

Bologna, March 20, 2013

**CONSIDERATIONS OF THE BOARD OF DIRECTORS OF FONDIARIA-SAI ON THE
PROPOSALS ON THE AGENDA OF THE CLASS “A” SPECIAL SAVINGS
SHAREHOLDERS’ MEETING OF FONDIARIA-SAI**

Dear Shareholders,

The Board of Directors of Fondiaria SAI S.p.A. (hereafter “**Fonsai**” or the “**Company**”) provides below its considerations in relation to the matters in the Report of Mr. Dario Trevisan prepared on March 1, 2013 – as Joint Representative of the Fonsai Class “A” savings shareholders (hereafter the “**Joint Representative**”) – on the matters on the Agenda of the Fonsai Class “A” Special Savings Shareholders’ Meeting to be held on March 23, 25 and 26, 2013.

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1. Introduction.

On December 10, 2012, the Board of Directors of the Company received a request to call a Class “A” Special Savings Shareholders’ Meeting of Fonsai (hereafter the “**Special Shareholders’ Meeting**”), presented by a number of Class “A” savings shareholders (hereafter “**Savings Shareholders**”), holding in excess of 1% of the Class shares.

On February 18, 2013, the Board of Directors of Fonsai agreed to the above-mentioned request and called the Special Shareholders’ Meeting for March 23, 25 and 26, 2013 – respectively in first, second and third call – to resolve upon the following matters on the Agenda:

«1. Consideration of the capital increase operation as executed, and of any prejudicial impact on the interest and/or rights of class shares. Resolutions on initiatives to be adopted.

2. Preliminary examination of the announced extraordinary operations and Class A securities split proposal»

The above-mentioned Agenda was supplemented, on the request of the Joint Representative, who availed of the powers attributed to call the Special Shareholders’ Meeting pursuant to Article 146, paragraph 2, of Legislative Decree No 58 of February 28, 1998, with the following matters:

«3. Considerations of the share class Joint Representative concerning the validity, legitimacy and efficacy of the resolutions undertaken by the Extraordinary Shareholders' Meeting of June 27, 2012, specifically concerning the effects of the motion proposing the reverse stock-split of Class A saving shares of Fondiaria-SAI S.p.A., in relation to the explanatory note of the Company of February 15, 2013; resolutions thereon.

4. Approval by the Special Shareholders' Meeting of Class A savings shareholders of Fondiaria-SAI S.p.A., in accordance with Article 146, paragraph 1 of Legislative Decree No. 58/98 of the resolutions passed by the Extraordinary Shareholders' Meeting of the Company on June 27, 2012 concerning "1. Elimination of the nominal value of ordinary and savings shares in circulation. Consequent amendments to the By-laws. Resolutions thereon. 2. Reverse stock-split of ordinary and savings shares of Fondiaria-SAI S.p.A.. Consequent amendments to the By-laws. Resolutions thereon. 3. Amendments to Article 6 (Shares), 10 (Ordinary and Extraordinary Shareholders' Meetings; Special Shareholders' Meetings), 27 (Allocation of profits) and 31 (Winding-up) of the By-laws, in order to enable the Company to issue a further class of saving shares to that already existing. Resolutions thereon. 4. Paid-in share capital increase through issue of new ordinary shares and a new class of saving shares, to be offered as options. Consequent amendment of Article 5 of the By-laws. Resolutions thereon. 5. Amendment of Article 9 (Meeting Call) of the By-laws. Resolutions thereon" in consideration of the impact on the rights of the share class; resolutions thereon.

5. Contestation, also partially, by the share class Joint Representative, also in accordance with Article 2377 and subsequent of the Civil Code and Article 2379 of the Civil Code, of the "resolutions of the Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. of June 27, 2012", as identified in greater detail at point 2 of the Agenda; resolutions thereon.

6. Considerations of the Class A saving shares Joint Representative concerning the use of the provision for expenses necessary for the protection of joint interests; resolutions thereon".

On March 1, 2003, the Joint Representative sent to the Company - for publication - his Report on the matters on the Agenda of the Special Shareholders' Meeting (hereafter the "**Joint Representative Report**").

On the same date, the Company received a second request to supplement the Agenda of the Special Shareholders' Meeting by a number of saving shareholders holding a total of 1/40th of the share capital represented by Class A savings shares. The Shareholders requested to supplement the Agenda with the following additional points:

- «7. Proposed conversion ratio (1 to 177).*
- 8. Report of the Joint Representative.*
- 9. Withdrawal of the Representative.*
- 10. Appointment of the replacement Representative.*
- 11. Approval of the merger».*

On the same day, the requesting Savings Shareholders sent the second supplementation to the Agenda, signed by the Shareholder Mr. Gianfranco D’Atri, with reference to points 7 to 11 (inclusive).

The Agenda of the Shareholders’ Meeting was supplemented by the Company with the above-mentioned further points, through publication of the notice on its internet website and, on March 12, 2013, in the Official Gazzette and in a number of national newspapers.

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2. Opinions attached to the Present Report.

In order to provide its shareholders and the market with a complete overview of the situation, with particular regard to the matters raised by the Joint Representative, the company requested the assistance of leading advisers, specifically: (i) For the legal aspects, Mr. Piergaetano Marchetti (with opinions attached at sub “A” and “B”), as well as Mr. Oreste Cagnasso (with opinion attached at sub “C”), and (ii) for the financial aspects, Mr. Enrico Laghi (with opinion attached at sub “D”).

