



**FONDIARIA-SAI S.p.A.**

**Directors' Report**  
*to the Shareholders' Meeting of April 26/29, 2013*

---

## **REPORTS OF THE BOARD OF DIRECTORS**

**(prepared in accordance with Article 125-ter of Legislative Decree No. 58 of February 24, 1998 and Article 73 of the Issuers' Regulation)**

## *AGENDA*

### *SHAREHOLDERS' MEETING - ORDINARY SESSION*

1. **Approval of the Shareholders Meeting Regulation. Resolutions thereon.**
2. **2012 Financial Statements, Directors' Report; Board of Statutory Auditors' Report and the Independent Auditors' Report. Resolutions thereon.**
3. **Appointment of the Board of Directors and establishment of remuneration; resolutions thereon.**
4. **Remuneration Report in accordance with Article 123-ter of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011. Resolutions thereon.**
5. **Approval of the financial instrument based remuneration plan as per Article 114 bis of the CFA. Resolutions thereon.**
6. **Purchase and utilisation of treasury shares. Resolutions thereon.**

## *POINT 1 OF THE AGENDA*

### **Approval of the Shareholders Meeting Regulation. Resolutions thereon.**

Dear Shareholders,

In order to govern in the best possible manner the running of the Ordinary and Extraordinary Shareholders' Meeting of FONDIARIA-SAI S.p.A., the Board of Directors of the Company proposes to adopt a Regulation in this regard, attached to the present report.

In particular, the regulation covers the manner for participation at the Shareholders' Meeting, the calling and running of the meeting, in addition to establishing a number of rules for the discussion of matters on the Agenda, in compliance with participation rights of Shareholders, and on voting.

We submit the text of the Shareholders' Meeting Regulation and request your approval.

#### **Proposal**

*The Ordinary Shareholders' Meeting of FONDIARIA-SAI S.p.A.,*

- having examined the text of the Shareholders' Meeting Resolution;*
  - having considered the Report of the Board of Directors and the relative attachment  
resolves*
- (i) to approve the Shareholders' Meeting Regulation text contained in the Report of the Board of Directors to today's Ordinary Shareholders' Meeting, which will be applied from today's Shareholders' Meeting.*

Attachment: Text of the Shareholders' Meeting Regulation submitted for the approval of the Shareholders' Meeting (attachment 1)

## POINT 2 OF THE AGENDA

### **2012 Financial Statements, Directors' Report; Board of Statutory Auditors' Report and the Independent Auditors' Report. Resolutions thereon.**

Dear Shareholders,

In relation to the matter on the second point of the Agenda of the Shareholders' Meeting, reference should be made to the section of the accounts published in accordance with law within the Annual Report and, in particular, to that illustrated in the Directors' Report, together with the Reports of the Board of Statutory Auditors and of the Independent Audit firm.

The financial statements submitted for your Approval report a loss of Euro 722,724,117.82.

The Board of Directors therefore submits to the Shareholders' Meeting the following proposal.

#### **Proposal**

*The Ordinary Shareholders' Meeting of FONDIARIA-SAI S.p.A.,*

- *having examined the 2012 financial statements of the Company;*
- *having reviewed the Director's Report;*
- *having considered the Board of Statutory Auditors' Report and the Independent Auditors' Report of Reconta Ernst & Young S.p.A;*

*resolves*

- (i) *to approve the financial statements of FONDIARIA-SAI S.p.A. for the year ended December 31, 2012, accompanied by the Directors' Report, which records a loss of Euro 722,724,117.82;*
- (ii) *to cover the loss of Euro 722,724,117.82 through:*
  - *utilisation of the share swap merger reserve of the Life Division to fully cover the loss in the Life Division for Euro 71,402,786.63;*
  - *utilisation of the share swap/cancellation merger reserve of the Non-Life Division to partially cover the loss in the Non-Life Division for Euro 124,421,301.00;*
  - *utilisation of the extraordinary reserve of the Non-Life Division to partially cover the loss of the Non-Life Division for Euro 1,225,806.97;*
  - *utilisation of the dividend adjustment reserve of the Non-Life Division to partially cover the loss of the Non-Life Division for Euro 2,026,189.53;*
  - *utilisation of the treasury share purchase reserve of the Non-Life Division to*

