



DIRECTORS' REPORT

on the proposals relating to the Matters on the Agenda of the Ordinary Shareholders' Meeting called for June 26, 2012 at the time of 11 AM, in first call, at the registered office of the Company in Turin, Corso Galileo Galilei No. 12, and where necessary on June 27, 2012, at the same time and place, in second call.

PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING

1. **Resolutions concerning the composition of the Board of Directors following the end of mandate of a director appointed by the Board.**

Dear Shareholders,

You are reminded that Mr. Marco Reboa resigned as a director with effect from May 3, 2012.

The Board of Directors, in the meeting of May 10, 2012, therefore nominated, pursuant to Article 2386 of the Civil Code and therefore until the next Shareholders' Meeting, as a Director, Mr Nicolò Dubini, as a replacement from the same slate of the resigning Director.

You are therefore called to pass the necessary resolutions.

We propose to confirm until the expiry of the entire Board and therefore until approval of the 2014 annual accounts, Mr. Nicolò Dubini, whose curriculum vitae is attached to the present report.

In accordance with Article 13 of the By-Laws “(...) *the Board of Directors appoints the replacements from the same slate to which the directors resigning belonged and the Shareholders' Meeting makes resolutions, in accordance with statutory majority, respecting this criteria*”.

In light of that stated above, we submit for your approval the following proposal:

“The ordinary shareholders' meeting of FONDLARIA-SAI S.p.A.

- having reviewed the Board of Directors' Report and the proposals therein;

resolves

to appoint as Director, who will remain in Office for the residual duration of the Board of Directors' mandate established until the date of approval of the 2014 Annual Accounts, Mr Nicolò Dubini, born at Milan on May 28, 1948, Tax Number DBN NCL 48E28 F205X, domiciled for the Office held at the Registered Office, with the express exclusion, within the limits contained in law, of the provisions as per Article 2390 of the Civil Code.”

Milan, May 21, 2012

FONDIARIA-SAI S.p.A.
The Board of Directors