



**ORDINARY AND EXTRAORDINARY
SHAREHOLDERS' MEETING**

convened for 19 March 2012 in one call

**BOARD OF DIRECTORS' EXPLANATORY REPORT
EXTRAORDINARY PART**

**(drawn up in accordance with Article 125 *ter* of Legislative Decree no. 58 of
24 February 1998 and Article 72 of Consob Regulation 11971 of 14 May 1999
as subsequently modified and supplemented)**

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AGENDA

EXTRAORDINARY PART OF THE SHAREHOLDERS' MEETING

- 1. To vote on the reverse stock-split of ordinary and preference shares in the ratio of 1 new ordinary share for every 100 ordinary shares held and 1 new preference share for every 100 preference shares held, upon cancellation of the minimum number of ordinary and preference shares required to balance the transaction overall, with a corresponding reduction of share capital. To vote on consequent amendments to the Company's By-laws. To vote on related and consequent motions.**

- 2. To vote on authorising the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to carry out a capital increase against payment and in a divisible manner, by a maximum of €1,100m (including any share premium), in one or more tranches, through the issuance of ordinary and preference shares with no par value and regular dividend rights, with subscription rights available to ordinary or preference shareholders. To vote on the amendment of Article 5 of the Company's By-laws. To vote on related and consequent motions.**

EXTRAORDINARY PART OF THE SHAREHOLDER'S MEETING

ITEM 1 OF THE AGENDA

To vote on the reverse stock-split of ordinary and preference shares in the ratio of 1 new ordinary share for every 100 ordinary shares held and 1 new preference share for every 100 preference shares held, upon cancellation of the minimum number of ordinary and preference shares required to balance the transaction overall, with a corresponding reduction of share capital. To vote on consequent amendments to the Company's By-laws. To vote on related and consequent motions.

1. REASONS FOR THE PROPOSED TRANSACTION

The share capital of Unipol Gruppo Finanziario S.p.A. ('**UGF**' or the '**Company**') is currently €2,699,066,930.11, divided into 3,416,540,416 registered shares with no par value, composed of 2,114,257,106 ordinary shares and 1,302,283,310 preference shares.

Specifically, the capital increase and the number of ordinary and preference shares involved have increased as the result of exercise of subscription rights to the capital increase approved by UGF's Extraordinary Shareholders' Meeting on 29 April 2010 (the "**2010 Capital increase**").

After the capital increase that the Board of Directors will be authorised to perform pursuant to Article 2443 of the Italian Civil Code, and which is hereby being submitted for the approval of this Extraordinary Shareholders' Meeting (the '**Capital Increase**'), the number of outstanding ordinary and preference shares will increase even further.

We are therefore submitting a reverse stock-split for your approval. This will consequently reduce the number of outstanding shares, in order to simplify the administrative management of such shares, both ordinary and preference, in the interests of the Shareholders.

The reverse stock-split does not in itself influence the value of the stakes held; in fact, the ordinary and preference Shareholders would see a reduction in the number of shares in the portfolio, but at the same time an increase in their unit value, without any impact on the total value of the investment at other conditions unaltered.

The proposed transaction consists of a reverse stock-split in the ratio of 1 new ordinary share for each 100 ordinary shares held and 1 new preference share for every 100 preference shares held. Due to the effect of such a reverse stock-split, the total number of ordinary shares will be reduced from 2,114,257,106 to 21,142,571 ordinary shares and the total number of preference shares will be reduced from 1,302,283,310 to 13,022,833 preference shares, with the consequent variation of the accounting par value of ordinary and preference shares from €0.79 to €79.

The reverse stock-split should take place prior to the Capital Increase, following the procedures and within the term to be agreed upon with the Italian Stock Exchange and the other competent Authorities.

In order to get an overall balance of the reverse stock-split, it will also be necessary to cancel 6 ordinary and 10 preference shares. The shareholder Finsoe S.p.A. has indicated that it is willing to cancel 6 of the ordinary shares and 10 of its preference shares for this purpose.

The reverse stock-split should be carried out pursuant to applicable law by authorised intermediaries adhering to the centralized management system managed by Monte Titoli S.p.A., without any expense to be borne by the Shareholders.

In order to facilitate the reverse stock-split transactions for individual Shareholders and manage any residual shares that might emerge as a result, a service for processing any share fractions that cannot be reverse-split will be made available to the Shareholders, on the basis of official market prices and without the application of any charges for stamp duty or commissions.

As a result of the 2010 Capital Increase, which resulted in the reduction of the implicit par value from €1.00 to €0.79, and its further variation after the reverse stock-split of the ordinary and preference shares that is being submitted for your approval, it will also be necessary to adjust the numerical amounts indicated in Article 19 of the Company's By-laws, in order to calculate the dividend matured by the ordinary and preference shares, as clarified in paragraph 3 below, in compliance with the terms expressly set forth in Article 19(7) of the Company's by-laws. Such Article states '*should either stock consolidation or stock split occur (as well as in case of operations involving capital different from the above mentioned capital increase free of charge, where necessary in order not to change the Shareholders' rights i.r.o. the event in which shares had nominal value) the fixed amounts per share, as mentioned in the preceding paragraphs, will be modified accordingly*'.

We hereby also request that the Shareholders' Meeting authorise the Board of Directors, and the Chairman and Chief Executive Director acting on its behalf, jointly and severally, to adjust the numerical amounts indicated in Article 19 of the Company's By-laws as a result of the Capital Increase, after it has taken place.

2. RIGHTS OF HOLDERS OF 2010 – 2013 UNIPOL ORDINARY SHARE WARRANTS AND OF 2010 – 2013 UNIPOL PREFERENCE SHARE WARRANTS

Article 3 of the regulation of the '*2010-2013 Unipol Ordinary Share Warrants*' and '*2010-2013 Unipol Preference Share Warrants*' (the '**Warrants**') establishes that should any transactions relating to UGF share capital take place between the issue date of the Warrants and 31 December 2013, the exercise price of both each additional

ordinary and each preference share (the 'Exercise Price') and the exercise ratio, could be adjusted by the Company.

