PRESS RELEASE

FONDIARIA - SAI S.P.A.: SHARE CAPITAL INCREASE

Milan, December 23, 2011 - The Board of Directors of Fondiaria-SAI SpA (the "**Company**"') met today and reviewed the results of the work carried out by the Chief Executive Officer and the General Manager, assisted by the advisor Goldman Sachs, regarding a range of initiatives which may be implemented in the short-term to strengthen the capital base and bring the consolidated solvency margin above the 120% threshold.

The Board also examined the preliminary estimates for the current year results. These estimates reveal that, despite the operating and management performance bearing out the good Q3 2011 performance, non-recurring components - principally the strengthening of the Non-Life reserves (which resulted from the adoption of more analytical criteria and the refinement of the actuarial models utilised by the Company) and impairments on investments - have seen the consolidated solvency margin below the regulatory minimum of 100% and currently estimated, although subject to verification and based on preliminary data elaborated by management, at around 90%. In particular the non-recurring components principally include:

- adjustments to Non-Life claim reserves of approx. Euro 660 million;
- adjustments to the equity portfolio in the "available for sale" segment and bonds (this latter relating exclusively to Greek government bonds held in portfolio), of around Euro 350 million; also included are property write-downs of approx. Euro 165 million following the preliminary valuations made on the Group's property investments, although final expert's valuations have not yet been completed;

- goodwill write-down currently estimated at approx. Euro 120 million. The latter amount refers to a preliminary estimate as the final write-down will be determined on the preparation of the annual accounts also in view of the new industrial plan.

The combined effect of these items and the forecasted operating result is expected to result in the posting of a loss in 2011, after taxes which are expected to reduce the loss, of approx. Euro 925 million - while remaining aware of the provisional nature of the data.

The Board of Directors thereafter, having considered the opinion of the advisor Goldman Sachs, mandated the Chairman to call an Extraordinary Shareholders' Meeting to be held by February next, to propose to shareholders a share capital rights issue, for a total maximum amount of Euro 750 million, to be executed by June 30, 2012.

Prior to this date the Company will continue to evaluate (and where possible implement) further initiatives (principally disposal of non-strategic assets) which may strengthen the solvency margin, in addition to attracting new sources of capital, considering also that the rights offer will not be less than Euro 600 million.

Further details are provided below on the share capital increase proposal to be put to the Extraordinary Shareholders' Meeting of the Company.

1. Share capital increase

A paid-in share capital increase for a total maximum amount of Euro 750 million, through the issue of ordinary and savings share options and with prior elimination of the nominal value of the existing ordinary and savings shares and any share ratio as yet to be defined, will be proposed to the meeting. The rights issue will however not total less than Euro 600 million, with the other initiatives to strengthen the solvency margin – before the capital increase - making up the difference between the maximum amount proposed; in relation to this, the size of the recapitalisation between Euro 600 million and Euro 750 million will be reviewed in the Board of Directors meeting to be held by the end of January 2012;

The proposal to be put to the Shareholders' Meeting provides that the issue price of the new ordinary and savings shares to be issued, and consequently the maximum number of ordinary and savings shares to be issued and the ratio to be assigned as options, in addition to the other characteristics of the options, is established according to normal market practices by the Board of Directors shortly before the beginning of the options offer period.

2. Reasons and use of the share capital increase

The share capital increase seeks to bolster the capital base of the Company and to reach, possibly in conjunction with other initiatives, a consolidated solvency margin of at least 120%.

The Company expects that the achievement of the 120% threshold will in the medium-term ensure the implementation of - with reasonable stability and without the need for further equity - an industrial plan currently being prepared with the assistance of McKinsey & Company which can guarantee that the Group achieves its market objectives, thus ensuring the further improvement of the margin.

3. Period for the execution of the operation

Subject to the granting of the necessary authorisations by the relevant Authorities the newly issued ordinary and saving share options will be offered by March 2012, before the approval of the new industrial plan by January 2012 and the financial results at December 31, 2011 by February 2012.

4. Guarantee consortium

The Company will promptly verify the possibility to sign agreements guaranteeing the subscription to the share capital increase. In relation to this, Mediobanca – Banca di Credito Finanziario S.p.A. was appointed to lead, at conditions in line with market practice, a guarantee consortium to subscribe to the share capital increase drawn from leading banking institutions.

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The illustrative report of the Board of Directors on the share capital increase, including the proposals to be put to the Extraordinary Shareholders' Meeting, will be made available at the registered office, at Borsa Italiana S.p.A. and on the internet site of the company in accordance with law.

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The Board of Directors also reviewed the expression of interest communicated by Argo Finanziaria S.p.A. in relation to the entire holding in IGLI S.p.A. ("IGLI") (holder, as widely communicated, of 29.96% of the share capital of Impregilo S.p.A.) held by the subsidiaries Immobiliare Fondiaria – SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l., totalling 33.33% of the share capital of IGLI. The Board of Directors positively evaluated the expression of interest, conferring mandate to the Chief Executive Officer and the General Manager, separately, to explore the possibility to complete the operation in the best interests of the Group.

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Finally, we report that Ms. Giulia Maria Ligresti resigned from the offices of Vice Chairman, member of the Executive Committee and Director of the Company and Director of Milano Assicurazioni S.p.A.

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