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***This document contains an unofficial and courtesy English translation (the “Translation”) of the Report of the Board of Directors on the sole item on the Agenda of the Preferred Shareholders’ Meeting of Unipol Gruppo Finanziario S.p.A. (the “Report”) convened, on single call, for February 26, 2015, to approve the proposal for the mandatory conversion of the Preferred Shares into Common Shares of Unipol Gruppo Finanziario S.p.A., which was published on the website [www.unipol.it](http://www.unipol.it) on 30 December 2014.***

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## **SHAREHOLDERS' MEETING OF THE HOLDERS OF PREFERRED SHARES**

**February 26, 2015 – Single call**

### **Report of the Board of Directors on the sole item on the Agenda of the Shareholders' Meeting of the holders of preferred shares**

*(prepared pursuant to art. 125-ter of Legislative Decree n. 58 of 24 February 1998, as subsequently amended and integrated, and of art. 72 of the Regulation adopted with CONSOB Resolution n. 11971 of 14 May 1999, as subsequently amended and integrated)*

Via Stalingrado 45 – 40128 Bologna, Share capital Euro 3,365,292,408.03 fully paid-in – Companies Register of Bologna, Tax Code and VAT Code n. 00284160371, R.E.A. 160304 – Parent Company of the Unipol Insurance Group enrolled at the Register of Insurance Groups (*Albo dei gruppi Assicurativi*) at n. 046 and Parent Company of the Unipol Banking Group.

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**SOLE ITEM ON THE AGENDA OF THE SHAREHOLDERS' MEETING OF THE HOLDERS OF PREFERRED SHARES**

*Proposed approval, pursuant to art. 146, paragraph 1, lett. b), of Legislative Decree n. 58 of 24 February 1998, of the resolution of the Extraordinary Shareholders' Meeting of the Company concerning the mandatory conversion of the preferred shares into common shares. Amendments to artt. 5, 6, 9, 19 and 20 of the Bylaws. Related and consequent resolutions.*

Dear Preferred Shareholders,

this preferred shareholders' meeting has been convened to resolve – pursuant to art. 146, paragraph 1, lett. b) of the Legislative Decree n. 58/1998 – on the approval of the resolution of the extraordinary shareholders' meeting concerning the proposal for the mandatory conversion of preferred shares (the “**Preferred Shares**”) into common shares of Unipol Gruppo Finanziario S.p.A. (“**UGF**” or the “**Company**”) and the approval of the consequent amendments to the Bylaws of the Company (collectively, the “**Transaction**” or the “**Conversion**”).

The scope of this report (the “**Report**”) – prepared pursuant to art. 125-ter of Legislative Decree February 24, 1998 n. 58 (the “**TUF**”) and of art. 72 of the issuers regulation adopted by CONSOB with resolution n. 11971 of May 14, 1999, as subsequently amended and integrated (the “**Issuers Regulation**”), in accordance with Model 6 of Annex 3A to the Issuers Regulation – is to provide the Shareholders with information on the sole item on the Agenda of the special shareholders' meeting of the holders of Preferred Shares (the “**Preferred Shareholders' Meeting**”) convened, on single call (*unica convocazione*), for February 26, 2015, to approve the Transaction pursuant to artt. 147-bis and 146, paragraph 1, lett. b), of the TUF, as well as in accordance with art. 2376 of the Italian civil code and with art. 5, last paragraph, of the Bylaws of UGF.

The Transaction is subject to the prior approval of the extraordinary shareholders' meeting of the Company (the “**Extraordinary Shareholders' Meeting**”), convened, on single call (*unica convocazione*), for February 25, 2015.

Moreover, according to the above mentioned art. 5, last paragraph, of the Bylaws, the Conversion shall be approved by the Extraordinary Shareholders' Meeting with the favorable vote of at least two thirds of the share capital present at the Meeting (see art. 2369, paragraphs 1 and 7, of the Italian civil code), on the condition that such majority also includes the favorable vote of a number of common Shareholders representing at least twenty per cent of the common share capital.

This Report shall be sent to CONSOB and made available to the public at the registered office of the Company, on its internet website ([www.unipol.it](http://www.unipol.it)), as well as at Borsa Italiana S.p.A., on the terms and with the modalities provided by law.

As largely illustrated below, the Transaction provides for the mandatory conversion of all the existing Preferred Shares into newly issued common shares of the Company, with regular entitlement (the “**Common Shares**”), on the basis of the following conversion ratio:

- n. 1 Common Share for each Preferred Share, without payment of any cash balance (the “**Conversion Ratio**”).

## **1. Rationale of the proposed Conversion**

At the date of this Report, the corporate capital of UGF, equal to Euro 3,365,292,408.03, is divided into two different classes of shares, without par value, and in particular: n. 443,993,991

common shares and n. 273,479,517 Preferred Shares, respectively equal to 61.88% and to 38.12% of the total share capital of the Company.

As known the market has progressively lost interest in the category of the special shares, in its more general expression including saving shares as well as preferred shares. At the date of this Report, indeed, only 18 Italian companies with shares listed on regulated markets maintain a corporate capital structure articulated in different categories of shares. In particular, 17 issuers – including the subsidiary UnipolSai Assicurazioni S.p.A. (“**UnipolSai**”) – have a corporate structure represented also by saving shares while only one of them, that is UGF, has a corporate structure including preferred shares.

At the date of this Report, only 3 financial entities (in addition to UnipolSai and UGF) have special shares (in these cases saving shares) in their corporate capital structure, having a marginal capitalization and/or an impact on the total corporate capital significantly lower compared to the capitalization and the impact of the UGF’s Preferred Shares on the common share capital of the Company.

In relation to the above, please note that the reason for this may be found in the event that in the past 15 years have been perfected approximately 30 transactions of conversion, mostly mandatory conversions, of which 3 during the sole 2014.

In the case at hand, the Preferred Shares issued by UGF have limited liquidity: the average daily trading volumes of Preferred Shares as registered in the last six months on the Italian Stock Exchange is equal to 669,000 shares, equal to 0.23% of the total number of issued shares (651,000 shares in the last three months, equal to 0.24% of such number).

The common shares of UGF, instead, have registered in the last six months an average daily trading volumes on the Italian Stock Exchange equal to approximately 1.4 million shares, corresponding to 0.31% of the total number of the shares issued (1.3 million shares in the last 3 months, corresponding to 0.29% of such number).