Specifically, in the case of a reverse stock-split, the number of ordinary and preference conversion shares which may be subscribed for and the Exercise Price will be amended proportionally to the ratio of the reverse stock-split.

3. AMENDMENT TO THE COMPANY'S BY-LAWS AND THE RIGHT OF WITHDRAWAL

In the event that the reverse stock-split of the ordinary and preference shares is approved, it will be necessary to amend Article 5 of the Company's By-laws in order to indicate the total number of shares representing the share capital subsequent to the reverse stock-split.

The first paragraph of Article 5 of the Company's By-laws would be modified as follows:

Current Text	Proposed Text
<p>Article 5. Share Capital</p> <p>The share capital is €2,699,066,930.11 (two billion, six hundred and ninety-nine million, sixty-six thousand, nine hundred and thirty.eleven) divided into 3,416,540,416 (three billion, four hundred and sixteen million, five hundred and forty thousand, four hundred and sixteen) registered shares, without nominal value, 2,114,257,106 (two billion, one hundred and fourteen million, two hundred and fifty-seven thousand, one hundred and six) of which are registered ordinary shares and 1,302,283,310 (one billion, three hundred and two million, two hundred and eighty-three thousand, three hundred and ten) are registered preference shares.</p>	<p>Article 5. Share Capital</p> <p>The share capital is €2,699,066,930.11 2,699,066,917.47 (two billion, six hundred and ninety-nine million, sixty-six thousand, nine hundred and seventeen point forty seven) (two billion six hundred and ninety-nine million, sixty-six thousand, nine hundred and thirty point eleven), divided into 3,416,540,416 34,165,404 (thirty-four million, one hundred and sixty-five thousand, four hundred and four) three billion four hundred and sixteen million, five hundred and forty thousand, four hundred sixteen) registered shares, without nominal value, of which 21,142,571 21,142,571 2,114,257,106 (twenty-one million, one hundred and forty-two thousand, five hundred and seventy-one) two billion one hundred and fourteen million, two hundred and fifty-seven thousand, one hundred and six) are registered ordinary shares and 13,022,833 13,022,833 1,302,283,310 (thirteen million,</p>

<p>(omissis)</p>	<p>twenty-two thousand, eight hundred and thirty three one billion, three hundred and two million, two hundred and eighty-three thousand, three hundred and ten) are registered preference shares.</p> <p>(omissis)</p>
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As stated above, the proposal is to amend Article 19 of the Company's By-laws in order to adjust the numerical amounts indicated therein for the calculation of the dividend matured in relation to the ordinary and preference shares, using the implicit value of the ordinary and preference shares affected by the reverse stock-split, and also considering the adjustment deriving from the 2010 Capital Increase. Such an amendment to the Company's By-laws– as noted – is the implementation of the terms set forth in Article 19(7), which establish that '*should either stock consolidation or stock split occur (as well as in case of operations involving capital different from the above mentioned capital increase free of charge, where necessary in order not to change the Shareholders' rights i.r.o. the event in which shares had nominal value) the fixed amounts per share, as mentioned in the preceding paragraphs, will be modified accordingly*'. Therefore, the proposal aims to preserve the rights granted to ordinary and preference shares following the reduction of the implicit par value (accounting par value) of the Company's shares from €1.00 to €0.79 after the 2010 Capital Increase, as well as the variation of the accounting par value of the shares from €0.79 to €79 which will occur after the proposed reverse stock-split.

Current Text	Proposed Text
<p>Article 19. Company Profits</p> <p>10% of the net profit shown on the Company's annual accounts, up to one fifth of the Share Capital, is allocated to the legal reserve as a priority.</p> <p>When the allocation referred to above has been made, the Shareholders' Meeting will allocate the rest of the net profits as follows:</p> <p>a. one quota to the extraordinary reserve or to other special funds;</p> <p>b. one quota to the dividend to be paid on preference shares up to the amount of</p>	<p>Article 19. Company Profits</p> <p>10% of the net profit shown on the Company's annual accounts, up to one fifth of the Share Capital, is allocated to the legal reserve as a priority.</p> <p>When the allocation referred to above has been made, the Shareholders' Meeting will allocate the rest of the net profits as follows:</p> <p>a. one quota to the extraordinary reserve or to other special funds;</p> <p>b. one quota to the dividend to be paid on preference shares up to the amount of</p>

<p>€0.0362 for each preference share.</p> <p>The remainder of this quota is allocated to paying a dividend on the ordinary shares up to the amount of €0.0310 for each ordinary share.</p> <p>When the allocations referred to above have been made, the remaining part of the net profit, allocated to dividends, will be divided pro rata between the two categories of share.</p> <p>For both categories of share the dividends may not be carried forward from one financial year to the next.</p> <p>If the share capital is increased free of charge, the dividends to be paid on preference shares and on ordinary shares may be reduced provided that there is still a difference of €0.0052 in favour of the preference shares, but in any case subject to a minimum of €0.0258 for each preference share and €0.02060 for each ordinary share.</p> <p><i>(omissis)</i></p>	<p>€0,0362 2.86 for each preference share.</p> <p>The remainder of this quota is allocated to paying a dividend on the ordinary shares up to the amount of €0,0310 2.45 for each ordinary share.</p> <p>When the allocations referred to above have been made, the remaining part of the net profit, allocated to dividends, will be divided pro rata between the two categories of share.</p> <p>For both categories of share the dividends may not be carried forward from one financial year to the next.</p> <p>If the share capital is increased free of charge, the dividends to be paid on preference shares and on ordinary shares may be reduced provided that there is still a difference of €0,0052 0.41 in favour of the preference shares, but in any case subject to a minimum of €0,0258 2.58 for each preference share and €0,02060 2.06 for each ordinary share.</p> <p><i>(omissis)</i></p>
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Since the reverse stock-split and the consequent approval of the above amendments to the Company's By-laws must take place prior to the Capital Increase, we hereby propose that the Board of Directors be authorised, and its Chairman and Chief Executive Officer on its behalf – jointly and severally – to make all the amendments to Article 19 of the Company's By-laws that may be required in order to consider the variation of the accounting par value subsequent to the issue of new ordinary and preference shares through the implementation of the Capital Increase.

