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Czech-Based Ceska pojistovna's Senior Bond Rated 'BBB-' Under New CZK10 Billion Bond Program

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LONDON (Standard & Poor's) Dec. 3, 2007—Standard & Poor's Ratings Services said today that it assigned its 'BBB-' senior unsecured debt rating to Ceska pojistovna a.s.'s (Ceska; BBB/Watch Pos/--) CZK (Czech koruna) 500 million, five-year, fixed-coupon senior unsecured bond, expected to be issued in early December 2007. At the same time, we placed the rating on CreditWatch with positive implications.

Standard & Poor's also announced that it had rated the senior unsecured and subordinated debt under the CZK10 billion bond program, through which the bond was issued, 'BBB-' and placed it on CreditWatch positive. Any ordinary subordinated drawings are expected to be assigned the same rating. The notes issued under the program have no interest deferral features.

Ceska is a composite insurer, offering a range of products for personal, industrial, and agricultural clients. In 2006, total premiums written amounted to CZK39.7 billion, a decrease of 4.5% on the previous year, driven primarily by a reduction in single-premium life sales. Of these, 33% related to life, 24% to third-party motor liability, 17% to property, 17% to motor damage, and 9% to other classes. The company writes a small amount of inward reinsurance exclusively for subsidiaries.

The 'BBB' long-term counterparty credit rating on Ceska reflects its strong competitive position and strong operating performance. These positive

factors are offset by Ceska's quality of capital, which is only adequate.

The rating was placed on CreditWatch with positive implications following the announcement that Assicurazioni Generali SpA (Generali; AA/Stable/--) had entered into a preliminary joint venture agreement to acquire a 51% stake in CZI Holdings a.s. (not rated), which owns 100% of Ceska. Standard & Poor's considers that if Generali successfully completes its acquisition of CZI Holdings, the ratings on Ceska will likely be raised by up to three notches. This is because of support from Generali, as a higher rated entity, and because we expect greater transparency at a stand-alone level to result from Generali's control.

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