In the light of the above, the possibility to maintain a corporate capital structure which includes Preferred Shares is questionable from a long-term perspective, given that the legislative and regulatory trend of the financial sectors aims, in general, at refocusing the capital structure of regulated companies and groups on a composition of the so-called own funds mostly based on assets of a higher qualitative level, such as the common share capital. In the insurance sector, such trend found its expression in the system of rules and regulations known as “Solvency II” (Directive 2009/138/EU), which shall become applicable, starting from 1 January 2016, also in Italy and, in the banking sector, in the system of rules and regulations known as “Basilea 3”.

\* \* \* \* \*

Having in mind all the above, the Conversion would produce a number of benefits and advantages for the Company and its Shareholders, as it is aimed at:

- (i) streamlining and simplifying the capital structure of UGF, reducing the corporate fulfilments and the connected costs resulting from the existence of two different classes of shares;
- (ii) aligning the financial and administrative rights of all the Shareholders, thereby facilitating the investment choices of the market; the creation of a single class of shares, with a single price, would in fact bring benefits in terms of comprehension of the market value of the shares, making it more attractive for the investors;
- (iii) increasing the free float, improving the liquidity and the soundness of the Company’s shares for all its Shareholders;
- (iv) increasing the weight of UGF’s shares within the stock market indexes, with a consequential benefit for all Shareholders, who would come to hold more appealing securities in the equity stock market;

- (v) contributing to the improvement of the qualitative composition of the Company's regulatory capital (*capitale regolamentare*).

Please note that, on the basis of the same considerations, the Board of Directors of the subsidiary UnipolSai has resolved to submit to the competent shareholders' meetings of its shareholders the proposed Conversion of the class A saving shares and of the class B saving shares into common shares of UnipolSai itself, on the basis of the following conversion ratios:

- n. 100 Common Shares for each Class A Saving Share, without payment of any cash balance;
- n. 1 Common Share for each Class B Saving Share, without payment of any cash balance.

\* \* \* \* \*

As better illustrated in paragraph 11 below, the Conversion will become effective subject to the prior satisfaction of the following conditions precedent:

- the approval of the proposed Conversion (aa) by the Extraordinary Shareholders' Meeting, also in compliance with the quorum required for the approval of the Transaction by the special Shareholders' Meeting of the common Shareholders, and (bb) by the Preferred Shareholders' Meeting;
- the fact that the total settlement value of the Preferred Shares for which may be exercised the right of withdrawal (calculated pursuant to art. 2437-ter, paragraph 3, of the Italian civil code) does not exceed Euro 100 million, it being understood that such condition is provided in the exclusive interest of the Company and, thus, may be waived by the Company itself; and
- the obtainment of the authorization to be issued by IVASS, together with the Bank of Italy, pursuant to artt. 87-bis and 196 of Legislative Decree of 7 September 2005 n. 209, as well as of IVASS Regulation n. 14/2008, to the amendments to the By-Laws of the Company deriving from the Conversion, as better illustrated below (the "**IVASS Authorization**").

In light of the above, assuming the approval of the Transaction by the Extraordinary Shareholders' Meeting and as a consequence of the satisfaction of the other conditions precedent the following different scenarios may arise:

- that the Preferred Shareholders' Meeting does not approve the proposed Conversion of Preferred Shares, or that the resolutions adopted do not obtain the IVASS Authorization; in such cases, the Company shall not proceed with the Conversion;
- that, following the approval of the Conversion of the Preferred Shares by the Preferred Shareholders' Meeting, the aggregate settlement value of the Preferred Shares for which should be exercised the right of withdrawal by the holders of Preferred Shares, exceeds Euro 100 million; in such case, the Company, unless it waives such condition precedent, shall not proceed with the Conversion of the Preferred Shares.

## **2. Description of the rights or privileges attached to the Preferred Shares to be converted**

### **2.1. Economic privileges**

As anticipated in paragraph 1 above, at the date of this Report, the corporate capital of UGF, equal to Euro 3,365,292,408.03, is divided into n. 717,473,508 shares, all without par value, of which n. 443,993,991 common shares (equal to 61.88% of the total corporate capital) and n. 273,479,517 Preferred Shares (equal to approximately 38.12% of the total corporate capital).

Pursuant to artt. 19 and 20 of the existing Bylaws, the net profit resulting from the Company's annual financial statements is allocated first to the legal reserve, in the measure of 10% and up to one fifth of the corporate capital; the remaining profit, subject to the resolution of the shareholders' meeting, is allocated as follows:

- a quota to the extraordinary reserve or to other special funds;
- a quota as dividend, so as to pay on the Preferred Shares an amount up to Euro 0.17 for each Preferred Share;
- the remaining part of this quota is allocated to paying a dividend on the common shares up to the amount of Euro 0.15 for each common share;
- the remaining part of the net profit allocated to dividends is divided pro rata between the two classes of share.

It is in any case saved the possibility for the Shareholders' Meeting to resolve extraordinary allocations of net profits by issuing shares to be allocated individually to the Company's employees, pursuant to art. 2349 of the Italian civil code.

For both classes of shares the dividends may not be carried forward ("*cumulabili*") from one financial year to the following.

In case of free capital increase, the dividends to be paid on Preferred Shares and on common shares may be reduced provided that there is still a difference of Euro 0.02 in favor of the Preferred Shares, but in any case subject to a minimum amount of Euro 2.58 for each Preferred Share and Euro 2,06 for each common share.

The Preferred Shares have also priority in the reimbursement of the share capital so that, upon winding-up of the Company, the holders of Preferred Shares have a priority right in the reimbursement of the share capital up to their accounting par value.

In case of reverse stock split or stock split (as well as in case of transactions on the share capital where it is necessary not to alter the rights of the shareholders) the amounts per share to which the privileges of the Preferred Shares refer shall be amended accordingly.

## 2.2. Administrative rights and other rights

Taking into account the provisions of artt. 147-bis and 146 of the TUF:

- the Preferred Shares grant the right to vote in the relevant special Shareholders' Meeting;
- in particular, the resolutions of the Shareholders' Meeting of the Company which prejudice the category rights of the Preferred Shares are subject to the prior approval by the relevant special Shareholders' Meeting.

Pursuant to artt. 5, 6 and 9 of the Bylaws:

- the Preferred Shares grant the voting right in the extraordinary Shareholders' Meeting;
- the holders of Preferred Shares do not have the right to request the call, as well as to intervene or cast the vote in the ordinary Shareholders' Meetings of the Company;
- notices regarding any corporate transactions which may impact on the price trend of Preferred Shares are promptly sent to the Common Representative of the holders of Preferred Shares;
- any amendment of the Bylaws entailing a change in the existing ratio between common shares and Preferred Shares, or in the respective economic or administrative rights, must also be approved by the special Shareholders' Meeting of the class or classes concerned, pursuant to the applicable law.