The amendments to the Company's By-laws do not attribute a right of withdrawal to Shareholders who do not participate in deliberations concerning this item of the agenda.

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In view of the terms set forth above, the Board of Directors wishes to submit the following proposal for your approval:

Proposal

The Extraordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A.,

- *having reviewed the Board of Directors' Report and the proposal formulated therein,*

hereby resolves

- *to approve the reverse stock-split of the outstanding ordinary and preference shares according to the following ratio: 1 new ordinary share for every 100 ordinary shares held in the Company and 1 new preference share for every 100 preference shares held in the Company. This will be performed upon the cancellation of 6 ordinary and 10 preference shares held by Finsoe S.p.A., for the sole purpose of getting an overall balance of the transaction, with a corresponding reduction in the share capital in the measure off €12.64;*
- *to consequently amend Articles 5 and 19 of the Company's By-laws as follows:*

Current Text	Proposed Text
<p>Article 5. Share Capital</p> <p>The share capital is €2,699,066,930.11 (two billion, six hundred and ninety-nine million, sixty-six thousand, nine hundred and thirty.eleven) divided into 3,416,540,416 (three billion, four hundred and sixteen million, five hundred and forty thousand, four hundred and sixteen) registered shares, without nominal value, 2,114,257,106 (two billion, one hundred and fourteen million, two hundred and fifty-seven thousand, one hundred and six) of which are registered ordinary shares and 1,302,283,310 (one billion, three hundred and two million, two hundred and eighty-three thousand, three hundred and ten) are registered preference shares.</p> <p><i>(omissis)</i></p>	<p>Article 5. Share Capital</p> <p>The share capital is €2,699,066,930.11 2,699,066,917.47 (two billion, six hundred and ninety-nine million, sixty-six thousand, nine hundred and seventeen point forty seven) (two billion six hundred and ninety-nine million, sixty-six thousand, nine hundred and thirty point eleven), divided into 3,416,540,416 3,165,404 (thirty-four million, one hundred and sixty-five thousand, four hundred and four) three billion four hundred and sixteen million, five hundred and forty thousand, four hundred sixteen) registered shares, without nominal value, of which 21,142,571 21,142,571 2,114,257,106 (twenty-one million, one hundred and forty-two thousand, five hundred and seventy-one) two billion one hundred and fourteen million, two hundred and fifty-seven thousand, one hundred and six) are registered ordinary shares and 13,022,833 13,022,833 1,302,283,310 (thirteen million, twenty-two thousand, eight hundred and</p>

	<p>thirty three one billion, three hundred and two million, two hundred and eighty-three thousand, three hundred and ten) are registered preference shares.</p> <p>(omissis)</p>
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Current Text	Proposed Text
<p>Article 19. Company Profits</p> <p>10% of the net profit shown on the Company's annual accounts, up to one fifth of the Share Capital, is allocated to the legal reserve as a priority.</p> <p>When the allocation referred to above has been made, the Shareholders' Meeting will allocate the rest of the net profits as follows:</p> <p>a. one quota to the extraordinary reserve or to other special funds;</p> <p>a. one quota as a dividend to be paid on preference shares up to the amount of €0.0362 for each preference share.</p> <p>The remainder of this quota is allocated to paying a dividend on the ordinary shares up to the amount of €0.0310 for each ordinary share.</p> <p>When the allocations referred to above have been made, the remaining part of the net profit, allocated to dividends, will be divided pro rata between the two categories of share.</p> <p>For both categories of share the dividends may not be carried forward from one financial year to the next.</p> <p>If the share capital is increased free of</p>	<p>Article 19. Company Profits</p> <p>10% of the net profit shown on the Company's annual accounts, up to one fifth of the Share Capital, is allocated to the legal reserve as a priority.</p> <p>When the allocation referred to above has been made, the Shareholders' Meeting will allocate the rest of the net profits as follows:</p> <p>b. one quota to the extraordinary reserve or to other special funds;</p> <p>c. one quota as a dividend to be paid on preference shares up to the amount of €0.0362 2.86 for each preference share.</p> <p>The remainder of this quota is allocated to paying a dividend on the ordinary shares up to the amount of €0.0310 2.45 for each ordinary share.</p> <p>When the allocations referred to above have been made, the remaining part of the net profit, allocated to dividends, will be divided pro rata between the two categories of share.</p> <p>For both categories of share the dividends may not be carried forward from one financial year to the next.</p> <p>If the share capital is increased free of</p>

<p>charge, the dividends to be paid on preference shares and on ordinary shares may be reduced provided that there is still a difference of €0.0052 in favour of the preference shares, but in any case subject to a minimum of €0.0258 for each preference share and €0.02060 for each ordinary share.</p> <p>(omissis)</p>	<p>charge, the dividends to be paid on preference shares and on ordinary shares may be reduced provided that there is still a difference of €0.0052 0.41 in favour of the preference shares, but in any case subject to a minimum of €0.0258 2.58 for each preference share and €0.02060 2.06 for each ordinary share.</p> <p>(omissis)</p>
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- *to grant the Board of Directors, and its Chairman and Managing Director on its behalf, jointly and severally, all necessary powers to adjust the numerical amounts indicated in Article 19 of the Company's By-laws used to calculate the dividend matured in relation to ordinary and preference shares, using the implicit par value of the ordinary shares after the increase of share capital that the Board of Directors has been authorised to perform pursuant to Article 2443 of the Italian Civil Code, as submitted for the approval of this Extraordinary Shareholders' Meeting;*
- *to grant the Board of Directors, and its Chairman and Chief Executive Officer on its behalf, jointly and severally and with the power of sub-delegation, the broadest of powers to do whatever is required to implement the resolutions that are approved, including, for example, the power to agree on the procedures and timeframe of the transaction with the competent Authorities, and to comply with the formalities required for the reverse stock-split and any amendments that may be required subsequently in relation to the terms of the 'Unipol 2010-2013 Ordinary Share Warrants' and 'Unipol 2010-2013 Preference Share Warrants'. They are granted full powers to ensure that all legal and other general authorisations are obtained for all of the resolutions approved today and to do whatever is required to fully implement said resolutions, using all and any powers that may be necessary and suitable for such a purpose, with no exclusions or exceptions, even including the authority to make all of the non-substantial amendments, additions or cancellations that might be deemed necessary or even simply appropriate thereof, or which may be required by the competent authorities at the time of authorisation or registration, including those required in order to file the text of the updated Company's By-laws with the Company Register.*

EXTRAORDINARY PART OF THE SHAREHOLDERS' MEETING

ITEM 2 ON THE AGENDA

To vote on authorising the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to carry out a capital increase against payment and in a divisible manner, by a maximum of €1,100m (including any share premium), in one or more tranches, through the issuance of ordinary and preference shares with no par value and regular dividend rights, with subscription rights available to ordinary or preference shareholders. To vote on the amendment of Article 5 of the Company's By-laws. To vote on related and consequent motions.