*partially cover the loss of the Non-Life Division for Euro 325,650.00;*

- *utilisation of the parent company share purchase reserve of the Non-Life Division to partially cover the loss of the Non-Life Division for Euro 195,390.00;*
- *utilisation of the Non-Life Division unexercised rights option disposal reserve to partially cover the loss of the Non-Life Division for Euro 8,066.68;*
- *utilisation of the share swap merger reserve of the Life Division to partially cover the loss in the Life Division for Euro 52,407,649.00;*
- *utilisation of the share premium reserve to cover the residual loss of the Non-Life Division for 470,711,278.01.*

### *POINT 3 OF THE AGENDA*

#### **Appointment of the Board of Directors and establishment of remuneration; resolutions thereon.**

Dear Shareholders,

With the Shareholders' Meeting called to approve the 2012 Annual Accounts the mandate of the Board of Directors, appointed by the Shareholders' Meeting of October 30, 2012, concludes.

We therefore invite you to resolve upon - in accordance with the provisions of law and regulations as well as the Company By-Laws - the appointment of the Board of Directors for a period of three years and therefore until the approval of the financial statements for the year ended December 31, 2015.

In accordance with, and within the limits of, Article 13 of the By-laws, which provides for a voting mechanism of slates pursuant to current regulations, one Director is elected by the minority, in compliance also with Consob Resolution No. 18452 of January 30, 2013, which establishes the minimum holding percentage necessary for the presentation of slates.

We recall that the Company By-laws provide that the Board of Directors is composed of no more than 19 and no less than 9 members.

We also recall in accordance with the company By-laws, that the slates containing the list of candidates must be filed at the registered office of the company in Turin, Corso Galilei 12, or through e-mail to the certified email address [socifondiarria-sai@legalmail.it](mailto:socifondiarria-sai@legalmail.it) at least twenty-five days before the date fixed for the Shareholders' Meeting in first call (and therefore by April 1, 2013), by shareholders which, alone or together with other shareholders presenting the slate, provide evidence of holding at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting.

Also in accordance with Article 13 of the Company By-laws, the shareholders wishing to present a slate must file, together with each slate, (i) the declaration of the candidates accepting their candidature and which declare, under their own responsibility, the inexistence of any causes for ineligibility and of incompatibility, as well as the existence of the necessary requisites for the respective offices; (ii) a curriculum vitae containing the personal and professional characteristics of each candidate and whether they qualify as independent Directors.

Together with each slate – also subsequently to the filing of the slate although within 21 days of the date fixed for the Shareholders' Meeting in first call – the communication issued by an intermediary appointed in accordance with law must be sent, proving ownership of the percentage of share capital required by the applicable regulations at the time of presentation.

Also in accordance with Article 13 of the By-laws each slate must contain and expressly

indicate at least two persons that are independent pursuant to the requirements for independence of statutory auditors as per article 148, paragraph 3 of Legislative Decree 58/1998, as supplemented. Where only two candidates are in possession of the requirements in question, such candidates may not be assigned the last two progressive numbers in each slate.

Finally, the Board of Directors will be elected in accordance with the gender equality regulation introduced by Law No. 120 of July 12, 2011. For this reason, Shareholders who wish to present a slate are requested to include in the slate a number of candidates belonging to the under-represented gender in accordance with Article 13 of the By-laws.

Slates presented in violation of the above rule are considered null.

The shareholders presenting a “minority slate” are governed also by Consob communication No. DEM/9017893 of February 26, 2009.

The Shareholders’ Meeting is therefore invited to fully discuss the proposals, in addition to establish the gross annual remuneration of the Board of Directors for the duration of mandate.



*POINT 4 OF THE AGENDA*

**Remuneration Report in accordance with Article 123-ter of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011. Resolutions thereon.**

Dear Shareholders,

Legislative Decree No 259 of December 30, 2010, enacting Article 24 of Law No. 96 of June 4, 2010 (so-called “2009 Community Law”) introduces the recommendations of European Commission No. 2004/913/EC and No. 2009/385/EC in relation to the remuneration of Directors of listed companies, integrating Legislative Decree No. 58 of February 24, 1998 (the “Consolidated Finance Act”) with the new Article 123-ter “*Remuneration Report*”.

