## PRESS RELEASE

## FONDIARIA SAI GROUP 2009-2011 BUSINESS PLAN APPROVED

Milan, October 21, 2009 - The Board of Directors of Fondiaria-SAI today reviewed and approved the Group's new 2009-2011 business plan, which will be presented to the financial community by the Chief Executive Officer, Fausto Marchionni, at 12pm at the Atahotel Executive in Milan.

In an increasingly challenging market, the Fondiaria-SAI Group seeks to remain the "retail insurance leader and first choice partner for successful insurance brokers while also proving to be a sound investment opportunity".

The guidelines of the Plan are based on three pillars:

Regain profitability through focussing on four particular high potential areas.

- The first area of pricing focuses on the introduction of an entirely new Motor tariff featuring greater vehicle segmentation, a focus on direct indemnity and a lesser emphasis on mutuality. Such actions will have a positive benefit valued at approx. Euro 250 million;

- The second area relates to unrealised efficiencies in relation to claims and as concerning the largest claims network on the market is considered to be of high potential. The cost plan may also be improved, reducing excess and fraudulent payments, further increasing efficiencies. These initiatives, currently being implemented, will contribute approx. Euro 85 million;

- The third area concerns the reform of the obsolete and no longer profitable policies and an increase in the NBM Vita contribution. Firstly, new products will update old contracts in line with current market conditions, while in the Life sector the focus within the traditional networks and the Bancassurance Joint Ventures on class I products on the one hand and on Lawerence Life linked products will continue. The estimated impact is Euro 55 million;

- The fourth area involves the reduction of the cost base, progressively internalising activities previously outsourced. The cost reduction initiative relating to IT purchasing and all other suppliers will also be concluded. The estimated impact is Euro 55 million.

Develop the operating and offer procedures through the following actions:

- Redeveloping the Group's value chain. The company relies on partnership and negotiated contract relationships. The project entirely redevelops these relationships, increasing control of the processes involved and focussing on value-added partnerships. This action will occur in three steps. The first is the start-up of a company (Auto Presto & Bene) managing the repair centres for all claims concerning Group client material damage;

- The second, currently being implemented, relates to the subsequent part of the Motor claim – injury. Sistemi Sanitari (Health Systems) was founded with a focus on health and manages injuries availing of the most up-to-date innovation. The third phase extends the repair centre approach beyond the Motor sector, expanding the role of Sistemi Sanitari to serious injuries (currently undergoing a test phase), reformulating the medic, clinic and diagnostic network upon the clarification of the status of private insurance in the public healthcare system;

- Greater emphasis on results in the development of relationships with agents, partners and employees through using criteria which ensure the recovery of profitability;

- Product innovation focussing on a continual redevelopment toward "tailor-made" products for the high end of the market, along with simplified "low cost" products catering for the general market, thus increasing client loyalty in both cases;

- Strengthening support on the ground through improving the commercial support networks and regional presence, better meeting the demands of the Italian public.

Maintain a sufficient capital base with strong asset backing, thus continuing to offer a secure and profitable investment opportunity for shareholders.

- Consolidate the risk management structure, optimising the risk profile of the Group. The Group will implement the Solvency II system by 2011, one year before the regulatory deadline and ensuring the use of risk management indicators for major managerial decisions in both the insurance and financial areas;

- Rebalance the investment portfolio asset allocation through both reducing the percentage of equities by 2011 and also the exposure to the real estate sector;

- Maintain a strong capital base improving the excess capital while continuing to guarantee sufficient yields for investors through one of the most generous dividend policies on the market – between Euro 0.7 and Euro 0.8 per share for Fondiaria-SAI and Euro 0.13 and Euro 0.17 for Milano in the period 2010-2011.

The initiatives detailed above will ensure the reaching of the objectives outlined in the attached slides.
The complete presentation will be available on the Internet site of the company a few minutes in advance of the meeting with the financial community.