Dear Shareholders,

In the meeting held on 9 February 2012, the Board of Directors of Unipol Gruppo Finanziario S.p.A. ('**UGF**' or the '**Company**'), convened an Extraordinary Shareholders' Meeting in order to submit the proposed amendments to Article 5 of the Company's By-laws for your approval. Such amendments are related to the Board of Directors being authorised, pursuant to Article 2443 of the Italian Civil Code, to carry out a capital increase against payment and in a divisible manner, by a maximum of €1,100m (including any share premium), in one or more tranches. The transaction in question would be carried out by 31 December 2012, by means of issuing ordinary and preference shares with no par value and regular dividend rights, to be offered respectively to ordinary and preference Shareholders (the '**Capital Increase**').

This report – prepared pursuant to Article 72 and Annex 3A of the Regulation approved by Consob Resolution 11971 of 14 May 1999 and subsequent amendments and supplements – aims to illustrate the reasons for the draft amendment of the Company's By-laws indicated in the agenda.

1. REASONS FOR AND ALLOCATION OF THE CAPITAL INCREASE

On 29 January 2012, UGF stipulated an agreement with Premafin Finanziaria S.p.A. Holding di Partecipazioni ('**Premafin**') in which the Parties aimed to establish mutual commitments with respect to the realisation of an integration plan (the '**Integration Plan**'), which set the conditions for a merger between Premafin, Fondiaria SAI S.p.A. ('**Fonsai**'), Milano Assicurazioni S.p.A. ('**Milano Assicurazioni**') and Unipol Assicurazioni S.p.A. (the '**Merger**').

The Integration Plan aims to safeguard the current and future solvency of Premafin and Fonsai, while at the same time creating a national operator of primary importance in the insurance sector that will be capable of competing effectively with its main national and European competitors. It also aims to generate value for all the shareholders of the companies involved in the Plan.

As part of the Integration Plan, Premafin is expected to increase the share capital reserved to UGF by a maximum of €400m (the 'Premafin Capital Increase'), a move that will be carried out in order to provide Premafin with the financial resources necessary to allow Premafin and its subsidiary Finadin S.p.A. to participate, for their pertaining stakes, in the Fonsai capital increase that Fonsai's Board of Directors voted to propose to the Extraordinary Shareholders' Meeting convened for 16 March 2012 in first call, and for 19 March 2012 in second call.

The Premafin Capital Increase – that will lead to Premafin being controlled by UGF with a consequent dilution of the current main shareholders – will constitute, together with the Merger, a key element in the recovery plan to be enforced by Premafin, in accordance with article 49 of the Issuers' Regulation, that aims to reorganise its debt exposure and re-balance its own financial situation.

By underwriting a reserved capital increase, UGF's financial commitment will therefore run exclusively and entirely within Premafin, reinforcing its financial structure and so benefiting the activities of the insurance companies owned by the latter.

UGF's commitment to the underwriting of the Premafin Capital Increase is subject to the fulfilment of several suspensory conditions (before the final deadline of 20 July 2012) including receipt of the required authorisations issued by the supervisory bodies, of the permit from the Antitrust Authority and of a specific decision by which Consob will confirm that the acquisition by UGF of the control of Premafin, Fonsai and Milano Assicurazioni, in the context of the Integration Plan, will not determine any obligation on the part of UGF to launch a public tender offer for the shares of Premafin, Fonsai and Milano Assicurazioni. UGF's commitment is also subject to the fact that, in underwriting the Premafin Capital Increase, it will succeed in gaining a shareholding in Premafin that is adequate to pursue UGF' objectives in the Integration Plan, and in any case more than two thirds of the Premafin's voting rights share capital.

The UGF Capital Increase is to be carried out in the context of the above Integration Plan and, together with the other recapitalisation transactions described above, it will provide the new group that results from the merger with the economic resources required in order to support its development projects and the industrial initiatives deemed necessary to create value for the insurance core business.

2. CHARACTERISTICS OF THE CAPITAL INCREASE

2.1 Capital Increase by way of powers invested in the Board of Directors and relative procedures

The proposal under review involves authorising the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment, up to a total maximum amount of €1,100m, inclusive of any share premium. This will be done in a divisible manner, before the deadline of 31 December 2012.

The Capital Increase will be carried out, pursuant to Article 2441 of the Italian Civil Code and Article 5(5) and (6) of the Company's By-laws, through the issue of new ordinary and new preference shares, with no par value and regular dividend rights, to be offered for subscription respectively to Shareholders holding the Company's ordinary and preference shares, in proportion to the number of shares held respectively by each of these.

The newly issued shares will have regular dividend rights and will entitle their holders to the same rights as those of outstanding shares on the date of their issue.

Ordinary Shareholders will be offered the right to subscribe, in proportion to the number of ordinary shares held, to newly issued ordinary shares, while preference Shareholders will be offered the right to subscribe, in proportion to the number of preference shares held, to newly issued preference shares.