### **3. Specific issues of the proposed transaction**

The Transaction presents the following issues:

- (i) at the effective date of the Conversion, the holders of Preferred Shares shall lose the economic privileges and administrative rights provided by the Bylaws in favor of such class of shares, and shall acquire the economic and administrative rights attached to the Common Shares;
- (ii) at the effective date of the Conversion, the voting rights of common shareholders in the ordinary Shareholders' Meeting of the Company shall be diluted pro-rata to the number of Preferred Shares object of the Conversion, in accordance with the terms illustrated in paragraph 17 (in particular, at the effective date of the Conversion, the Common Shares issued before the Transaction would represent approximately 61.88% of the total number of common shares of which the corporate capital of the Company shall be composed, while the Common Shares resulting in the aggregate from the Conversion would represent approximately 38.12% of the total number of common shares of which the corporate capital of the Company shall be composed *post* Conversion);
- (iii) the evaluation of the Transaction by the Shareholders should take into account several factors, among which: (a) the existence of different options available to the holders of Preferred Shares (Conversion, right of withdrawal as well as the possibility to sell the shares on the market) and (b) the physiologic uncertainty regarding the future trend of the Common Shares.

### **4. Number of Preferred Shares held by the Controlling Shareholder pursuant to art. 93 of the TUF and by the Company**

At the date of this Report, Finsoe S.p.A. controls UGF – pursuant to art. 2359, paragraph 1, n. 1, of the Italian civil code and 93 of the TUF – with n. 225,307,098 common shares representing 50.746% of the common share capital and 31.403% of the total share capital, without exercising direction and coordination (*attività di direzione e coordinamento*) over the latter pursuant to art. 2497 *et subs.* of the Italian civil code.

At the date of this Report, Finsoe S.p.A. holds n. 5,931 Preferred Shares, equal to 0.002% of the total Preferred Shares and to approximately 0.001% of the total share capital.

At the date of this Report, UGF does not hold Preferred Shares as treasury shares, while it holds, directly and indirectly through subsidiaries, n. 6,845,807 common treasury shares, equal to 1.54% of the common share capital.

### **5. Intention of the Controlling Shareholder to sell and purchase Preferred Shares on the market**

UGF does not have any information on the intentions of its Controlling Shareholder.

### **6. Possible commitment to convert assumed by the holders of Preferred Shares**

This Section is not applicable to the case at hand given that, in case of Conversion, all the Preferred Shares shall automatically convert into Common Shares.

### **7. Dividends distributed in the last five years to the common shares and the Preferred Shares**

The chart below illustrates the dividends per share distributed by UGF to the common shares

and the Preferred Shares starting from fiscal year 2009. Please note that the amounts indicated, expressed in Euro per shares, refer to the dividends actually paid out by the Company, including the quota not distributed to the treasury shares, with respect to the competent fiscal year.

Class of Shares	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012	Fiscal year 2013
Common Shares	0.0400	-	-	0.150	0.1615
Preferred Shares	0.0452	-	-	0.170	0.1815

Please also note that:

- (i) the Common Shares that shall be issued for the purposes of the Conversion shall have regular entitlement;
- (ii) the Conversion shall be completed – subject to the prior satisfaction of the conditions precedent under paragraph 11 below – after detachment of the dividend, if any, for fiscal year ended December 31, 2014; dividend which shall therefore be distributed in accordance with the provisions of the Bylaws *ante* Conversion; and
- (iii) considering that the settlement procedure shall end before the said detachment of the dividend, if any, arising from the financial statements of the Company for fiscal year ended December 31, 2014, the Preferred Shareholders who should exercise the withdrawal right shall not receive such dividend, which, on the contrary, shall be paid to those who should acquire the Preferred Shares for which the withdrawal right has been exercised in the context of the settlement procedure under art. 2437-*quater* of the Italian civil code.

## 8. Potential payment of a cash balance upon conversion and criteria for its calculation

The Conversion of the Preferred Shares does not entail the payment of any cash balance (*conguaglio*) by the holders of Preferred Shares, nor by the Company.

## 9. Conversion Ratio

The Board of Directors of the Company has resolved to propose to the Shareholders the mandatory conversion of the Preferred Shares of the Company on the basis of Conversion Ratio equal to:

- n. 1 Common Share, without par value and with regular entitlement, for each Preferred Share (also without par value).

No payment of any cash balance (*conguagli*) is provided in the context of the Conversion.

The Board of Directors has come to its decisions also on the basis of a “fairness opinion” issued by an advisor of primary standing, UniCredit S.p.A., independent and of known experience (the “Advisor”).

The Conversion Ratio has been calculated considering:

- a) the reasons underlying the proposed Conversion, indicated in paragraph 1 above;
- b) the economic and administrative characteristics of the Preferred Shares compared to the Common Shares, indicated in paragraph 2 above;
- c) the trend of the market price of the Preferred Shares compared to the common shares in



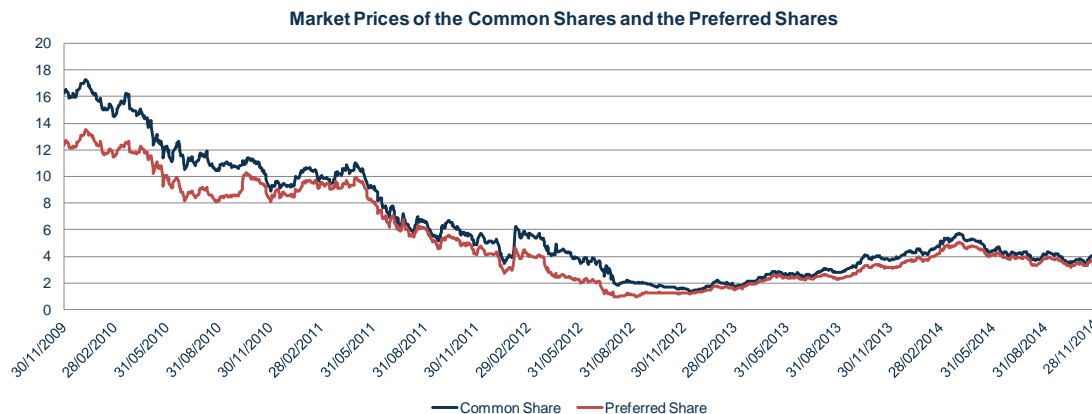
- different periods of time;
- d) the conversion ratios and the premium embedded in such ratios as registered in similar transactions occurred in the Italian market in the recent past;
  - e) the premium embedded in the proposed Conversion Ratio, compared to the market price of the UGF shares in different periods of time.