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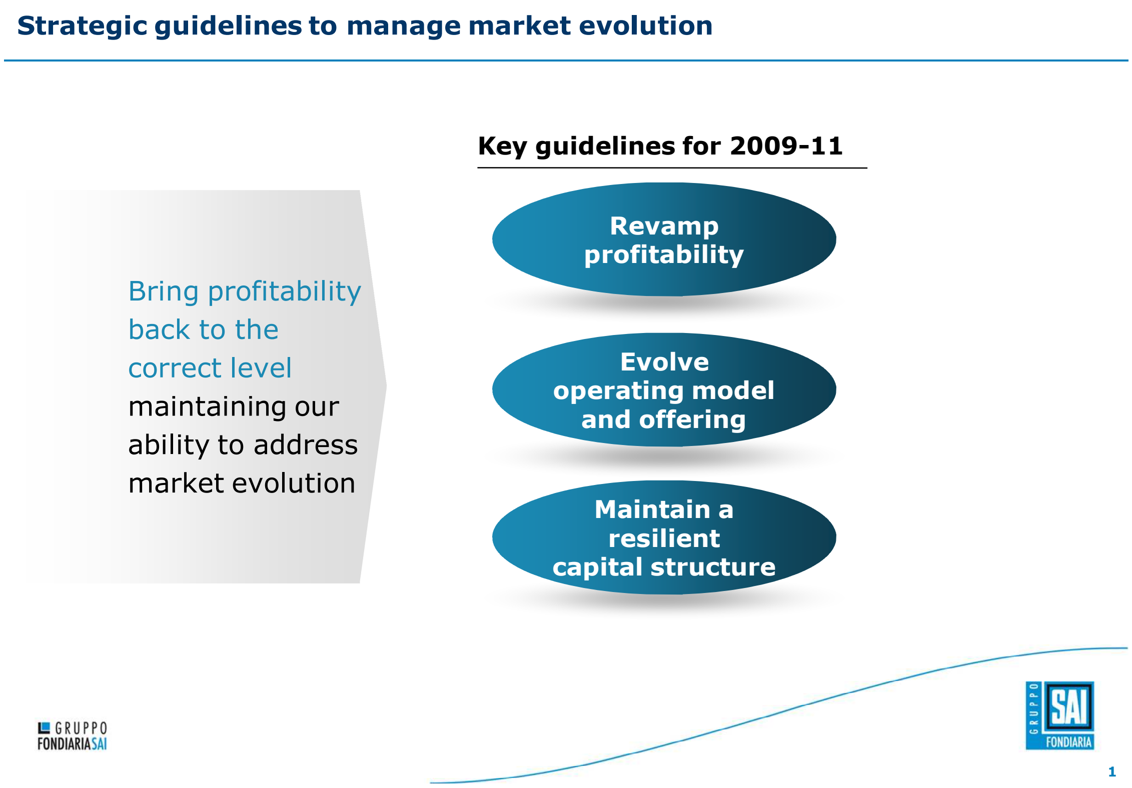
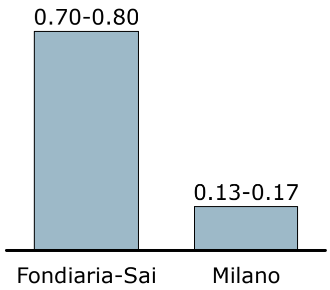


## Maintain a resilient capital structure – Continue to offer an attractive dividend policy

Continue to offer an **attractive dividend policy**

**2010-11 expected range of dividend per ordinary share**

EUR






## Key economics of the plan – Fondiaria-SAI consolidated P&L results

EUR million, percent

| | 2008 | 2011 | 2008-11 CAGR (Percent) | 2008-11 Delta (Percent points) |
|---|---|---|---|---|
| **Gross Written Premiums[1]** | **11,494** | **13,178** | **4.7%** | |
| • P&C | 7,288 | 7,475 | 0.8% | |
| – *Motor* | *4,802* | *4,797* | *0.0%* | |
| – *Non Motor* | *2,486* | *2,678* | *2.5%* | |
| • Life | 4,206 | 5,703 | 10.7% | |
| **P&C segment Result** | **314** | **343** | **3.0%** | |
| **Life segment Result** | **-59** | **212** | **n/m** | |
| **Net income[2]** | **91** | **370** | **59.6%** | |
| **CoR[3]** | **98.7%** | **97.8%** | | **-0.9 p.p.** |
| • *Loss ratio* | *74.4%* | *74.6%* | | *0.2 p.p.* |
| • *Expense ratio* | *21.7%* | *21.0%* | | *-0.7 p.p.* |
| **New Business Margin** | **5.4%** | **10.1%** | | **4.7 p.p.** |
| **APE** | **401** | **620** | **15.6%** | |

Payout 65-75%

1 Gross of reinsurance premiums
2 Gross of minorities
3 Includes other technical items not included in Loss ratio and Expense ratio