This article establishes that companies with listed shares publish, at least twenty one days before the date fixed for the Ordinary Shareholders’ Meeting called to approve the financial statements, a Report on the remuneration policies in favour of members of the Board of Directors, of General Managers and of Senior Management with strategic responsibilities.

In accordance with the sixth paragraph of the stated Article 123-ter of the Consolidated Finance Act, it is also established that the Shareholders’ Meeting is called to resolve upon, with a non-binding decision, in favour or against, the First Section of the Report and that the result of the voting is made available to the public in accordance with Article 125-*quater*, second paragraph of the Consolidate Finance Act.

In addition, in accordance with Regulation No. 39 issued by ISVAP (now IVASS) on June 9, 2011 (the “ISVAP Regulation”) the Shareholders’ Meeting is requested to approve the remuneration policies in favour of the Corporate Boards and personnel of insurance companies, as established by Article 7 of the By-laws.

In relation to the beneficiary employees of the remuneration policy considered above (the “Remuneration Policies”), the ISVAP regulation requires insurance companies to identify the categories of parties to whom, in addition to the Directors, the remuneration policies are based on particular parameters. This relates to individuals who, at various levels, carry out activities which have a significant impact on the risk profile of the enterprise (the so-called “Risk Takers”)

The Company identified, in line with the criteria established in the ISVAP Regulation, the beneficiaries of the Remuneration Policies; the identification process of such beneficiaries is based on the recognition and evaluation of the organisational positions in terms of responsibility, hierarchy level, activities carried out, operational duties, remuneration paid, the possibility to undertake positions of risk to generate profits or to affect other financial statement items in a significant manner.

The Remuneration Policies are based also on the criteria of the Self-Governance Code of Listed Companies.

The Report is comprised of two sections:

- The First Section outlines the Remuneration Policies for 2013, in addition to the procedures utilised for the adoption and implementation of the policies;
- The Second Section provides a suitable outline of each of the items which comprise the remuneration and highlights, individually for the members of the Management and Control Boards and on an aggregated basis for Senior Management with strategic responsibilities of the Company, on an accruals basis, the remuneration paid in the year - of any type and in any form - by the Company. Information on investments held by the above-indicated parties, in the Company and its subsidiaries, is also provided.

\*\*\*

Therefore the Board of Directors submits for the approval of the Shareholders' Meeting the following proposal.

### **Proposal**

*The Ordinary Shareholders' Meeting of FONDIARIA-SAI S.p.A.,*

- *considering Article 123-ter of the Consolidated Finance Act and 84-quater of Issuers' Regulation;*
- *considering Articles 6 and 24 of ISVAP Regulation No. 39/2011 and Article 7 of the By-laws;*
- *having taken note of the Report of the Board of Directors and the relative attachments,*

*resolves*

- (i) *to approve the First Section of the Remuneration Report in accordance with Article 123-ter of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011.*

Attachment: Remuneration Report of FONDIARIA-SAI S.p.A. in accordance with Article 123-ter of the Consolidated Finance Act and Article 24 of ISVAP Regulation No. 39 of June 9, 2011 (Attachment 2)

## *POINT 5 OF THE AGENDA*

### **Approval of the financial instrument based remuneration plan as per Article 114 *bis* of the CFA. Resolutions thereon.**

Dear Shareholders,

The Board of Directors has called you in ordinary session to discuss and consider, among others, the proposal in accordance with Article 114-*bis* of Legislative Decree No 58 of February 24, 1998 (the “Consolidated Finance Act”) for a financial instrument based incentive plan for the top management of FONDIARIA-SAI S.p.A. (the “Plan”).

In particular, we remind you that, in line with the Remuneration Policies adopted by the Company and illustrated in relation to the previous point on the Agenda, the long-term incentive system is based on a closed financial instrument based plan, which establishes for the allocation of Unipol Gruppo Finanziario S.p.A. shares at the end of the three-year Industrial Plan of the Unipol Group, with availability from 2016 and for two subsequent years. This aligns the interests of the beneficiaries and of the Shareholders, rewarding the creation of long-term value.

