolved by the shareholders' meeting. The shareholders' meeting held on 28 April 2006 delegated to FONDIARIA-SAI's Board of Directors and on its behalf to its Managing Director the task of identifying those to whom the option rights were to be allocated and determining the number of rights to be allocated to each beneficiary.

The MD was granted the widest possible powers for the purpose of identifying the beneficiaries and determining the number of options to be allocated to each one, making a discretionary assessment of the contribution that within the limits of his/her areas of expertise each beneficiary would be able to make to achieving the objectives laid down in the 2006-2008 Business Plan.

Of the total of 6,300,000 options allocated to the managers 4,619,000 were allocated to all the relevant persons in FONDIARIA-SAI and its listed subsidiaries, in accordance with the regulations on insider trading, that is to all the senior executives in the FONDIARIA-SAI Group who normally have access to confidential information and are authorized to take management decisions that could affect the performance and future prospects of the Company and the Group. The remaining options were allocated to other senior executives. No options were allocated to other employees.

#### REASONS FOR ADOPTING THE SCHEME

The aim of the scheme as far as the executive directors are concerned is to structure the directors' total remuneration so as to bring their interests into line with the pursuance of the prime goal of creating value for shareholders in the medium-long term by achieving the objectives of the FONDIARIA-SAI Group's Business Plan.

In addition, extending the use of the instrument in question to managers helps to incentivize and retain them and also helps to create the right conditions for achieving the objectives of the Business Plan.

Extending the allocation of shares to the executive directors and managers of subsidiary companies and the holding company was motivated by the expectation of an increase in the value of FONDIARIA-SAI, and being partly due to the contribution of the companies in the Group this increase is epitomized by the increase in value of all the elements that make up the Group.

The Board of Directors voted to make the exercise of the rights conditional not only upon the lapse of a certain period of time, as mentioned below, but also upon the achievement of certain results relating to the objectives of the Business Plan as ascertained from time to time by the Board.

#### APPROVAL PROCEDURE AND TIMETABLE FOR ALLOCATING THE INSTRUMENTS

The Shareholders' Meeting had granted the Board of Directors the powers required to carry out the resolution, in one or more tranches, over a maximum period of five years from the date of the Shareholders' Meeting, allocating the option rights, and to approve the rules for the schemes.

For operations on the Company's capital such as increases in share capital for payment (with or without option right, or any operation giving rise to a right),

splitups or splitdowns of shares or extraordinary dividends, the subscription price and/or the number of the shares subject to the options will be adjusted in order that the beneficiaries can as far as possible retain the benefits acquired or that can be acquired (or alternatively for the same purpose fresh options may be issued to replace the old ones, subject to the original expiry dates), subject to the Company bearing any charges in addition to those incurred before the operation, including tax charges, arising out of these adjustments.

Should there be any situations, events or extraordinary operations leading to the security performing particularly badly that cannot be imputed direct to the Company's results, following the required checks the Board of Directors may cancel all the options allocated and allocate fresh options to beneficiaries, the issue price of which must be adjusted to the new market values of the security concerned. In this case all the terms and periods referred to in the rules governing the options will be cancelled and will start again, specifically the vesting period in which the options may not be exercised.

In carrying out its duties the Board of Directors is assisted and advised by the Remuneration Committee.

FONDIARIA-SAI has granted the task of administering the schemes to UBS Fiduciaria S.p.A.

Both schemes provide for an increase in the share capital by issuing a maximum number of fresh savings shares, as shown above, to be reserved for subscription by the beneficiaries of the options, and exclude the option right referred to in Article 2441, para. 4.2, of the Civil Code.

During the procedure for approving the stock option scheme reserved for the executive directors, no individual executive director who is a beneficiary of the scheme played a decisive part in adopting the relative decisions, in view of the fact that each such resolution was passed by the Board of Directors as a whole. There is therefore no risk of the directors concerned having any conflict of interest.

On 15 February 2006, the date on which the Board of Directors voted to put the schemes to the Shareholders' Meeting for approval, the market price of the FONDIARIA-SAI savings shares was €23.55 per share.

