<u>JOINT PRESS RELEASE</u>

MERGER OF UNIPOL ASSICURAZIONI, PREMAFIN AND MILANO ASSICURAZIONI INTO FONDIARIA-SAI APPROVED

EXCHANGE RATIOS FIXED

JOINT BUSINESS PLAN FOR THE INTEGRATION PLAN BETWEEN THE UNIPOL GROUP AND THE FONDIARIA-SAI GROUP APPROVED

THE UNIPOL GROUP BUSINESS PLAN UPDATED BY UNIPOL GRUPPO FINANZIARIO

Unipol Group's main targets for 2015[1]:

- **Non-Life premiums: €9.6bn**
- **Life premiums: €7.4bn**
- **Combined ratio (direct business): 93%**
- **Consolidated net profit: €852m**
- **Solvency margin: approximately 180%**

UnipolSai's main targets for 2015[2]**:**

- **Non-Life premiums: €8.9bn**
- **Life premiums: €6.7bn**
- **Combined ratio (direct business): 93%**
- **Consolidated net profit: €814m**
- **Solvency margin: approximately 180%**

Key elements of the integration:

- **Creation of a leader in the Italian insurance market and in Europe, which will be more profitable and have greater financial strength**
- **Consolidation of insurance companies with a low-execution risk: expected synergies of €350m in 2015**
- **A base of 14 million customers and the largest agency network in Italy**

---

[1] After the merger

[2] Company arising from the merger of Unipol Assicurazioni S.p.A., Premafin S.p.A., Milano Assicurazioni S.p.A., Fondiaria-SAI S.p.A.

BOLOGNA, 20 December 2010 – The Boards of Directors of Unipol Gruppo Finanziario S.p.A. ('**UGF**'), Unipol Assicurazioni, Fondiaria-SAI, Premafin and Milano Assicurazioni today approved, under the original plan to integrate the Unipol Group and the Fondiaria-SAI Group announced on 29 January 2012 (the **'Integration Plan'**), the draft merger of Unipol Assicurazioni, Premafin and Milano Assicurazioni into Fondiaria-SAI (the '**Merger**'). As already communicated to the market, the Merger forms an integral and essential part of the Integration Plan. With regard to the Merger, today's Board meetings approved:

- the exchange ratios between the shares in the companies involved in the merger and the shares in the merging entity, Fondiaria-SAI (the '**Exchange Ratios**');
- the percentage holdings in the share capital of UnipolSai represented by ordinary and savings shares of the merging entity on completion of the Merger;
- the merging entity's 2013-2015 Joint Business Plan, based on the business guidelines for the Integration Plan already announced to the market and updated on the basis of:

    - ✓ changes that have taken place in the target market in the meantime,
    - ✓ the results for the first nine months of 2012,
    - ✓ the work carried out jointly by the Senior Executives of the companies involved in the Merger.

The company resulting from the Merger will take the name of 'UnipolSai Assicurazioni S.p.A.' ('**UnipolSai**').

Exchange Ratios

With the help of their respective financial advisers, the Boards of Directors of the companies involved in the Merger approved the following exchange ratios:

- 0.050 Fondiaria-SAI ordinary shares for each Premafin ordinary share
- 1.497 Fondiaria-SAI ordinary shares for each Unipol Assicurazioni ordinary share
- 0.339 Fondiaria-SAI ordinary shares for each Milano Assicurazioni ordinary share
- 0.549 Fondiaria-SAI 'B' savings shares for each Milano Assicurazioni savings share

These Exchange Ratios were determined using the valuation methods adopted in the best national and international practices for similar operations. The accuracy and suitability of the methods used and the adequacy of the results obtained were confirmed by all financial advisers of both the companies involved and the associated Committees on Transactions with Related Parties (including leading financial institutions and distinguished academics), which issued special fairness opinions in this regard.