In accordance with the powers invested in it, the Board of Directors will be authorised to determine the procedures, terms and conditions of the Capital Increase, within the limits indicated in the resolution passed by the Shareholders' Meeting, and will therefore determine, in proximity of the offer starting up;

- (i) the subscription price of the new shares in each category, including any share premium, considering, amongst other factors, market conditions, the market trend of the Company's shares, the economic, capital and financial results of the Company and Group, as well as market practice;
- (ii) the precise number of the ordinary and preference shares to be issued and the relative ratio of the subscription right; and
- (iii) the amount of the Capital Increase, which cannot, however, overall exceed the maximum value of €1,100m.

The subscription to newly issued shares by the exercise of subscription rights must be done through authorised intermediaries adhering to the centralised management system of Monte Titoli S.p.A. The shares will be made available to the entitled parties through authorised intermediaries adhering to Monte Titoli S.p.A.

Full payment of the new share subscription price must be made at the time of subscription to the intermediary responsible for handling the subscription on the shareholder's behalf.

2.2 Underwriting Syndicate

On 3 February 2012, UGF appointed Mediobanca – Banca di Credito Finanziario S.p.A. ('**Mediobanca**') to promote, at conditions in line with market practice, the underwriting syndicate for the Capital Increase within the Integration Plan of the Unipol and Fonsai insurance groups, the latter also having appointed Mediobanca for its own, related capital increase.

In this context, UGF and Fonsai have secured the availability by Barclays Capital, Credit Suisse, Deutsche Bank, Mediobanca, Morgan Stanley, Nomura, UBS Investment Bank and UniCredit Corporate & Investment Banking to join the syndicate for the above Capital Increase and for Fonsai's capital increase - as Joint Global Coordinators and Joint Bookrunners, at conditions in line with market practice, following a satisfactory review of the Integration Plan. UniCredit Corporate & Investment Banking's availability is subject to completion of the process to obtain authorization by its own internal bodies, as also provided for by Article 136 of Legislative Decree 385/1993.

2.3 Other forms of placement

As the transaction concerns a subscription right, the shares will be offered directly by the Company and no other forms of placement are foreseen.

2.4 Shareholders who have manifested their willingness to subscribe to the Capital Increase

Finsoe S.p.A., UGF's controlling shareholder, has approved the essential outline of the Integration Plan, and manifested its willingness to adhere to the Capital Increase, subject to approval by the competent corporate bodies.

2.5 Period for the Capital Increase

Subject to receipt of the authorisations from the competent Authorities, it is currently expected that the Board of Directors will exercise the delegated powers within the next few months and in any case within the current year.

2.6 Dividend rights relative to newly issued shares

The newly issued shares used for the Capital Increase will carry regular dividend rights, and their holders will be attributed with equivalent rights in relation to the Company's outstanding shares of the same category on the date of their issue.

3. INFORMATION ON THE RESULTS OF THE LAST FINANCIAL YEAR AND ON THE PERFORMANCE OF THE CURRENT YEAR

3.1 Most significant performance trends in the insurance and banking business of the Unipol Group

The performance of the Unipol Group insurance business, as of 30 September 2011, highlights a **total premium income** of €7,015m, up by 9.7% compared with the same period of the previous financial year. In particular, as of 30 September 2011, the Group collected premiums amounting to €3,071m (+3.5%) in the Non-Life sector and €3,944m (+15.2%) in the Life sector.

With regards to the Life sector, it should be noted that on 29 September 2011, once the necessary legal authorisations were obtained, we finalised the transfer of the stake held in BNL Vita S.p.A., equal to 51% of the share capital, to Cardif Assicurazioni S.p.A. (BNP Paribas Group), for a cash payment of €325.2m. As of 30 September 2011, BNL Vita, financially consolidated also in the third quarter of 2011 in application of IFRS 5, achieved a direct premium income of €2,112m (+7.9% from the same period of the 2010 FY).

Considering the new consolidation scope of the Unipol Group, and excluding the contribution of BNL Vita, direct premium income as of 30 September 2011 was €4,903m, up by 10.5% compared with 30 September 2010. This figure can be broken down into Non-Life premiums amounting to €3,071m (+3.5%) and Life premiums amounting to €1,832m (+24.8% compared with the third quarter of 2010, a value that was boosted due to the entry of Arca Vita S.p.A. and Arca Vita International, which had not been consolidated in the first half of 2010).

At the end of the 2011 financial year, according to initial provisional data, premium income is proving higher than that definitively recorded for 2010 (€6,501m on a like-for-like basis, excluding BNL Vita). The corresponding volume of new Life business in terms of pro rata APE¹, as of December 2011, has also turned out to be significantly higher than the volume of €229m achieved in 2010.

¹ The new Life production expressed in APE (annual premium equivalent) provides an indicator of business volume relative to new policies and corresponds to the sum of new business regular premiums and one tenth of single premiums. This indicator is used to

With regard to Non-Life business, the underwriting policies continue to be characterised, in all branches, by strictly selective criteria. This meant that the premium income of Unipol Assicurazioni S.p.A., the Group's main company, was substantially in line with that of the previous financial year (€3,789m)². With regard to sales channels, we note the complete abandonment, over the course of 2011, of the sales channel constituted by the multifirm agents of Arca Assicurazioni S.p.A., in order to focus the company's operations on Non-Life bancassurance business, in line with the objectives of the 2010-2012 Business Plan. At the end of the year, the considerable premium growth recorded by Compagnia Assicuratrice Linear S.p.A. (which had already increased by 17.8% as of 30 September), specialised in the direct Motor insurance sector (telephone/internet), and by UniSalute S.p.A. (+27.6% as of 30 September), specialised in the Health sector, was confirmed.

On the aspect of claims, 2011 has seen an improvement in the technical margin recorded from the 2010 FY onwards, which is linked to the success achieved thanks to the main lines of action on which the 2010-2012 Business Plan is based. In particular, the technical improvement recorded in 2011 was supported by a decrease in the frequency of claims in the Motor TPL branch, and by a positive trend in damages from atmospheric events and natural disasters. The Group's combined ratio (direct business)³ as at the end of the 2011 FY recorded a further drop compared with the corresponding value as of 30 September 2011 (98.1%), an improvement of 4 points compared with the 102.1% value recorded at the end of 2010. This trend confirms and consolidates the structural recovery of the profit margins in core business, which already recorded €165m more of an industrial profit in the first three quarters of the financial year compared with the same period in 2010.