On 14 July 2006, the date on which the Board of Directors voted to allocate the options, the market price of the FONDIARIA-SAI savings shares was €22.14 per share.

In voting to allocate the options the Board of Directors took into account the fact that at that time there was no intention of distributing relevant information that was not already in the public domain and that was likely to have a positive effect on market prices.

## FEATURES OF THE INSTRUMENTS ALLOCATED

Both schemes are based on the allocation of option rights that allow the subsequent subscription of FONDIARIA-SAI savings shares arising out of increases in capital, with rules for physical delivery.

Beneficiaries were able to exercise some of the option rights allocated as above as from 14 July, at the end of the initial phase of the 12-month vesting period laid down for both schemes in the rules as amended by the Board of Directors on 20 June 2007, which brought forward by a year the expiry dates of the three stages of the vesting period originally laid down by the same Board.

Specifically:

- 40% of the options may be exercised as from 14 July 2007;
- 30% of the options may be exercised as from 14 July 2008;
- 30% of the options may be exercised as from 14 July 2009. In any case options not exercised within five years of the date of the Shareholders' Meeting will automatically lapse.

Option rights may be exercised at any time once the various stages of the vesting period come to an end, with the exception of the period from 10 days before the date of the meeting of the Board of Directors at which the accounts are approved until the date the dividend coupon is detached, during which the right to exercise them is suspended. They are also subject to the blackout periods in which parties who could be deemed to be involved in insider trading are prohibited from selling shares.

The decision to bring forward the expiry date of the various stages of the vesting period originally laid down takes into account of both the fact that some of the principal objectives of the Group's 2006-2008 Business Plan on which the exercise of the options depended were achieved early and the different way in which the schemes are now taxed compared with when they were approved by the Shareholders' Meeting.

Beneficiaries are prohibited from operating in derivatives the underlying assets of which are the savings shares allocated under the option scheme.

If beneficiaries intend to sell the shares arising from exercising the options on the market and subject to the guidelines relating to insider trading for the Relevant Parties for the purposes of these guidelines, the following restrictions apply:

- a) with reference to the stock option scheme for senior executives, the maximum total number of shares that may be sold on the market each day is 10% of the daily average of the levels recorded in the thirty days preceding the day on which they are to be sold;
- b) with reference to the stock option scheme for executive directors, the maximum total number of shares that may be sold on the market each day is 15% of the daily average of the levels recorded in the thirty days preceding the day on which they are to be sold;

Moreover FONDIARIA-SAI's Board of Directors has authorized the possibility that the shares in question may be frozen.

With reference to the stock option scheme for managers, the right to exercise the options is subject to the beneficiary continuing to work for the Company. Subject to the provisions set out below for death or permanent disability in the event that the contract of employment is terminated as a result of resignation (apart from the exceptions mentioned below) or in the event of dismissal for just cause, the following are not recognised:

- option rights not yet exercised;
- rights with expiry dates that have not yet been reached.

Options may be exercised even if their expiry dates have not yet been reached, subject to the vesting period and the last date on which they may be exercised, in the following cases:

- if the Company agrees that the beneficiary may leave the Company;
- dismissal without just cause.

However the Board of Directors and on its behalf the Managing Director may allocate the discontinued options to another beneficiary or other beneficiaries.

In the event of the death or permanent disability of the beneficiary the options already allocated on the date of death but not yet exercised may be exercised by the heirs or successors respectively, subject to their providing documentation to prove that they are heirs or successors, or, in the case of permanent disability, subject to the beneficiary providing the relevant documentation, subject to the latest date on which the options may be exercised. Options not allocated on the date of death of the beneficiary will be deemed to have lapsed and may not be exercised by the heirs or successors.

As mentioned above, should there be any situations, events or extraordinary operations leading to the security performing particularly badly that cannot be imputed direct to the Company's results, following the required checks the Board of Directors may cancel all the options allocated and allocate fresh options to the beneficiaries, the issue price of which must be adjusted to the new market values of the security concerned.

In this case all the expiry dates and periods referred to in the rules governing the options will be cancelled and will start from the beginning again, in particular the vesting period in which the options may not be exercised.