The Exchange Ratios and the appropriateness and accuracy of the operation were also judged positively by the Committees on Transactions with Related Parties of the companies involved in the Merger. The procedures for Transactions with Related Parties adopted by UGF, Fondiaria-Sai, Premafin and Milano Assicurazioni were observed. The opinion of UGF's Committee of Independent Directors was approved unanimously. The opinion of Fondiaria-SAI's Committee of Independent Directors was approved by a majority, with Gianpaolo Galli abstaining. The opinion of Premafin's Committee of Independent Directors was approved by a majority, with Luigi Reale voting against. The opinion of Milano Assicurazioni's Committee of Independent Directors was approved unanimously.

The documents drawn up in accordance with these procedures will be published in the next few days and will provide further information on the above matters.

The Financial Statements drawn up on 30 September 2012 in accordance with Article 2501-*quater* of the Italian Civil Code were used to determine the Exchange Ratios. Facts that came to light after the financial statements for the first quarter of 2012 were approved were also evaluated (referred to for the purposes of ascertaining the essential values of the Merger, notified to the market in June 2012), as was the performance during the period of the companies involved in the Merger.

The Turin Court appointed Reconta Ernst & Young s.p.a. as joint expert responsible for drawing up the report on the suitability of the Exchange Ratios in accordance with and for the purposes of Article 2501-*sexies* of the Italian Civil Code.

UnipolSai's share structure

On the basis of the Exchange Ratios approved today, the percentage holdings are substantially the same as those announced to the market in June.

UnipolSai
Share structure

	Notified in June 2012	Approved on 20 December 2012
	% ord. cap.	% ord. cap.
UGF	61.00%	61.00%
Former Premafin	0.85%	0.85%
Former Fondiaria-SAI	27.45%	27.46%
Former Milano	10.70%	10.69%
Total	100.00%	100.00%

As a result of UGF acquiring 4.9% of Fondiaria-SAI's ordinary shares under Fondiaria-SAI's capital increase finalised in September 2012 (the '**Fonsai Capital Increase**'), UGF will hold 63% of UnipolSai's ordinary share capital.

The following table shows UnipolSai's share structure on the date the Merger takes effect for legal purposes, including UGF's subscription of the Fondiaria-SAI 'B' savings shares issued under the Fonsai Capital Increase in September 2012 and remained unopted at the end of the option offer.

	% ord. cap.	% A savings cap.	% B savings cap.	% tot. cap.
UGF	**63.00%**		**63.79%**	**63.09%**
Former Premafin	**0.85%**			**0.73%**
Former Fonsai	**25.46%**	**100.00%**	**21.51%**	**24.92%**
Former Milano	**10.69%**		**14.70%**	**11.26%**
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Description of the operation

The Merger will be carried out by incorporating Premafin, Unipol Assicurazioni and Milano Assicurazioni (the '**Companies being merged'**) into Fondiaria-SAI (the '**Merging Entity**'). As a result of the Merger, all the shares in the Companies being merged will be cancelled and exchanged for shares in the Merging Entity. In order to carry out the exchange the Merging Entity will: *(i)* allocate the Fondiaria-SAI ordinary shares owned by the Companies being merged, without them forming part of the equity of UnipolSai; *(ii)* increase its share capital by a maximum of €953,894,503.64 by issuing a maximum of 1,632,878,373 new ordinary shares and a maximum of 55,430,483 new category B savings shares, all with no nominal value, provided that if on the date the Merger takes effect for legal purposes the number of Fondiaria-SAI ordinary shares owned by the Companies being merged remains unchanged the capital increase used for the exchange will be lower.

The Merging Entity's new ordinary and category B savings shares will carry the same rights (including, in the case of the savings shares, in terms of accumulation and priority) and will be listed in the same way as the shares in the Merging Entity already in circulation.

