JOINT COMMUNICATION
Pursuant to article 114, paragraph 5, Legislative Decree 58/98

Milan, 4 February 2008

In response to the requests addressed by CONSOB to Fondiaria-SAI S.p.A. ("**FonSAI**") and Milano Assicurazioni S.p.A. ("**Milano**") pursuant to article 114, paragraph 5, of Legislative Decree 58/1998, with reference to the press releases issued on 30 January 2007 respectively by FonSAI (in relation to the launch of a public purchase and exchange offer of shares in Immobiliare Lombarda: "**PPEO**") and jointly by FonSAI and Milano (in relation to the guidelines for a corporate/business reorganisation of the group), FonSAI and Milano hereby communicate the following:

- **COMMENT REGARDING NEWS PUBLISHED IN THE PRESS**
  With regard to the articles that have appeared in a number of press publications regarding the statements made by Dr Fausto Marchionni, Managing Director of FonSAI, FonSAI and Milano hereby state that there is currently no plan to merge the two companies and that, therefore, no such plan is included in the corporate/business restructuring, the guidelines for which were approved by the Boards of Directors of FonSAI and Milano on 30 January last, and promptly communicated to the market.
  The implementation of the aforesaid corporate/business restructuring does not therefore imply that this possibility may be considered in future.

- **SUMMARY DESCRIPTION OF THE RISKS ASSOCIATED WITH POTENTIAL CONFLICTS OF INTEREST**
  With regard to the risks associated with potential conflicts of interest which the parties involved in the corporate/business restructuring operations may have, we hereby point out that the guidelines for the project relate to an overall internal restructuring of the group and that, therefore, the parent company FonSAI, which has a controlling share in Milano, has an interest in its capacity as:
  - controlling shareholder, with a shareholding of approximately 99.9%, of Liguria Assicurazioni S.p.A. (a company which is expected to be assigned to Milano);
  - owner, both directly and indirectly, of approximately 99.9% of the share capital of SASA Assicurazioni e Riassicurazioni S.p.A. and of the entire share capital of SASA Vita S.p.A. (a company which is expected to be merged by incorporation into Milano);
  - controlling shareholder of Immobiliare Lombarda S.p.A. ("**IMLO**", a company in respect of which Milano will be assigned any shareholding above 51% which FonSAI may come to own as a result of the PPEO).

With regard to the PPEO, we should point out that the offer is also addressed, under the same conditions, to:

- Premafin Finanziaria S.p.A. – Holding di Partecipazioni ("**Premafin**"), FonSAI's controlling company, which has a 1.522% stake in the capital of IMLO; and to
- Raggruppamento Finanziario S.p.A. (in respect of 5.086% of the capital of IMLO), and IM.CO Immobiliare Costruzioni S.p.A. (in respect of 0.006% of the capital of IMLO), both controlled by StarLife S.A. through Sinergia Holding di Partecipazioni S.p.A., in which the latter, together with IM.CO Immobiliare Costruzioni S.p.A., is a party to the Premafin shareholders' agreement.

Finally, we should point out that during the meetings of the Board of Directors of FonSAI (which resolved on the guidelines for the corporate/business restructuring project and the launch of the PPEO) and Milano (which resolved on the guidelines for the corporate/business restructuring project), the Directors who have interests under the terms of article 2391 of the Italian Civil Code made the statements required in accordance with applicable legislation, in compliance with the code of conduct approved by the Boards of Directors of the two companies. With regard to this code of conduct, we should also state that the overall restructuring planned is subject to authorisation by the relevant supervisory authorities (ISVAP) in respect of the consequent changes to the structure of the Fondiaria-SAI Group.

- **SUMMARY DESCRIPTION OF THE CHARACTERISTICS OF THE COMPANIES INVOLVED IN THE MERGER/ASSIGNMENT**

The main balance sheet and P&L data as at 31 December 2006 and forecasts for 31 December 2007 of the following insurance companies:

- SASA ASSICURAZIONI E RIASSICURAZIONI S.P.A., ("Sasa"),
- SASA VITA S.P.A. ("Sasa Vita")
- LIGURIA ASSICURAZIONI S.P.A., ("Liguria"),

which may be the subject of a merger/assignment to Milano, are the following:

	SASA		**SASA Vita**		**LIGURIA** (1)	
(data in €m)	31.XII.06	31.XII.07 expected	31.XII.06	31.XII.07 expected	31.XII.06	31.XII.07 expected
Premium Income	380	387	86	87	189	247
Profit/(loss)	12.1	n.a.	2.4	n.a.	(4.9)(2)	n.a.

Technical reserves	570	n.a.	263	n.a.	284	n.a.
Net equity	82	n.a.	16	n.a.	54	n.a.
Investments	437	n.a.	264	n.a.	264	n.a.