\*\*\*

Therefore, the Board of Directors submits for the approval of the Shareholders’ Meeting the following proposal.

#### **Proposal**

*The Ordinary Shareholders’ Meeting of FONDIARIA-SAI S.p.A.,*

- *considering Article 114-bis of the Consolidated Finance Act and 84-quater of Issuers’ Regulation;*
- *considering the Report of the Board of Directors and the relative attachments, including the Disclosure Document prepared in accordance with the above-stated Article 114-bis of the Consolidated Finance Act,*

*resolves*

- (i) *to approve, in accordance with Article 114-bis of the Consolidated Finance Act and Article 84-bis of the Issuers’ Regulation, the adoption of a financial instrument based incentive plan, which provides for the allocation of Unipol Gruppo Finanziario S.p.A. shares at the end of the three-year period of the Industrial Plan of the Unipol Group, with availability for utilisation from 2016 and for two subsequent years, as illustrated in the Disclosure Document attached to the Report of the Board of the Directors to today’s Shareholders’ Meeting;*

- (ii) *to allocate to the Board of Directors, with express power to sub-delegate, all powers necessary and beneficial for (i) management, administration and full implementation of the Plan, (ii) introducing all integrations and amendments necessary or beneficial in compliance with the remuneration policies adopted by the Company, (iii) providing for the preparation and/or the conclusion of any document necessary or beneficial in relation to the introduction of the Plan and (iv) providing disclosure to the market in accordance with applicable laws (including the provisions of the Self-Governance Code applied by the Company).*

Attachment: Disclosure document prepared in accordance with Article 114-*bis* of the Consolidated Finance Act (Attachment 3), which reports in attachment the Financial instrument based remuneration plan Regulation.

## *POINT 6 OF THE AGENDA*

### **Purchase and utilisation of treasury shares. Resolutions thereon.**

Dear Shareholders,

The Shareholders' Meeting of April 24, 2012 authorised the Board of Directors to acquire and utilise treasury shares, both ordinary and non-convertible savings shares, in addition to ordinary shares of the Parent Company Premafin Finanziaria – S.p.A. Holding di Partecipazioni in accordance with Articles 2357, 2357-*ter* and 2359-*bis* of the Civil Code, for a duration of 12 months from the Shareholders' Meeting resolution and therefore until April 24, 2013.

It is therefore considered beneficial to propose to the Shareholders' Meeting that the above-stated authorisation is newly granted, with regard only to the treasury shares, for a duration of 18 months from the date in which the Shareholders' Meeting will adopt the corresponding resolution, based on the reasoning and according to the terms and time periods illustrated below.

#### *Reasoning and objectives of the request*

The purchase and utilisation of treasury shares will be carried out, in the interest of the Company and in compliance with the applicable regulation, in addition to best market practice, to achieve the following objectives:

- to intervene, directly or through intermediaries, to facilitate normal trading, countering distortions related to excessive volatility or scarcity of shares;
- to benefit from opportunities to maximise value from market movements – and therefore also for trading purposes – or related to any strategic operations in the interest of the Company;
- to utilise treasury shares for the purposes of investment, therefore efficiently utilising liquidity generated by Company operations.

The request to authorise and purchase treasury shares would not be, in the current situation, carried out before share capital reduction operations of the Company through cancellation of treasury shares acquired.

#### *Number of shares acquirable and manner of execution of the purchase and utilisation operations*

It is stated that, at today's date:

- the Share capital of FONDIARIA-SAI S.p.A. amounts to Euro 1,194,572,973.80, comprising 1,243,605,430 shares without nominal value, of which 920,565,922

ordinary shares, 1,276,836 Class A saving shares and 321,762,672 Class B saving shares. In compliance with previous resolutions, the Company, at the date of the present report, holds 32,000 treasury shares (equal to 0.0026% of the entire share capital) - all ordinary shares (0.0035% of the ordinary share capital). In addition, also at the date of the present report, the subsidiary Milano Assicurazioni S.p.A. holds a further 99,825 ordinary shares of the Company, equal to 0.011% of the ordinary share capital and 0.008% of the entire share capital, as well as the subsidiary SAI Holding Italia S.p.A. holding 12,000 ordinary shares of the Company, equal to 0.001% of the ordinary share capital and 0.001% of the entire share capital.