In the case of Milano Assicurazioni the Merger will also be submitted for the approval of the special meeting of holders of the company's savings shares since the holders of Milano Assicurazioni's saving shares will be offered Fondiaria-SAI category B savings shares in exchange and these will be subordinate to the category A savings shares currently in circulation. However, in point of fact Fondiaria-SAI's category B savings shares will benefit from the creation of value (including in terms of expected profits) provided for by UnipolSai's Joint Business Plan.

If, nonetheless, Milano Assicurazioni's special meeting of shareholders does not approve the Merger, Premafin and Unipol Assicurazioni will still merge into Fondiaria-SAI and the other Exchange Ratios will remain unchanged.

However, if Milano Assicurazioni's special meeting approves the Merger, the holders of Milano Assicurazioni's saving shares who do not vote in favour will be entitled to withdraw in accordance with and for the purposes of Article 2437, para. 1 g), of the Italian Civil Code.

The right to withdraw will also apply to Premafin shareholders who do not vote in favour of the Merger. As the market has already been informed, the right to withdraw will therefore not apply to Premafin's former majority shareholders.

Such withdrawals will be subject to the Merger being executed. The market will be given additional information on procedures for exercising the right to withdraw and the realisation value of the shares as soon as it is available.

The By-Laws of the Merging Entity, which will come into force on the date the Merger takes effect for legal purposes, will contain amendments connected to the operation.

Under the operation it is expected that Fondiaria SAI's Shareholders' Meeting called to approve the draft merger will also be asked to authorize, under Article 2420-*ter* and Article 2443 of the Italian Civil Code, the issuing of a convertible bond loan in favour of Premafin's financing banks, as provided for in Premafin's restructuring plan, communicated to the market at the time. In order to avoid the associated dilution for the shareholders of UnipolSai, UGF and the companies taking part in the Merger, negotiations will be entered into with the financing bodies to ensure that the convertible bond loan is offered as an option to the shareholders of the Merging Entity after the Merger.

The Merger is expected to be completed in the second half of 2013, subject to authorization by the insurance sector Supervisory Authority and the other relevant Italian and foreign regulators and to exemptions and permits already obtained being retained.

For accounting and tax purposes operations carried out by the Companies being merged will be recorded in the financial statements of the Merging Entity as from 1 January 2013.

Approval of UnipolSai's 2013-2015 Business Plan

At today's meeting the Boards of Directors also approved the Joint Business Plan, based on the updated business guidelines for the Integration Plan already announced to the market. The Joint Business Plan was drawn up jointly by the Senior Executives of all the companies involved in the Merger, and the targets notified to the market on 22 June ('**previous version**') were also updated.

Carrying out the complex integration process involved setting up 26 different working groups in which more than 1,000 individuals drew up numerous projects of varying degrees of complexity aimed at implementing the targets contained in the three-year plan.

Synergies and creation of value

It is estimated that approximately €350m of synergies will be generated in 2015 as a result of the merger (€345m in the previous version). There are three main areas where synergies will be felt:

- Operating expenses: synergies amount to approximately €180m, 17% of the aggregate cost base, in line with the average of a sample of ten comparable Italian and international operations.
- Non-Life technical area: synergies amount to some €100m in the claims-handling and reinsurance area.
- Income: synergies are estimated to be approximately €70m thanks to the sharing of internal best practices, resulting in productivity alignment, and to streamlined financial management.

The total cost of the integration over the three-year period 2013/2015 that need to be incurred in order to obtain synergies is expected to be approximately €300m. The need to carry out the most onerous measures able to produce synergies in 2015 means that most of these costs will be incurred in the first of the three years of the project.

If Milano Assicurazioni does not take part in the Merger the difference in terms of synergies will not be significant.

UnipolSai's principal targets and key figures

Non-Life premium income is expected to fall slightly to €8.9bn in 2015[3] compared with the forecast of €9.5bn in the previous version. The revised figure is the result of the changed market context and a more conservative scenario. MV premiums of €5.5bn and non-MV premiums of €3.4bn are expected in the final year of the Plan.

