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**PRESS
RELEASE**

New agreement to sell Migdal to Eliahu Insurance Company by the end of October

- Price set at € 705 mln with an implied premium of 23.2 percentage points compared to Migdal's closing share price on 5 September 2012 and a 17.1x multiple of 2011 Migdal's consolidated net income
- Solvency I to increase by 2.2 percentage points
- Break-up fee to be paid to Generali of € 125 mln if the transaction is not completed by the end of October

Trieste – The Generali Group has reached a new agreement to sell its entire 69.13% stake in Migdal Insurance and Financial Holdings to Eliahu Insurance Company Ltd. by the end of October at a transaction price of € 705 million with an implied premium of around 23% compared with the share price as of 5 September 2012 on the Tel Aviv stock exchange and a 17.1x multiple of 2011 Migdal's consolidated net income. The sale will have a positive impact of 2.2 percentage points on the Generali Group's Solvency I ratio.

The new deal provides for the payment to Generali of € 125.25 million as a break-up fee that will be withheld definitively if the transaction is not completed, for any reason not attributable to Generali, by the end of October. The transaction is subject to the approval of the relevant Israeli authorities.

The previous agreement announced on 7 March 2012 has not been finalised as Eliahu Insurance Company Ltd. did not obtain all the required authorisations to which the agreement was subject.

The new agreement was reached against the backdrop of a fall of the Israeli insurance equities and a new regulatory framework for the industry and allows Generali to exit a non-core market with a premium relative to market value. The Israeli insurance index has registered a 21% fall since 6 March with a 21.9% decline in Migdal's share price. These trends have been affected by the publication in July by the Israeli Insurance Regulator of regulatory changes in the long-term savings sector, in which Migdal is market leader.

CONTACTS

www.generali.com

Media Relations
T. +39.040.671085
press@generali.com

Investor Relations
T. +39.040.671202
+39.040.671347
generali_ir@generali.com

Listed on the Tel Aviv stock exchange since 1997, **Migdal Insurance and Financial Holdings** operates in the life, health, pension funds and non-life insurance segments through Migdal Insurance Co with a distribution network of independent agents and brokers and proprietary distribution companies. The Migdal Group is also active in the financial services business through Migdal Capital Markets.

Eliahu Insurance Company Ltd. is part of the Eliahu Group, which is active in the financial services, insurance and real estate sectors and holds a stake of approximately 10% in Bank Leumi.