(1) Aggregate data for Liguria Assicurazioni S.p.A. and Liguria Vita S.p.A., a company fully controlled by Liguria Assicurazioni;
(2) The loss was determined by greater levels of appropriation (relating to claims pre-dating the acquisition of the company) amounting to a total of € 21m approximately. The purchase and sale contract also establishes price review and guarantee mechanisms relating to any shortage of reserves, which will be taken into account at the time of assignment.

As regards the balance sheet and P&L data for IMLO – relating to any future assignment to Milano of a maximum shareholding of 37.9% of this company's capital, in the event of a full subscription to the PPEO by the parties to whom it is addressed – reference should be made to the published data already available.

- **EXPLANATION OF THE ECONOMIC REASONS FOR THE OPERATIONS**

As regards the economic reasons for the PPEO launched by IMLO, and the guidelines for the corporate/business restructuring project, we hereby state the following:

PROPERTY BUSINESS

The PPEO launched by FonSAI for IMLO aims to acquire the entire share capital of IMLO, 61% of whose capital is held by FonSAI and Milano, according to economic values that take into account both the performance of the stock market, which is currently disadvantaging the property sector significantly, and the assessments made regarding asset valuation prospects and property development initiatives that also involve IMLO.

In the event of the PPEO being completely successful, and the company being subsequently delisted, FonSAI and Milano believe that they will ultimately be able to obtain more value from the operation for their shareholders – *in view of the plan that exists to assign to Milano the shares used to subscribe to the offer in order to make the shareholdings of the two companies in the capital of IMLO substantially equal* – by:

- a potential subsequent organisational restructuring within the group of the business carried out by IMLO, aimed at achieving greater effectiveness/efficiency than at present in the allocation within the group of the capital, risks and returns of the three main business areas in which IMLO is involved: *facility management, property management and project* *development*. This restructuring might in future allow these areas of business to be assigned to specific vehicle companies, in which FonSAI and Milano will have a substantially equal share, suited to maximising the financial return on the individual areas of business and, in future, to attract new investors interested in the individual businesses. As regards the property management business, the property assets could be added directly to the assets of the companies.

- simplifying the operational management of the company, in which FonSAI and Milano already have a stake of approximately 61%, in terms of reducing the formalities and duties that are required of a listed company, with synergistic effects on costs, including taxes, considering the new inter-group VAT legislation applicable to the income from the facility management services provided by IMLO to FonSAI and Milano, who are currently IMLO's main clients.

Lastly, in view of the aforestated aims, we should point out that, the results being equal, the direct involvement of FonSAI in the PPEO rather than a PPEO launched directly by Milano and involving a exchange of newly issued shares is considered to be appropriate because it accelerates the reorganisation of IMLO's business within the group, the beneficiaries of which are both FonSAI and Milano.

INSURANCE BUSINESS

As regards the "insurance" component of the corporate/business restructuring project – the guidelines for which were approved by the Boards of Directors of FonSAI and Milano on 30 January last – it is based on a desire to enhance and rationalise the whole group's commercial position on the market, in view of:

- the numerous acquisitions that the group has made nationally over the past few years;
- the new overseas expansion strategy implemented by the parent company;
- as well as the increased level of competition in the market attributable, among other things, to recently introduced legislative changes;

with the ultimate aim, as often repeated during meetings with the business community, of pursuing with even greater effectiveness the value creation strategy already proven on the occasion of similar internal operations (e.g. merger of Nuova MAA into Milano).

The activities involved in the enhancement and coordination of brands identifying the distribution networks of unlisted companies, which have their own direct commercial presence on the market, will become increasingly concentrated in Milano, in order to combine:

- the benefits derived from the synergies/cost optimisation expected as a result of the merger of SASA and SASA Vita, and as a result of the assignment of Liguria (which can be estimated, on a preliminary basis, to amount to € 15-20m in total when full operation is achieved), an assignment which is preferable to a merger for reasons connected, among other things, with the forecasts contained in the company purchase contract signed around two years ago;
- with the competitive/organisational benefits resulting from the application to SASA and Liguria of the know-how gained by Milano in enhancing the

group's agency networks, which have specific features in terms of brand and/or agency mandates and/or presence across the country;

- by maintaining the commercial identities and appropriate managerial independence aimed at maintaining the typically flexible approach to the market that characterises these companies, and which has allowed the trust of agency networks to be won and excellent results to be achieved in terms of growth in premium income.

Lastly, we should point out that informing the market of the corporate/business restructuring project, involving some of components of the insurance business, was considered right and proper and non-deferrable in view of the need to inform the market, and particularly IMLO shareholders, of Milano's business plans in light of the PPEO launched by FonSAI for IMLO, the consideration for which consists primarily (74%) of Milano shares.