In the Group's banking sector, the continuation of an unfavourable macro-economic context has meant that the utmost attention must be paid to the process that entails granting and managing credit. The main objective of the 2011 guidelines was to increase profitability and refocus activity towards the retail and small business sectors (the company's core business), rationalising corporate exposure with targeted pricing actions on lending that have led to improvements in the liquidity profiles of Unipol Banca S.p.A., especially in the fourth quarter. In particular, lending, at 30 September 2011 had amounted to €8.5bn net of securitisation, and by the end of 2011 recorded a drop compared with the third quarter.

evaluate the business together with the Life In Force Value and New Business Value of the Group. The datum is shown net of third-party quotas and without considering Bnl Vita.

² Pro forma value inclusive of the premium income by Navale Assicurazioni S.p.A., whose insurance business was conferred to Unipol Assicurazioni S.p.A. with effect from 1 January 2011.

³ An indicator measuring the balance of the Non-Life technical business, constituted by the sum of the loss ratio (claims/earned premiums) and expense ratio (operating costs/written premiums).

At the end of 2011, direct customer deposits net of securitisations – which as of 30 September 2011 had reached €9.6bn, against the €8.7bn at the end of 2010 - recorded a significant growth compared with the previous financial year, in particular due to the medium-long term bond component. In the fourth quarter, amidst strong competition between banks to secure additional customer deposits, Unipol Banca also began to market new products in the short term component, such as time deposits for retail customers.

We should highlight that in the month of December the capital of Unipol Banca was increased by the sum of €100m, necessary to strengthen its capital ratios.

3.2 Recent trends displayed in the evolution of income and charges relative to the investment management

With regard to the management of the Unipol Group's insurance sector's financial assets, it should be noted that from the second half of 2011, the worsening of the sovereign debt crisis in some Euro-zone countries and, especially, the sudden involvement of Italy in said crisis, caused the yield rates of debt securities to increase and a strong downward trend in international stock markets. In this context, the financial assets in the portfolio of the Group's insurance companies inevitably deteriorated, with effects on the operating results and the capital reserve of the Group relative to the securities classified as available for sale. This figure had reached €1,080m as of 30 September 2011, compared with €630m at the end of 2010. Despite the effects of the financial crisis, the financial management of the Unipol Group insurance business, based on the new consolidation scope, displayed a gross yield in the profit and loss account in the first nine months of the year equal to approximately 3.6% on an annual basis.

In the period after the third quarter of 2011, in a context of high volatility, the situation in relation to Italy's financial markets and public debt securities worsened further, and therefore the capital reserve relative to securities classified as available for sale was greater than that recorded at the end of 2010, whilst the gross yield in the profit and loss account remained acceptable.

3.3 Business outlook in the current financial year

Macro-economic forecasts indicate that after the modest upturn recorded in 2011 Italy shall, in 2012, face an unfavourable economic juncture. In Europe, there is still strong tension regarding public debt, in particular in those countries with high debt levels. As it is known, a new government was appointed in Italy, at the end of the last financial year and in December presented a new budget that aimed to lay the foundations in order to stabilise the country's accounts and to restore investors' trust in debt securities. The situation remains subject to the difficulties of coordinating tax policies and public deficit

control measures at the European level, but the initial data from 2012 show signs of improvement in Italian state security spread.

In view of the above, we can expect the insurance market to experience a certain level of difficulty in developing premium income, in particular in the Life sector, which had already been affected in 2011 by a drop in the banking channel and by the effects of the economic situation on family savings. On the other hand, the increase in fuel prices and the predictable decrease in the traffic of goods and people should go some way to contain the claim level of the Motor TPL insurance branch. Within such a challenging context, the Group is taking action on different lines which should allow us to confirm, even for the current financial year, a level of premium income that, on the same consolidation scope, comes close to the volumes achieved in 2011.

With specific regard to products, Unipol Assicurazioni is the market leader in Motor business insurance policies that include the installation of a satellite theft detection device (Unibox) and this factor is becoming increasingly popular with customers, also in relation to recent government provisions, whilst in the Non-Motor branches a growth is expected in the private Health sector, in view of the increasing difficulties in the National Health Service due to public spending cuts. In this last market, the Group is focusing on the almost unique offer of Customer Care products instead of reimbursement-based policies. This concept is allowing UniSalute to rapidly scale the leader board in sales of healthcare insurance cover.

In Life business, the focus will mostly be on products with a greater insurance content, on boosting the Company's support to the agency channel and on the search for distribution agreements with new banks (via Arca Vita S.p.A.) and alternative sales channels (GDO/Linear Life S.p.A.).

With regard to the banking sector, and initiatives which aim to reorganise and rationalise the processes for issuing and managing credit, we hereby bring your attention to the fact that Unipol Banca finalised the incorporation of the credit portfolio split from the subsidiary Unipol Merchant S.p.A. in the month of January 2012. The 2012 guidelines will remain strongly focused on the aforementioned processes of issuing and managing credit.

4. ECONOMIC AND FINANCIAL EFFECTS OF THE CAPITAL INCREASE

The Capital Increase amounting to a maximum of €1,100m, inclusive of any share premium, implies a pro forma increase in the UGF Shareholders' Equity, as of 30 September 2011, from €4,649m to €5,749m, calculating 3% as expenses connected with the increase, corresponding to €33m, entered in the Assets under the intangible assets of the Company's individual financial statements, and amortised over 5 years.

The consolidated Shareholders' Equity (Group and minorities) of the Unipol Group as of 30 September 2011 is €3,365m. Assuming an increase of €1,078m due to:

- a Capital increase of €1,100m,
- the expenses connected with the capital increase, net of the relative fiscal effect (34.32%), amounting to €13m (to be entered as a decrease of the share premium reserve),

the pro forma consolidated Shareholders' Equity (Group and minorities) of the Unipol Group as of 30 September 2011 is €4,443m.

The execution of the Capital Increase implies a significant increase in the capital ratios, to be considered in the context of the Integration Plan to be implemented, as described here above.