The combined ratio (direct business) is expected to remain at 93% in 2015. The profitability of financial investments is also expected to improve, rising to 4.2% compared with the forecast of 3.8% in the previous version, owing to the standardisation of the assumptions underlying the stand-alone plans and increased synergies in terms of ALM.

UnipolSai's overall loss ratio is 67.6% compared with 68.5% in the previous version. The potential for technical improvement is supported by the better-than-expected results in the last few months of 2012. The updated Plan for the period 2012 – 2015 provides for approximately €900m more provisions for claims outstanding from previous years (€400m more than under the previous version).

[3] net of the estimated impact of the sale of assets required by the Antitrust Authority

The expense ratio, including the other technical items, is expected to be slightly higher in 2015 than predicted in June, 25.4% rather than 24.5%, mainly owing to expectations of a reduction in premiums.

Life premiums written are expected to rise to €6.7bn (€6.5bn in the previous version).

Commitments to the Antitrust Authority involve the sale of classes of business/companies in the new Group amounting to approximately €1.7bn in premiums. As a precaution the Plan does not take account of the potential capital gains resulting from the sale.

The **equity** profile indicates an estimated improvement in the solvency margin of approximately 180% (previous version 168%)[4], mainly thanks to a drop in the AFS reserve (in line with the figures at the end of 2012).

UnipolSai's consolidated net profit is expected to be €814m (€821m in the previous version).

Updating the Unipol Group's Business Plan

As a result of the Joint Business Plan being approved the Unipol Group's Business Plan was updated. The principal differences recorded as a result of the update are listed below:

- Non-Life premiums approximately €700m down (from €10.3bn to €9.6bn);
- Combined Ratio remaining at 93%;
- Non-Life gross profit down from €1,099m to €1,061m;
- Life premiums written substantially the same;
- Drop in Life provisions of approximately €1.5bn owing to greater incidence of surrendered and matured policies;
- Solvency I ratio up from 168% in the previous version to approximately 180%.

Group net profit is expected to be €852m (€880m in the previous version).

****

The figures and the objectives set out above will be presented to the financial community at 6.30 pm today via a webcast (on www.unipol.it) and conference calls. The telephone numbers to ring if you wish to participate are: 02 805 88 11 (within Italy), +1 718 705 8794 (from the USA) and +44 1212 818003 (from other countries). At the end of the presentation financial analysts and institutional investors may ask questions by following the instructions. Other technical details on how to gain access to the event are available on the home page and the Investor Relations section of www.unipol.it.

****

[4] post ISVAP regulations

Glossary:
COMBINED RATIO: sum of loss ratio and expense ratio
EXPENSE RATIO: ratio between operating expenses and Non-Life premiums
LOSS RATIO: ratio between claims and Non-Life premiums
AFS RESERVES: reserves on assets classified as 'Available for Sale'

This press release is issued by the Parent, Unipol Gruppo Finanziario, S.p.A., also on behalf of FONDIARIA-SAI S.p.A., Milano Assicurazioni S.p.A. and Premafin HP S.p.A.

Unipol Gruppo Finanziario S.p.A.
www.unipol.it

Contacts

Institutional and Media Relations
Stefano Genovese
Unipol Gruppo Finanziario
Tel +39 06 47771207/335 5889763
stefano.genovese@unipol.it
press@unipol.it

Carla Chiari
Unipol Gruppo Finanziario
Tel +39 02 51815021/338 7207314
carla.chiari@unipol.it

Investor Relations
Adriano Donati
Unipol Gruppo Finanziario
Tel +39 051 5077933
investor.relations@unipol.it

Barabino & Partners
Massimiliano Parboni
m.parboni@barabino.it
Tel +39 06 6792929/335 8304078
Giovanni Vantaggi
g.vantaggi@barabino.it
Tel +39 02 72023535/328 8317379