As regards the establishment of the swap ratios for the merger and the assignment values, as is customary, the Boards of Directors of the companies involved will be assisted by leading financial advisors, and therefore the respective shareholders' meetings will assess the project on the basis of a fairness opinion and of the contents of the reports issued by the independent experts appointed by the relevant courts, as required by current legislation on the matter. We should also point out that the plan is subject to authorisation from ISVAP.

As regards the further economic/financial reasons for the PPEO and the corporate/business restructuring project for the group, we would refer you to the joint FonSAI-Milano communication of 30 January last.

- **INFORMATION REGARDING THE DECISIONS MADE BY THE INDIVIDUAL DIRECTORS**

  The resolutions regarding the guidelines for the corporate/business restructuring project communicated to the market on 30 January last were unanimously approved by the Boards of Directors of FonSAI and Milano, with no abstentions. The resolution regarding the launch of the PPEO for IMLO was also approved unanimously and with no abstentions by the Board of Directors of FonSAI.

- **ESTIMATE OF THE ECONOMIC, ASSET AND FINANCIAL EFFECTS**

  The estimates of the economic, asset and financial effects of the corporate/business restructuring operation will be carefully assessed by the Boards of Directors of FonSAI and Milano on the basis of the financial statements as at 31 December 2007 of the companies involved in the operation, which are currently being drawn up, and of the conclusions that will be reached by the financial advisors to be appointed.

  Based on preliminary estimates, FonSAI believes that (in the event of a full subscription to the PPEO by the recipients of the offer) as a result of the operations that are the subject of the corporate/business restructuring plan:

  a) merger by incorporation of Sasa and Sasa Vita into Milano;
  b) assignment of the entire share capital of Liguria to Milano;
  c) assignment of 37.9% of IMLO to Milano;

its shareholding in Milano Assicurazioni S.p.A. may increase from the current 58.4% of voting capital (i.e. net of own shares) to a share of voting capital of between 62% and 63% approximately, corresponding to the issuance of new ordinary Milano shares amounting to approximately 120-125 million as a result of all the operations described in a), b) and c) put together.
In particular, the value of operation c) above, based on the valuation attributed at the time the PPEO was launched, amounts to approximately € 225m, corresponding to 37-38% of the indicative range of the number of new Milano shares to be issued as stated above.
We should point out that this estimate, which is entirely preliminary, may vary significantly as a result of multiple factors, the main ones being:

- the level of subscription to the PPEO by the parties to whom it is addressed;
- the swap ratios to be determined on the basis of the financial statements as at 31 December 2007 and of the business plans of the respective companies, and then of the results of the reports produced by the independent experts appointed by the relevant courts as required by current legislation on the matter (articles 2343 – 2501 vi of the Italian Civil Code).

As the market was already informed in the joint press release of 30 January last, the procedures for carrying out the operations are such that overall they will have little or no impact on the size of the Group's excess capital. Consequently, the operation allows the resources intended for business growth strategies and for the dividend and buy back policies of which the market is already aware to be left unchanged.

For information purposes, we have provided additional brief details of the operations below:

OPAS

As regards the PPEO, in the event of a full subscription by the recipients of the offer, FonSAI will see its asset structure change as follows:

- disbursement of a maximum of € 61m approximately;
- handover of a maximum of 34,567,974 Milano shares;
- at the end of the subscription period, FonSAI will register in its assets the IMLO shares used to subscribe to the offer with a countervalue equal to the implicit one resulting from the swap of Milano shares on the payment date.

The financial effects of the operation are therefore attributable exclusively to:

- disbursement of a maximum of € 61m approximately, with the respective financial effect;
- non-receipt of the dividends on the Milano shares handed over to the parties subscribing to the PPEO;
- internalisation of the financial results of IMLO pertaining to minority shareholders.

In overall terms, at consolidated level, with the sole exception of the disbursement, the asset structure will remain unchanged.

MERGER BY INCORPORATION OF SASA AND ASSIGNMENTS OF LIGURIA AND SHARE OF IMLO

The economic and asset effects will only quantifiable once the asset elements on which the valuation reports will be based are known.
In qualitative terms, therefore, we can only point out that Milano will increase its premium income, at consolidated level, by an amount equal to the value of the premiums of the assigned and/or merged companies, which amount to approximately € 700m.
The earnings for the financial year will vary depending on the earnings of the merged and/or assigned companies.
The net worth of Milano will increase by an amount equal to the net worth of the merged and/or incorporated companies.
For FONSAI there will be no effect on premiums or on the net worth.

- **INFORMATION REGARDING CHANGES IN REMUNERATION**

  The amount of remuneration paid to the members of the management bodies of FonSAI, Milano and IMLO and/or companies controlled by the first of these will not change as a result of the resolutions regarding the PPEO for IMLO and the guidelines for the corporate/business restructuring project approved by the Board of Directors of FonSAI and, to the extent of its responsibilities, by the Board of Directors of Milano on 30 January last.

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