The points under (c), (d) and (e) above shall be better illustrated below.

In accordance with the above, please remind that, for its own decisions, the Board of Directors has used as last reference date for the market price of the common shares and of the preferred shares the date of November 28, 2014, that is the last business day in which the Italian Stock Exchange was open preceding the date of the announcement of the proposed Conversion to the market. Such reference date has therefore been used also for the preparation of the paragraphs below, save where otherwise indicated.

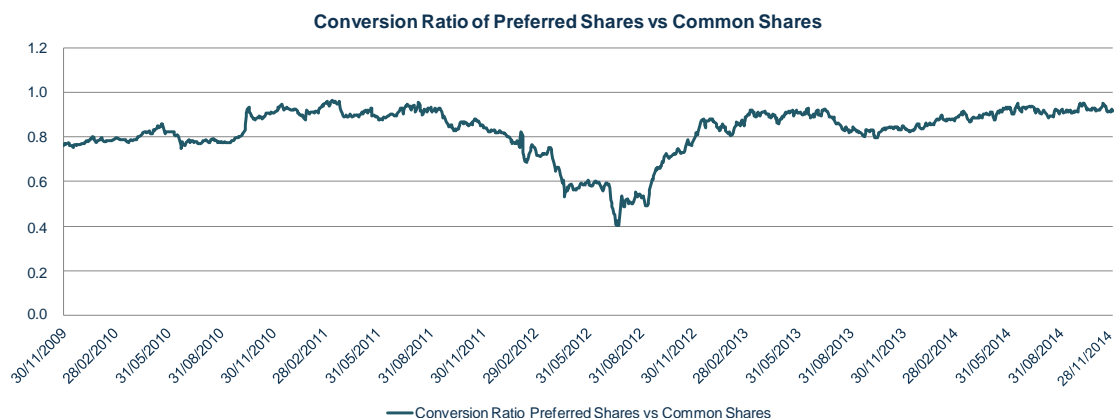
### 9.1. Trend of the market price of the shares of UGF

The diagrams below illustrate the trend of the market prices of the two categories of shares of UGF during the period of time which has been conventionally established in the 5 years before the date of this Report, and therefore from November 30, 2009 until November 28, 2014.



The market prices of the two categories of shares of UGF have registered a volatile trend, which reflects the trend of the Italian stock market in the aggregate as well as specific situations of the Unipol Group, registering, in the reference period, a negative trend respectively equal to -75% for the common shares and -70% for the preferred shares.

The conversion ratios embedded in the market prices of the preferred shares compared to the common shares, in the reference period, are illustrated in the table below.



With reference to such period, in the table below are indicated the minimum, the average and the maximum prices of UGF's shares and of the conversion ratios embedded in the prices.

	Common Shares	Preferred Shares		Implied Conversion Ratio
Average	6.369	5.311	Average	0.827
Min	1.340	0.959	Min	0.403
Max	17.239	13.514	Max	0.965

Assuming as reference date the date of November 28, 2014 (last business day on which the stock exchange was open before the date of the meeting of the Board of Directors that has approved the Transaction), on the basis of the Conversion Ratio, the preferred shareholders would receive an embedded premium of 8.54% compared to the conversion ratio embedded in the average of the market prices of the last six months.

Preferred Shares	Preferred Share Prices	Common Share Prices	Implied Conversion Ratio	Proposed Premium <sup>(1)</sup>
Spot (28/11/2014)	3.750	4.086	0.918	8.95%
2 weeks	3.675	3.998	0.919	8.80%
1 month	3.518	3.804	0.925	8.12%
3 months	3.566	3.862	0.923	8.29%
6 months	3.702	4.018	0.921	8.54%

(1) Calculated based on Proposed Conversion Ratio

## 9.2. Analysis of the previous conversion transactions

In the calculation of the proposed Conversion Ratio, the Board of Directors of the Company has reviewed and taken into account:

- i) the transactions of conversion of special shares (saving shares and preferred shares) into common shares perfected in the Italian market in the period between 1999 and the announcement date. The said transactions show characteristics materially different among them: the feasibility of an effective comparison among the same is limited by the intrinsic characteristics of each transaction and by the length of the period of time taken into consideration, to which correspond market conditions significantly different among them. Among the transactions occurred on the market we have in any event identified and made reference to a sub-group of 20 transactions of mandatory conversion, excluding the transactions entailing voluntary conversions and those where a cash balance was provided. Without forgetting the limits of the empirical analysis concerning transactions occurred in the past, we have noted that the conversion ratios approved in the previous conversion transactions taken as sample are in a range between 0,51x and 1x common shares per 1 saving share or preferred share; in particular, compared to the sample of transactions reviewed, 12 transactions have been completed at a conversion ratio at par and 8 transactions have been completed at a conversion ratio below par;
- ii) the sole transactions of conversion of preferred shares into common shares, carried out in the Italian market in the same period of time, it being understood that, in light of the reduced number of the same (it is a sub-group of 3 transactions providing for a mandatory conversion and a voluntary conversion without cash component), the

analysis performed appears less significant. Given the above limit, it has been observed that the conversion ratios object of the sample examined are in a range between 0.7x and 1x common shares for 1 preferred share; in particular, with respect to the total sample analyzed, 1 of these transactions has been performed at par and 2 transactions have been completed at a conversion ratio below 1.

To each conversion transaction corresponds different premiums embedded in the conversion ratio approved, which tend to decrease depending on the level of discount applied to the price of the relevant special share, as compared to the price of the common share, in different periods of time preceding the date of announcement of the conversion itself; such premium becomes equal to zero in the absence of discount between the two classes of shares. The foregoing is indirectly confirmed through a comparison between the average premiums embedded in transactions with a conversion ratio below par, which is significantly higher in all periods of time than the average premiums embedded registered in transactions with a conversion ratio at par, therefore showing a high level of dispersion of the same embedded premiums within each cluster compared to the average values.

### 9.3. *Premium embedded in the Conversion Ratio*

On the basis of the analysis above, a Conversion Ratio equal to n. 1 Common Share for each n. 1 Preferred Share results in the attribution of the highest conversion ratio within the sample of past conversion transactions examined. Such conversion ratio implies the attribution of an embedded premium over all the average prices up to six months from the announcement date of the transaction.

### 9.4. *Conclusions*

On the basis of the foregoing, the Board of Directors, supported by the Advisor, believes that the proposed Conversion Ratio is in the interests of all the shareholders as well as of the Company.