5. DILUTIVE EFFECTS

As this is a Capital Increase offered as an option, there shall be no dilutive effects in terms of quotas in the overall share capital for the Company's Shareholders who will decide to take it up. The Capital Increase requires that each Company Shareholder shall be entitled to the subscription right; from the initial date on which shares are offered, this right may be negotiated separately from the shares, which at that point shall be quoted ex-right. At the moment it is not possible to estimate the value of negotiating the subscription rights themselves, as it is not possible to predict the market conditions at the time when the transaction shall be finalised. Shareholders who do not exercise their subscription right shall incur a dilution of their share as a result of the issue of shares.

6. RIGHTS OF HOLDERS OF THE 2010 – 2013 UNIPOL ORDINARY SHARE WARRANTS AND OF THE 2010 – 2013 UNIPOL PREFERENCE SHARE WARRANTS

Article 3 of the regulation of the '*2010-2013 Unipol Ordinary Share Warrants*' and '*2010-2013 Unipol Preference Share Warrants*' (the '**Warrants**') establishes that should any transactions relating to UGF share capital take place between the issue date of the Warrants and 31 December 2013, the exercise price of ordinary and preference conversion shares (the '**Exercise Price**') and the exercise ratio, could be adjusted by the Company.

In particular, in the case of capital increases against payment through the issuance of new shares to be offered on a pre-emptive basis to persons entitled thereto, the Exercise Price shall be reduced by an amount, rounded down to a thousandth of Euro, of:

$$(P_{cum} - P_{ex})$$

where

- P_{cum} represents the simple arithmetic average of the last five official 'cum right' prices of the UGF ordinary share registered on the *Mercato Telematico Azionario* organised and managed by Borsa Italiana S.p.A., and

- P_{ex} represents the simple arithmetic average of the first five official 'ex right' prices of the UGF ordinary share registered on the *Mercato Telematico Azionario* organised and managed by Borsa Italiana S.p.A.

In no event shall the Exercise Price be increased following the application of the above formula (even if P_{ex} is higher than P_{cum}).

If the exercise request is submitted prior to the communication of the new Exercise Price following a capital transaction, as a result of the exercise following the detachment of the right, any overpayment made upon submission of the exercise request, taking the Exercise Price prior to the adjustment as a basis, will be reimbursed to the subscriber without interest at the date on which the new Exercise Price will be communicated.

If a fractional number of conversion shares is due in connection with the exercise of the Warrants, the Warrant holder will be entitled to subscribe for conversion shares until the full number, rounded to the next lowest unit, is reached, without the possibility to exercise any rights with respect to the fractional portion.

7. STATUTORY AMENDMENTS AND RIGHT TO WITHDRAWAL

Should the proposal to allocate the powers to the Board of Directors as per this report be approved, it will become necessary to proceed with amending Article 5 of the Company's By-laws (Capital), inserting a new paragraph that confirms that the resolution has been passed by the Extraordinary Meeting, in the terms illustrated below.

Current text	Proposed text
<p>Article 5. Share Capital</p> <p>The share capital is €2,699,066,930.11 (two billion, six hundred ninety nine million, sixty six thousand, nine hundred and thirty. eleven), divided in 3,416,540,416 (three billion, four hundred sixteen million, five hundred forty thousand, four hundred and sixteen) nominal shares, 2,114,257,106 (two billion, one hundred fourteen million, two hundred fifty seven thousand, one hundred and six) of which ordinary nominal shares and 1,302,283,310 (one billion, three hundred two million, two hundred eighty three thousand, three hundred and ten) are registered preference shares.</p> <p>The law provisions referring to the nominal value of shares are applied in relation to the ratio between the number of shares and the total issued shares.</p> <p>The Extraordinary Shareholders' Meeting held on 29 April 2010 approved to increase the share capital against payment, not necessarily in one go, of a maximum amount of €100,000,000.00 by issuing ordinary and preference shares without nominal value, cum coupon, for the purpose of exercising the free ordinary and preference warrants issued with the ordinary and preference shares respectively, following the capital increase approved by the same Shareholders' Meeting of 29 April 2010, to be carried out by 31 December 2013.</p>	<p>Article 5. Share Capital</p> <p>The share capital is €2,699,066,930.11 2,699,066,917.47 (two billion, six hundred and ninety-nine million, sixty-six thousand, nine hundred and seventeen point forty seven) (two billion six hundred and ninety-nine million, sixty-six thousand, nine hundred and thirty point eleven), divided into 3,416,540,416 3,165,404 (thirty-four million, one hundred and sixty-five thousand, four hundred and four) three billion four hundred and sixteen million, five hundred and forty thousand, four hundred sixteen) registered shares, without nominal value, of which 21,142,571,114,257,106 (twenty-one million, one hundred and forty-two thousand, five hundred and seventy-one) two billion one hundred and fourteen million, two hundred and fifty-seven thousand, one hundred and six) are registered ordinary shares and 13,022,833,1,302,283,310 (thirteen million, twenty-two thousand, eight hundred and thirty three) one billion, three hundred and two million, two hundred and eighty-three thousand, three hundred and ten) are registered preference shares..(*)</p> <p>The law provisions referring to the nominal value of shares are applied in relation to the ratio between the number of shares and the total issued shares.</p> <p>The Extraordinary Shareholders' Meeting held on 29 April 2010 approved to increase the share capital against payment, not necessarily in one go, of a maximum amount of €100,000,000.00 by issuing ordinary and</p>