- The average unit carrying value of the ordinary shares held by the company was Euro 0.9498. The official market value of the ordinary share at March 18, 2013 was Euro 1.3003.

The Reserve created, in compliance with the above-stated Shareholders' Meeting Resolution of April 24, 2012, for the purchase of treasury shares, unutilised at today's date, amounts to Euro 500,000.00.

It is proposed that:

- (i) the purchase of treasury shares may be carried out, for the maximum amounts allowed by law and by best market practice, in the manners established by Article 132 of the Consolidated Finance Act and Article 144-*bis*, paragraph 1, letters a), b) and c) of the Issuers' Regulation, in addition to any other provision, including the regulations of Directive 2003/6/EC and the relative enactment, EU and national regulations, where applicable;
- (ii) the utilisation of treasury shares is carried out in the terms permitted by law, also carrying out, on one or more occasions, subsequent purchase and utilisation operations until the ending of the authorised mandate.

#### Procedures for the purchase and disposal of treasury shares

Both the purchases and sale of treasury shares must be carried out at a price not more than 15% higher nor 15% lower than share price recorded on the trading day prior to each individual operation. These parameters are considered suitable to identify the interval of values between which the purchase and sale of treasury shares is in the interest of the Company.

For purchases a maximum expenditure limit of Euro 50 million is established, establishing a similar treasury share purchase reserve.

\*\*\*

Therefore, the Board of Directors submits for the approval of the Shareholders' Meeting the following proposal.

## Proposal

*The Ordinary Shareholders' Meeting of FONDIARIA-SAI S.p.A.,*

- *having considered the proposal of the Board of Directors;*
- *having reviewed the 2012 financial statements;*
- *having considered the provisions of Articles 2357 and 2357-ter of the Civil Code;*
- *having noted that the Company holds 32,000 treasury shares (equal to 0.0026% of the entire share capital) - all ordinary shares (0.0035% of the ordinary share capital). In addition, also at the date of the present report, the subsidiary Milano Assicurazioni S.p.A. holds a further 99,825 ordinary shares of the Company, equal to 0.011% of the ordinary share capital and 0.008% of the entire share capital, as well as the subsidiary SAI Holding Italia S.p.A. holding 12,000 ordinary shares of the Company, equal to 0.001% of the ordinary share capital and 0.001% of the entire share capital.*

*resolves*

- (i) *to authorise for a period of 18 months from the present Shareholders' Meeting resolution, the purchase and utilisation of treasury shares, in accordance with Article 2357 and 2357-ter of the Civil Code and within the maximum spending limit of Euro 50,000,000.00, in the manner and conditions stated below.*

*The purchase or utilisation of treasury shares may be carried out in relation to the quantities and the execution manners which follow:*

- *the purchase of treasury shares may be carried out, for the maximum quantities permitted by law and market practice, in the manners established by Article 132 of the Consolidated Finance Act and Article 144-bis, paragraph 1, letters a), b) and c) of the Issuers' Regulation, in addition to any other regulation, including the regulations of Directives of 2003/6/EC and the relative enactment EU and national provisions, where applicable;*
  - *the utilisation of treasury shares may be carried out in the terms permitted by law, also carrying out, on one or more occasions, subsequent purchase and utilisation operations until the ending of the authorised mandate;*
  - *the purchases and utilisation of treasury shares must be carried out at a price not more than 15% higher nor 15% lower than share price recorded on the trading day prior to each individual operation and however in compliance with the above-stated maximum expenditure limit of Euro 50,000,000.00;*
- (ii) *to establish a treasury share purchase reserve of Euro 50,000,000.00;*

- (iii) *to confer to the Board of Directors – and on their behalf the Chairman and the Chief Executive Officer, independently and also through legal representatives, all powers necessary to carry out the purchase and/or utilisation operations of treasury shares.*

Bologna, March 20-27, 2013

for the Board of Directors  
The Chairman  
Fabio Cerchiai