## **10. Modalities of exercise of the conversion of the Preferred Shares**

The Conversion of the Preferred Shares shall be effected through Monte Titoli S.p.A., which shall give instructions to the relevant intermediaries adhering to the securities centralized administration system with which the Preferred Shares are deposited.

The Transaction shall be at no cost for the Shareholders .

To this extent, the intermediaries with which the holders of Preferred Shares hold their securities accounts shall assign to the same the number of Common Shares resulting from the application of the Conversion Ratio of the Preferred Shares.

The effectiveness of the Conversion of the Preferred Shares is subject to the satisfaction of the conditions precedent indicated in paragraph 11 below.

The effective date of the Conversion shall be agreed with Borsa Italiana S.p.A. and shall be made public with a notice published on the internet website of the Company and on at least one national newspaper, pursuant to art. 72, paragraph 5, of the Issuers Regulation. On such date, the existing Preferred Shares shall no longer be traded on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A. while the Common Shares arising from the Conversion shall be traded on the said *Mercato Telematico Azionario*.

## **11. Conditions to the effectiveness of the conversion of the Preferred Shares**

The Conversion is subject to the approval of the Extraordinary Shareholders' Meeting, attended - as mentioned - also by the owners of Preferred Shares, in compliance with art. 9 of the By-

laws. The approval of the proposed Conversion by the Extraordinary Shareholders' Meeting must also occur in accordance with the *quorum* required for the approval of the Transaction by the special Shareholders' Meeting of the holders of common shares. In addition, the Conversion is subject to the approval by the Preferred Shareholders' Meeting of the holders of Preferred Shares.

Finally, the Conversion is subject to:

- (i) the IVASS Authorization, and
- (ii) the fact that the aggregate settlement value, calculated in accordance with art. 2437-ter, paragraph 3, of the Italian civil code, of the Preferred Shares for which will be exercised, if any, the withdrawal right by the respective holders, does not exceed Euro 100 million.

The Company shall make public the data regarding the satisfaction or non-satisfaction of the conditions precedent to the effectiveness of the Conversion, with notice published on the internet website of the Company and on at least one national newspaper.

The condition concerning the aggregate settlement value of the Preferred Shares for which will be exercised, if any, the withdrawal right is in the exclusive interest of the Company which shall, therefore, be entitled to waive it, informing the public of such waiver with notice published on the internet website of the Company and on at least one national newspaper within forty business days from the expiry of the term for the exercise of the right of withdrawal.

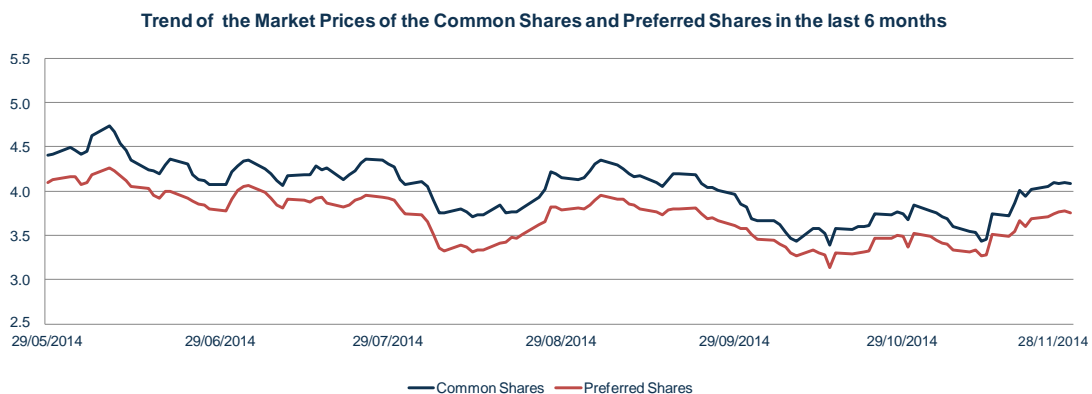
**12. Amount of the Preferred Shares to be converted and of the Common Shares offered for conversion**

Subject to the prior satisfaction of the conditions precedent indicated in paragraph 11 above, all the Preferred Shares equal to n. 273,479,517 shall be converted into Common Shares, with regular entitlement, having the same characteristics of those already issued at the effective date of the Conversion.

The number of Common Shares which shall be issued upon the Conversion of all the Preferred Shares shall be equal to n. 273,479,517.

**13. Trend of the price of the Preferred Shares in the last six months**

The diagram below shows the trend of the Preferred Shares compared to the common shares of UGF in the last six-month term, and therefore, going backwards, starting from May 29, 2014 until November 28, 2014.



#### **14. Incentives to the Conversion**

This section is not applicable to the Mandatory Conversion. Please refer to paragraph 9 above with respect to the calculation of the embedded premium.

#### **15. Effects of the Conversion on stock option plans concerning Preferred Shares**

There are no stock option plans concerning the Preferred Shares; this section is therefore not applicable.

#### **16. Right of withdrawal**

The Conversion, requiring an amendment to the Bylaws concerning the voting rights and the rights of participation of the holders of Preferred Shares, shall give rise, where approved by the Preferred Shareholders' Meeting, to the right of withdrawal of the holders of Preferred Shares who have not participated to the approval of the relevant resolutions, pursuant to art. 2437, paragraph 1, letter g), of the Italian civil code.

Please note that, in accordance with the provisions of art. 127-*bis*, paragraph 2, of the TUF, also those persons in the name of whom the Preferred Shares have been registered after the date indicated in art. 83-*sexies*, paragraph 2, of the TUF (so called "record date") but before the beginning of the Shareholders' Meeting, shall be deemed as not having participated to the approval of the resolution, and, therefore, shall be granted the right of withdrawal.

Please also note that, for the sake of clarity, the casting of a favorable vote in the Extraordinary Shareholders' Meeting and/or in the Preferred Shareholders' Meeting means to have participated to the approval of the proposed Conversion.

Given that the effectiveness of the Conversion of the Preferred Shares is subject to the satisfaction of the conditions precedent described in paragraph 11 above, also the effectiveness of the exercise of the right of withdrawal by the holders of the Preferred Shares, and thus the related settlement shall be subject to the prior satisfaction of the same conditions precedent.

##### ***16.1. Settlement value of the Preferred Shares***

In case of satisfaction of the conditions precedent under paragraph 11 above, the settlement value of the Preferred Shares for which the withdrawal right is exercised, if any, shall be equal to:

- Euro 3.711 per each Preferred Share.

