Rating Action: Sace S.p.A.

MOODY'S ASSIGNS FIRST-TIME INSURANCE FINANCIAL STRENGTH RATING OF Aa2 TO SACE S.P.A -- STABLE OUTLOOK

London, 11 January 2006 -- Moody's Investors Service announced today that it had assigned a first-time insurance financial strength rating of Aa2 to Sace S.p.A ("Sace"). The rating outlook is stable.

Founded in Rome in the seventies as a public entity under the Italian Ministry of Economy and Finance (MEF), and recently transformed in a private joint-stock company wholly-owned by MEF, Sace is Italy's export credit agency (a.k.a. ECA) and its main mission is to promote Italian exports and investment by providing guarantees against political and commercial risks. In addition, Sace has recently widened the scope of its guarantees with the creation of its wholly-owned Sace BT, which provides short-term credit insurance and surety products mainly to OECD markets.

The Aa2 rating of Sace also reflects the application of Moody's new rating methodology for government-related issuers (GRIs). Please refer to Moody's Rating Methodology entitled "The Application of Joint Default Analysis to Government-Related Issuers", published in April 2005, and its accompanying press release. In accordance with Moody's GRI rating methodology, the Aa2 rating of Sace reflects the combination of the following inputs:

- Baseline credit assessment of 3 (on a scale of 1 to 6, where 1 represents lowest credit risk)

- Aa2 local long-term rating of the Republic of Italy

- Medium dependence

- High support

The baseline credit assessment of Sace is underpinned by its very strong capitalisation and its market position in its niche market. At the end of 2004 Sace's capital position was €8,365 million, compared to net written premiums and net reserves of €122m and €1,857m respectively, all of which should be put into context with Sace's particular capital requirements defined by 1) significant asset risk related to its Paris club debt and other receivables (relatively illiquid receivables from emerging markets that represents close to 50% of Sace's total assets and 63% of Sace's capital at the end of 2005), 2) asset risk (or ultimately insurance risk) associated with Sace BT and 3) insurance risk related to Sace' core export credit business.

Medium dependence reflects Sace's exposure to Italy's economic environment and Sace's asset composition, with a moderate correlation to the Italian financial markets, all of which is offset by debtor risk (and thus final recoveries) located outside the domestic market.

High support reflects the ownership from the state, the explicit guarantee from the government (although certain limits apply and Sace BT's and Assedile's liabilities are not explicitly guaranteed by the government) and the national strategic importance of Sace, which translates to high incentive for government support.

Upward rating movement may evolve over time from 1) capitalisation levels consistent with a higher baseline credit assessment 2) a material reduction of the company's asset risk and insurance risk profile 3) an upgrade of the long-term ratings of the Republic of Italy, Sace's parent and ultimate guarantor.

On the other hand, the ratings may experience downward pressure from 1) significant deterioration of current capitalisation due to severe insurance losses 2) a material increase of the company's asset risk and insurance risk profile 3) a downgrade of the long-term ratings of the Republic of Italy and 4) a significant change on Sace's ownership structure and/or level of support from the government.

Sace had Shareholders Equity of €8,365 million and Total Assets of €10,808 million as of 31 December 2004. At year-end 2004, it reported a Net Income of €525 million (€268 million excluding extraordinary foreign exchange gains).

The following rating was assigned:

Sace S.p.A. -- Aa2 insurance financial strength rating, stable outlook

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