There are no plans for the Company to relinquish the option rights.

The Company does not grant credit facilities nor other benefits to beneficiaries as a result of their subscribing the shares.

For information on the accumulated accounting effects of these stock option

schemes for the period, you are referred to the relevant section of the consolidated accounts to which IFRS 2 applies ('payments based on shares').

As they relate to savings shares the stock option schemes do not dilute the ordinary share capital.

Each option right gives the right to subscribe one FONDIARIA-SAI savings share. Option rights not exercised within five years of the shareholders' meeting held on 28 April 2006 will automatically lapse.

The option exercising price is the same for all beneficiaries (both executive directors and managers) and was laid down by the Board of Directors on 14 July 2006 in accordance with the subscription price laid down by the shareholders' meeting of €21.546 per share, which is the average price of the FONDIARIA-SAI savings share recorded on the market in the 30 days preceding the date the rights were allocated. For this purpose the report drawn up by the company of auditors DELOITTE & TOUCHE S.p.A. in accordance with Article 2441, para. 4.2, of the Civil Code, which confirmed the suitability of the criterion adopted, was acquired.

In the event of operations on the Company's capital such as increases in share capital for payment (with or without option right, or any operation providing a right), splitups or splitdowns of the shares or extraordinary dividends, the subscription price and/or the number of the shares subject to the options will be adjusted in order that as far as possible the beneficiaries can keep the benefits acquired or that can be acquired (or alternatively for the same purpose fresh options may be issued to replace the old ones, subject to the original expiry dates), subject to the Company bearing any charges in addition to those incurred before the operation, including tax charges, arising out of these adjustments.

In conclusion, this communication is accompanied by a table drawn up in accordance with the provisions of CONSOB regulations.

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**REMUNERATION SCHEMES BASED ON FINANCIAL  
INSTRUMENTS Table 1 of chart 7 of appendix 3A of Regulation 11971/1999**

Date: 01/09/2007

Name or category (1)	Position (to be given only for those who are named)	TABLE 2							
		Options (option grant)							
		<u>Section 1</u>							
		Options relating to plans, currently being validated, approved on the basis of resolutions previously passed by the Shareholders' Meeting (8)							
		Date of shareholders' meeting	Description of instrument (13)	N° of financial instruments underlying the options that are assigned but not exercisable (10) (12)	N° of financial instruments underlying the options that may be exercised but have not been exercised (10)	Date of allocation by the relevant committee of the Board of Directors (11)	Exercising price	Market price of the underlying financial instruments on the date of allocation	Option expiry date
Jonella LIGRESTI	Chairman of FONDIARIA-SAI	28/04/2006	Options on savings shares with rules for physical delivery	1,140,000	760,000	14/07/2006	21.546	22.14	28/04/2011
Fausto MARCHIONNI	MD FONDIARIA-SAI and Chairman & MD MILANO ASSICURAZIONI	28/04/2006	Options on savings shares with rules for physical delivery	1,140,000	760,000	14/07/2006	21.546	22.14	28/04/2011
Giulia Maria LIGRESTI	Chairman PREMAFIN	28/04/2006	Options on savings shares with rules for physical delivery	1,140,000	760,000	14/07/2006	21.546	22.14	28/04/2011
Gioacchino Paolo LIGRESTI	Chariman IMMOBILIARE LOMBARDA	28/04/2006	Options on savings shares with rules for physical delivery	1,140,000	760,000	14/07/2006	21.546	22.14	28/04/2011
Antonio TALARICO	MD IMMOBILIARE LOMBARDA	28/04/2006	Options on savings shares with rules for physical delivery	660,000	440,000	14/07/2006	21.546	22.14	28/04/2011
Senior executives named in Article 152-6, para. 1, c)- c.2		28/04/2006	Options on savings shares with rules for physical delivery	2,771,400	1,847,600	14/07/2006	21.546	22.14	28/04/2011
Other senior executives		28/04/2006	Options on savings shares with rules for physical delivery	990,600	660,400	14/07/2006	21.546	22.14	28/04/2011