The above settlement value has been calculated pursuant to art. 2437-*ter*, paragraph 3, of the Italian civil code making reference exclusively to the arithmetic mean of the close of business market prices in the six months preceding the publication of the notice of call of the shareholders' meetings (and, therefore, in the six months preceding Friday, November 28, 2014, included). The Bylaws does not derogate to the law criteria indicated above.

##### ***16.2. Modalities for the exercise of the right of withdrawal***

Pursuant to art. 2437-*bis* of the Italian civil code, the persons entitled to exercise the right of withdrawal shall exercise such right, for all or part of the Preferred Shares held, with registered letter (the "**Withdrawal Notice**") to be mailed to the registered office of the Company within fifteen calendar days from the date of registration of the relevant shareholders' resolution.

Without prejudice to the provisions of art. 127-*bis* of the TUF, the withdrawing Shareholder shall send to the Company, with the same modalities provided for the Withdrawal Notice and within the time limits set forth by law, an adequate communication, issued by an authorized intermediary, attesting (i) the legal ownership of the Shares object of withdrawal on the day of

the Shareholders' Meeting whose resolution has given rise to the right of withdrawal and (ii) the legal ownership of the Shares object of withdrawal at the date of the Withdrawal Notice.

The Withdrawal Notice must include the following information:

- the generalities of the withdrawing Shareholder, including the Italian tax code (*codice fiscale*);
- the domicile of the withdrawing Shareholder where to address the communications and notices regarding the procedure, including phone number and e-mail address;
- the number and category of Shares for which the right of withdrawal is exercised;
- the IBAN number of the bank account where the settlement price of the Shares object of withdrawal must be credited.

The Withdrawal Notice must also include the name of the intermediaries with which the Shares object of withdrawal are deposited and a statement that such Shares are free from liens or any other burden in favor of third parties. Should the Shares object of withdrawal be encumbered by liens or other burden in favor of third parties, the withdrawing Shareholder shall also attach to the Withdrawal Notice a statement of the third party creditor in favor of whom the lien or burden has been created, whereby such creditor gives its irrevocable and unconditional consent to the cancellation of the lien and/or burden over the Shares and to the relevant settlement in accordance with the instructions of the withdrawing Shareholder.

The information regarding the terms and conditions for the exercise of the right of withdrawal which cannot be identified before the date of the Shareholders' Meeting, including the date of registration of the relevant resolution in the Companies Register, shall be communicated by the Company – together with the details on the terms and modalities of exercise of the right of withdrawal, as well as of the payment of the settlement amount due – with the modalities provided by the applicable laws. In accordance with art. 2437-*bis*, paragraph 3, of the Italian civil code, the withdrawal cannot be exercised and, where already exercised, it shall be ineffective if, within ninety days, the Company should revoke the resolution giving rise to the right of withdrawal.

Should one or more Shareholders exercise the right of withdrawal, the settlement procedure shall be carried out in accordance with art. 2437-*quater* of the Italian civil code. In particular, the terms and conditions of the option and first refusal offer, which shall be addressed to all the Shareholders irrespective of the category of shares held, shall be communicated with the modalities provided by the applicable laws, it being understood in such regard that the relevant communications shall be published on at least one national newspaper as well as on the internet website of the Company [www.unipol.it](http://www.unipol.it).

Please note that:

- (i) the Common Shares to be issued for the purposes of the Conversion shall have regular entitlement;
- (ii) the Conversion shall be perfected – subject to the prior satisfaction of the conditions precedent listed in paragraph 11 above – after detachment of the dividend, if any, for fiscal year ended December 31, 2014; dividend which shall therefore be distributed in accordance with the provisions of the Bylaws *ante* Conversion; and
- (iii) considering that the withdrawal procedure shall end before the detachment of the dividend referable to the financial statements of the Company for the exercise ended December 31, 2014, the Preferred Shareholders who should exercise the right of withdrawal shall not receive any such dividend, which shall to the contrary be paid to those who should acquire the Preferred Shares object of withdrawal in the context of the settlement procedure under art. 2437-*quater* of the Italian civil code.

## **17. Composition of the corporate capital before and after the Conversion**

At the date of this Report, the corporate capital of UGF, equal to Euro 3,365,292,408.03, fully subscribed and paid-in, is divided into n. 717,473,508 shares, of which n. 443,993,991 common shares and n. 273,479,517 Preferred Shares, all without par value.

After the Conversion, the corporate capital shall be divided into n. 717,473,508 common shares.

## **18. Changes in the ownership structure as a result of the Conversion**

The Conversion shall not cause any material change in the controlling ownership structure of UGF.

Please consider that, following the Transaction, Finsoe S.p.A., although decreasing its shareholding from 50.746% to 31.404% of the common share capital of UGF, will continue to exercise a *de facto* control on the Company itself, pursuant to artt. 2359, paragraph 1, n. 2, of the Italian civil code and 93 of the TUF.

Upon completion of the Conversion, Finsoe S.p.A. shall continue not to exercise direction and coordination (*direzione e coordinamento*) over UGF, pursuant to artt. 2497 *et subs.* of the Italian civil code.

## **19. Main allocations that the Company intends to assign to the net profit of the conversion of the Preferred Shares**

This section is not applicable to the Conversion, given that no payment of any cash balance is provided. Therefore, UGF shall not receive any profit from the Conversion.

## **20. Tentative Timetable**

To date, it is envisaged to complete the Transaction according to the following tentative timetable:

- (i) February 25, 2015: Extraordinary Shareholders' Meeting;
- (ii) February 26, 2015: Preferred Shareholders' Meeting;
- (iii) thereafter, registration of the above shareholders' resolutions with the Companies Register of Bologna – which shall take place after the obtainment of the IVASS Authorization, being the latter a condition precedent to the registration of the shareholders' resolution with the competent Companies Register – beginning of the fifteen calendar day-term for the exercise of the right of withdrawal by the holders of Preferred Shares who have not participated to the approval of the relevant resolution;
- (iv) following expiry of the term for the exercise of the withdrawal, assessment of the satisfaction of the condition (*i.e.*, non-exceeding of the withdrawal threshold) concerning the total settlement value of the Preferred Shares for which will be exercised, if any, the right of withdrawal by the relevant holders:
  - if the withdrawal threshold is not exceeded or, in any event, the Company waives the relevant condition: completion of the Conversion;
  - if the withdrawal threshold is exceeded and the Company does not waive the condition: non-completion of the Conversion, with consequent ineffectiveness of the withdrawal notices sent.
- (v) following expiry of the term for the exercise of the right of withdrawal, if the withdrawal threshold has not been exceeded or the Company has waived the relevant

condition, beginning of the settlement procedure of the Preferred Shares object of withdrawal, if any, first through the option and first refusal offer to all other Shareholders (irrespective of the class of shares held) and then, should all or part of the Preferred Shares remain unsold, through offer to the market;

- (vi) following expiry of the period for the sale to the market of the Preferred Shares object of withdrawal, should all or part of the Preferred Shares remain unsold, the Company shall purchase such shares pursuant to art. 2437-*quater*, paragraph 5, of the Italian civil code.