<p>By means of a subsequent amendment to the Company's By-laws, categories of shares associated with different rights may be created.</p> <p>If the capital is increased by means of an increase in the number of shares, the increase will involve the simultaneous issue of shares in the categories existing from time to time and in the proportions already pertaining between said categories.</p> <p>The shares to be issued in each category will be booked to reserves as an option on shares in the same category.</p> <p>The capital may also be increased by granting benefits in kind or receivables.</p> <p>The option right does not apply to the newly-issued shares which, in accordance with the resolution to make the increase, must be paid up in full or in part by granting benefits in kind.</p>	<p>preference shares without nominal value, cum coupon, for the purpose of exercising the free ordinary and preference warrants issued with the ordinary and preference shares respectively, following the capital increase approved by the same Shareholders' Meeting of 29 April 2010, to be carried out by 31 December 2013.</p> <p>The Extraordinary Shareholders' Meeting of 19 March 2012 resolved, pursuant to Article 2443 of the Italian Civil Code, to invest the Board of Directors with the authority to carry out a capital increase against payment and in a divisible manner by a maximum of €1,100m (including any share premium), via the issuance of ordinary and preference shares with no par value and regular dividend-rights by 31 December 2012,. These will be offered in option, respectively, to shareholders who are holders of ordinary shares and those who are holders of preference shares, in proportion to the shares held, with the Board having the widest powers to establish, from time to time, in compliance with the limits set out above, the methods, terms and conditions of the capital increase, including the price of issuance of the shares (including any share premium), the number of shares to issue as well as the option ratio.</p> <p>By means of a subsequent amendment to the Company's By-laws, categories of shares associated with different rights may be created.</p> <p>If the capital is increased by means of an increase in the number of shares, the increase will involve the simultaneous issue of shares in the categories existing from time</p>
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<p>The option right may not be granted on newly-issued shares, subject to a limit of ten percent of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in an appropriate report from the company in charge of auditing the accounts.</p> <p>The Extraordinary Shareholders' Meeting may also, in accordance with current legislation, resolve to increase share capital reserved for the Company's employees or even for the employees of parent and subsidiary companies.</p> <p>Any amendment to these By-laws involving a change to the ratio of ordinary shares to preference shares, or to the related property or administrative rights, must also be approved by a Special Meeting of the category or categories concerned, as required by the law.</p>	<p>to time and in the proportions already pertaining between said categories.</p> <p>The shares to be issued in each category will be booked to reserves as an option on shares in the same category.</p> <p>The capital may also be increased by granting benefits in kind or receivables.</p> <p>The option right does not apply to the newly-issued shares which, in accordance with the resolution to make the increase, must be paid up in full or in part by granting benefits in kind.</p> <p>The option right may not be granted on newly-issued shares, subject to a limit of ten percent of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in an appropriate report from the company in charge of auditing the accounts.</p> <p>The Extraordinary Shareholders' Meeting may also, in accordance with current legislation, resolve to increase share capital reserved for the Company's employees or even for the employees of parent and subsidiary companies.</p> <p>Any amendment to these By-laws involving a change to the ratio of ordinary shares to preference shares, or to the related property or administrative rights, must also be approved by a Special Meeting of the category or categories concerned, as required by the law.</p>
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(*) Text to be used in the event that the proposal relative to the first point on the Agenda of the Extraordinary Shareholders' Meeting is approved.

Statutory amendments do not attribute the right to withdrawal to Shareholders who have not taken part in the deliberations forming the subject of this report.

* * * * *

In light of the above, the Board of Directors intends to submit the following proposal for your approval.

Proposal

The Extraordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A.,

- *having examined the Board of Directors' Report and the proposal formulated therein,*

hereby resolves

- *to invest the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to carry out a capital increase against payment and in a divisible manner, by a maximum of €1,100m (including any share premium), in one or more tranches, through the issuance of ordinary and preference shares with no par value and regular dividend rights, by 31 December 2012. These will be offered in option, respectively, to shareholders who are holders of ordinary shares and those who are holders of preference shares, in proportion to the shares held, and therefore:*
- *to attribute to the Board of Directors the widest powers to establish, within the limits set out above, the methods, terms and conditions of the capital increase, including, by way of a non-limiting example, the power to:*
 - i) *define, in proximity of the offer starting up, the issue price of newly-issued ordinary and preference shares taking into account, among other things, the market conditions, the market trend of the Company shares, the economic and financial results of the Company and the Group, as well as market practices;*
 - ii) *determine – as a consequence of the provisions under i) – the maximum number of newly-issued ordinary and preference shares, the option ratio, in compliance of the existing proportion between the categories of shares at the time of the resolution to increase the capital, as well as the exact amount of the capital increase;*
- *to amend Article 5 of the Company's By-laws via the insertion of a new fourth paragraph, according to the below formulation:*

'The Extraordinary Shareholders' Meeting of 19 March 2012 resolved, pursuant to Article 2443 of the Italian Civil Code, to invest the Board of Directors with the authority to carry out a capital increase against payment and in a divisible manner by a maximum of €1,100m (including any share premium), via the

issuance of ordinary and preference shares with no par value and regular dividend-rights by 31 December 2012. These will be offered in option, respectively, to shareholders who are holders of ordinary shares and those who are holders of preference shares, in proportion to the shares held, with the Board having the widest powers to establish, from time to time, in compliance with the limits set out above, the methods, terms and conditions of the capital increase, including the price of issuance of the shares (including any share premium), the number of shares to issue as well as the option ratio’;

- *to attribute to the Chairman of the Board of Directors and to the Chief Executive Officer, jointly, severally and with the power of sub-delegation, any and all of the widest powers to carry out the operations necessary to implement, fully and in each part, the resolutions passed, as well as to fulfil the necessary formalities in order to proceed with the option offer and the listing on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. of the newly-issued ordinary and preference shares. It may also make any adjustments that may become necessary as a result of the capital increase with regard to the terms for the ‘Unipol 2010-2013 Ordinary Share Warrants’ and ‘Unipol 2010-2013 Preference Share Warrants’, and to ensure that all resolutions passed today obtain the necessary legal approval and, in general, to do all that might be necessary to fully implement the resolutions themselves, with any and all powers necessary and suitable to this end, bar none (including the power to file and publish the statement required as per Article 2444 of the Italian Civil Code and the power to file, from time to time, in the Companies Register pursuant to Article 2436 of the Italian Civil Code, the text of the Company’s By-laws updated with the entity of the share capital and number of shares, as a result of the increase subscriptions), including also the power to introduce in the resolution itself all amendments, additions or suppressions, not of a substantial character, that may be deemed necessary or just suitable or that may be required by the relevant authorities during approval and registration.*

Bologna, 09 February 2012

For the Board of Directors
The Chairman
Pierluigi Stefanini