As noted, the amendments to the By-laws requested by the Conversion shall be subject to the IVASS Authorization and shall become effective as of the date of completion of the Conversion. In any event, please note that it will be possible to register the shareholders' resolutions regarding the Conversion with the competent Companies Register only after the obtainment of the IVASS Authorization.

Upon completion of the Transaction, the Preferred Shares subject to Conversion shall be delisted from the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A. while the Common Shares arising from the Conversion shall be listed and traded on the said *Mercato Telematico Azionario*.

## 21. Amendments to the Bylaws

In case of completion of the Conversion, it will be necessary to amend artt. 5, 6, 9, 19 and 20 of the Bylaws.

The chart below illustrates the amendments to the Bylaws proposed in case of completion of the Conversion.

Actual draft	Draft proposed <i>post</i> Conversion
<b>Article 5 (Capital)</b>	<b>Article 5 (Capital)</b>
The share capital is €3,365,292,408.03 (three billion, three hundred and sixty-five million, two hundred and ninety-two thousand, four hundred and eight point three) divided into 717,473,508 (seven hundred and seventeen million, four hundred and seventy-three thousand, five hundred and eight) registered shares, without nominal value, 443,993,991 (four hundred and forty-three million, nine hundred and ninety-three thousand, nine hundred and ninety-one) of which are registered ordinary shares and 273,479,517 (two hundred and seventy-three million, four hundred and seventy-nine thousand, five hundred and seventeen) are registered preference shares.	The share capital is €3,365,292,408.03 (three billion, three hundred and sixty-five million, two hundred and ninety-two thousand, four hundred and eight point three) divided into <b>717,473,508</b> ( <del>seven hundred and seventeen million, four hundred and seventy-three thousand, five hundred and eight</del> ) registered <b>common</b> shares, without nominal value, <del>443,993,991 (four hundred and forty-three million, nine hundred and ninety-three thousand, nine hundred and ninety-one)</del> of which are registered ordinary shares and <del>273,479,517 (two hundred and seventy-three million, four hundred and seventy-nine thousand, five hundred and seventeen)</del> are registered preference shares.
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.	Unchanged
By means of a subsequent amendment to the By-Laws, categories of shares associated with different rights may be created.	Unchanged
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.	If the capital is increased by means of an increase in the number of shares, <del>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.</del> <b>the newly-issued</b>



	<b>shares shall be subject to the pre-emption right of the shareholders of the Company on shares in the same category.</b>
The shares to be issued in each category will be booked to reserves as an option on shares in the same category.	<del>The shares to be issued in each category will be booked to reserves as an option on shares in the same category.</del>
The capital may also be increased by granting benefits in kind or receivables.	Unchanged
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.	Unchanged
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 of auditors.	Unchanged
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 parents and subsidiaries.	Unchanged
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.	<del>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.</del>
<b>Article 6 (Shares and Joint Representative)</b>	<b>Article 6 (Shares and Joint Representative)</b>
The shares are registered. Where the law allows, if they are fully paid-up they may be converted into bearer shares by and at the expense of the Shareholder. In the event of joint ownership the regulations established by Article 2347 of the Civil Code shall apply.	Unchanged
Expenses incurred to safeguard the joint interests of the holders of preference shares, for which they resolved during their Special Meeting to set up the relevant fund in accordance with the law, are paid by the Company up to an annual amount of €30,000.00 (thirty thousand/00).	<del>Expenses incurred to safeguard the joint interests of the holders of preference shares, for which they resolved during their Special Meeting to set up the relevant fund in accordance with the law, are paid by the Company up to an annual amount of €30,000.00 (thirty thousand/00).</del>
Within the terms and conditions of market disclosure requirements, the Joint Representative of preference shareholders will be informed by the Board of Directors or by persons delegate to the purpose, of all corporate operations which may affect the market price of this type of shares.	<del>Within the terms and conditions of market disclosure requirements, the Joint Representative of preference shareholders will be informed by the Board of Directors or by persons delegate to the purpose, of all corporate operations which may affect the market price of this type of shares.</del>
<b>Article 9 (Procedures for Shareholders' Meetings)</b>	<b>Article 9 (Procedures for Shareholders' Meetings)</b>
The proper constitution of Shareholders' Meetings and the validity of resolutions passed by them are governed by law. Resolutions relating to the appointment of the Board of Statutory Auditors are governed by the provisions of Article 17.	Unchanged
Resolutions of the Shareholders' Meeting relating to the carrying out of transactions with related parties of major relevance, to be carried out despite the disapproval of the	Unchanged

Committee for Transactions with Related Parties or without taking account of its comments, are passed in accordance with the provisions of the Procedure for Transactions with Related Parties adopted by the Company.	
Proxies are entitled to attend and vote at the Shareholders' Meeting provided the Company has received the proxy forms, completed in accordance with current legislation.	Unchanged
Each person entitled to vote may be represented at the Shareholders' Meeting by a proxy appointed in writing or with an electronic document signed electronically in accordance with current legislation. A proxy may be appointed electronically by certified e-mail, in accordance with the procedures indicated in the notice of the meeting.	Unchanged
For each Shareholders' Meeting the Company may designate one or more people whom those entitled to vote may appoint as their proxy and provide with voting instructions for some or all of the motions on the agenda. The parties designated and the procedures and deadlines for appointing proxies are indicated in the notice of the meeting.	Unchanged
The Board of Directors may, for individual Shareholders' Meetings and in accordance with current legislation, allow members to participate and vote remotely, including electronically, provided that it is possible to identify the parties entitled to do so and ensure that communication is secure. The notice of the meeting must in this case specify the procedures for participating in the business of the shareholders' meeting, including by reference to the Company's website.	Unchanged
Preference shares confer no right to vote on resolutions relating to matters that must be discussed at Ordinary Shareholders' Meetings.	<del>Preference shares confer no right to vote on resolutions relating to matters that must be discussed at Ordinary Shareholders' Meetings.</del>
Each share gives the right to one vote.	Unchanged
Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or, in his absence, by the Vice Chairman, or, if he too is absent, by a Director, or, failing that, by someone elected by the majority of the capital represented.	Unchanged
Unless the minutes are drawn up by a Notary, the Chairman of the Shareholders' Meeting is assisted by a Secretary proposed by the Chairman and appointed by those attending, assisted if necessary by two scrutineers, one appointed by the Chairman and one by those attending. It is the Chairman's task to ensure that the Shareholders' Meeting is properly constituted, to verify the identity and legitimacy of those attending, to conduct and regulate the work of the Shareholders' Meeting, to select the system of voting and to verify the results of the voting. The results of these verifications must be recorded in the minutes.	Unchanged
The Rules of Procedure for Shareholders' Meetings govern how they shall be conducted, except where the	Unchanged

Shareholders' Meeting adopts different procedures on a case by case basis.	
<b>Article 19 (Company Profits)</b>	<b>Article 19 (Company Profits)</b>
10% of the net profit shown on the Company's annual financial statements, up to one fifth of the Share Capital, is allocated to the legal reserve as a priority.	Unchanged
When the allocation referred to above has been made, the Shareholders' Meeting will allocate the rest of the net profits as follows: a. one quota to the extraordinary reserve or to other special funds; b. one quota to the dividend to be paid on preference shares up to the amount of €0.17 for each preference share.	When the allocation referred to above has been made, the Shareholders' Meeting will <b>resolve on the allocations of the rest of the net profits resulting from the financial statements of the Company</b> as follows: <del>a. one quota to the extraordinary reserve or to other special funds;</del> <del>b. one quota to the dividend to be paid on preference shares up to the amount of €0.17 for each preference share.</del>
The remainder of this quota is allocated to paying a dividend on the ordinary shares up to the amount of €0.15 for each ordinary share.	<del>The remainder of this quota is allocated to paying a dividend on the ordinary shares up to the amount of €0.15 for each ordinary share.</del>
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.	<del>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.</del>
For both categories of share the dividends may not be carried forward from one financial year to the next.	<del>For both categories of share the dividends may not be carried forward from one financial year to the next.</del>
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 €0.02 in favour of the preference shares, but in any case subject to a minimum of €2.58 for each preference share and €2.06 for each ordinary share.	<del>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 €0.02 in favour of the preference shares, but in any case subject to a minimum of €2.58 for each preference share and €2.06 for each ordinary share.</del>
The aforesaid being understood, 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.	<del>The aforesaid being understood, 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.</del>
The Shareholders' Meeting may also vote to make extraordinary allocations of net profits by issuing shares to be allocated individually to the Company's employees in accordance with Article 2349 of the Civil Code.	Unchanged
The Board of Directors may resolve, during the financial year, to distribute advances on the dividends, in compliance with current legislation.	Unchanged
Once a year the Board may allocate an amount not exceeding 1% of the net profit for the previous year announced at the Shareholders' Meeting to the social, welfare and cultural fund.	Unchanged
<b>Article 20 (Liquidation)</b>	<b>Article 20 (Liquidation)</b>

If the Company is wound up for any reason the Shareholders' Meeting appoints one or more liquidators and determines their powers.	Unchanged
Holders of preference shares have pre-emption rights in the division of the Company's assets up to the amount of their accounting parity value.	<del>Holders of preference shares have pre-emption rights in the division of the Company's assets up to the amount of their accounting parity value.</del>

## 22. Proposed Resolution

In light of the above, the Board of Directors wishes to submit to the approval of the Preferred Shareholders' Meeting of the Company, convened for February 26, 2015, the following proposal of resolution:

*“The Preferred Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A.:*

- *having acknowledged the resolution of the Extraordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A. that has approved the proposal on the mandatory Conversion of the existing preferred shares (the “Preferred Shares”) into newly-issued Common Shares (the “Common Shares”), with regular entitlement and without payment of any cash balance (conguaglio), on the basis of a conversion ratio of n. 1 Common Share for each Preferred Share as well as the consequent amendments to the corporate by-laws (collectively, the “Conversion”);*
- *after review of the Report of the Directors prepared pursuant to art. 125-ter of Legislative Decree 58/1998 and of art. 72 of the CONSOB Regulation n. 11971/1999 as subsequently amended (the “Report”), concerning the Conversion;*
- *having acknowledged that the existing corporate capital of the Company is equal to Euro 3,365,292,408.03 (three billion, three hundred and sixty-five million, two hundred and ninety-two thousand, four hundred and eight point zero three) and is fully paid-in;*
- *having acknowledged that, since the Conversion will require an amendment to the provisions of the by-laws concerning the voting and participation rights of the holders of Preferred Shares, it is therefore necessary the approval of the resolution of the Extraordinary Shareholders' Meeting of the Company concerning the Conversion by the Preferred Shareholders' Meeting, as far as concerned, pursuant to art. 146, paragraph 1, lett. b) of Legislative Decree. n. 58/1998;*
- *having acknowledged that, as a result of the Conversion and of what indicated in the previous alinea, there will be an amendment to the voting and participation rights of the Preferred Shareholders, such as to give rise to the right of those who have not voted in favor of the resolution approving the Conversion to withdraw from the Company, pursuant to art. 2437, paragraph 1, lett. g), of the Italian civil code;*
- *having acknowledged that the settlement value of the Preferred Shares possibly subject to the withdrawal right has been calculated in Euro 3.711 for each Preferred Share, in accordance with the provisions of art. 2437-ter, paragraph 3, of the Italian civil code;*
- *having acknowledged that, at the date of this Report, the Company holds in the aggregate n. 6,845,807 common treasury shares, of which directly n. 6,592,907 and, indirectly, n. 315,900, held through subsidiaries and that the Company itself does not hold Preferred treasury Shares,*

### **resolves**

- 1) *to approve, pursuant to art. 146, paragraph 1, lett. b), of Legislative Decree of February 24, 1998 n. 58, the resolution of the Extraordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A. whereby such Extraordinary Shareholders' Meeting*

*has approved the proposal for the mandatory Conversion of the Preferred Shares into Common Shares, with regular entitlement and without payment of any cash balance, on the basis of a conversion ratio of n. 1 Ordinary Share for each Preferred Share, as well as the adoption of the relevant amendments to the corporate by-laws;*

- 2) *to grant the Chairman and the Managing Director in office, also severally between them and with the power to sub-delegate, any and all powers for the implementation of the above resolution, and in particular to fulfill all formalities required so that the resolution adopted obtains all necessary approvals, with the power to insert into such resolution any and all amendments, additions or deletions that may be required by the Supervisory Authorities or upon registration with the Companies' Register".*