The above-mentioned opinions provide precise and exhaustive responses to the matters raised by the Joint Representative. The Board of Directors of the Company however has considered it appropriate to take a position on some matters outlined in the Joint Representative Report, assisted also by the opinions attached to the Present Report.

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3. Matters raised and proposals contained in the Joint Representative Report.

3.1 On point 3 of the Agenda, the Joint Representative provides his explanation of the “prejudicial” effects which, in his opinion, the resolution approved on June 27, 2012 by the Extraordinary Shareholders’ Meeting of the Company would have had on the rights of the Savings Shareholders.

Firstly, commencing from the share capital structure of Fonsai on the completion of the capital increase undertaken by the company in the July – September 2012 period (hereafter the “**Share Capital Increase**”), the Joint Representative contests that, as before the reverse stock-split approved on June 27, 2012, the Class A savings shares numbered 127,683,600, before the reverse stock-split and Capital Increase, these Class A savings shares would have represented 10.688% of the entire share capital of the Company.

In the opinion of the Joint Representative, and completely erroneously, had the reverse stock-split not taken place, after the Capital Increase, the share capital of Fonsai would have been – in his opinion – divided as follows: 920,565,922 ordinary shares, 321,762,672 Class B savings shares and 127,683,600 Class A savings shares.

Secondly, in the opinion of the Joint Representative, before the Capital Increase, the “*implied theoretical accounting parity of the Class A Savings Shares for the determination of the preferences and other rights of the shareholders, also in relation to the other shares [...] would be equal to Euro 100 per share [...]*”.

In addition, after stating that the “*matter brought up here does not involve the other question raised by the Joint Representative on the possibility of a so-called ‘preference withdrawal’*” the Joint Representative **(i)** focuses on the afore-mentioned ‘preference withdrawal’ which would, in his opinion, be recognised to the ordinary shareholders and Class B savings shareholders and **(ii)** after a lengthy repetition of the entire Report prepared by the Board of Directors of the Company on the By-law amendments proposed and approved by the Extraordinary Shareholders’ Meeting of June 27, 2012, attempts to simulate what would have been, in his opinion, the outcome of the Share Capital Increase where, after the elimination of the nominal value, a reverse-stock-split did not take place.

The Joint Representative concludes on point 3 of the Agenda of the Special Shareholders’ Meeting without formulating any specific proposal.

3.2 On point 4 of the Agenda, commencing from the considerations at the preceding point 3, the Joint Representative on the one hand highlights the necessity that the Special Shareholders' Meeting votes on that approved by the Extraordinary Shareholders Meeting of Fonsai of June 27, 2012 and, on the other hand, *“expresses his own negative opinion on the approval by the Class A Savings Shareholders of the above-mentioned proposal”*.

3.3 With point 5 of the Agenda, the Joint Representative proposes a *“contestation, also partially [...] in accordance with Article 2377 and subsequent of the Civil Code and Article 2379 of the Civil Code, of the “resolutions of the Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. of June 27, 2012”, as identified in greater detail at point 2 of the Agenda; resolutions thereon”*. This proposal is made where the Special Shareholders' Meeting decides not to approve the proposal at the preceding point 4 of the Agenda.

3.4 In point 6 of the Agenda, the Joint Representative, perhaps not content with the large expense fund available of approx. Euro 500,000.00, requests a significant amount of this sum – for an amount of Euro 200,000.00 – to be accredited to a bank account in his name.

3.5 Finally, on points 1 and 2 of the Agenda, the Joint Representative, while underlining that the matters within these points were already dealt with by him through the illustration of points 3, 4 and 5, proposes to the Special Shareholders' Meeting to approve the conferment of a *“mandate to the Joint Representative of the Class A Savings Shareholders so that they may formally request the Board of Directors of the Company of Fondiaria Sai S.p.A. to carry out a stock-split of the Class A Savings Shares based on 177 new shares for each 1 share in application of Article 6 of the Company By-laws, undertaking all appropriate actions for the achievement of this objective”*.

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4. Considerations of the Board of Directors of the Company on point 3 of the Agenda of the Special Shareholders' Meeting.

4.1 As already highlighted in the “explanatory note” of February 15, 2013, the preference rights recognised to the savings shareholders of Fonsai are of two types: **(i)** A priority preference right, equal to Euro 6.50 per share, to the Class A savings shareholders, and Euro 0.036 per share, to the Class B savings shareholders; and **(ii)** an additional preference right, equal to Euro 5.20 per share, to the Class A savings shareholders and Euro 0.029 per share to the Class B savings shareholders.

The priority right and the additional right respond to differing needs. The first under the long-term security profile to ensure a minimum constant return to the savings shares - subject to the existence of a net profit. The second refers to a more substantial right and guarantees a division of profits based upon, where there is a distribution of the net profit also in favour of the Ordinary Shareholders, that the savings shareholders would in any case be overall ensured, for each share held, a higher dividend compared to that recognised, for each share held, to the Ordinary Shareholders.

In any case where the profit arising in any year is lower or equal to the preference reserved to the Savings Shareholders, only the savings shares would have the right to receive a dividend based on the priority preference right which, therefore, would also acquire a general substantial value in that, in the absence of further distributable profits – there would be no distribution in favour of the Ordinary Shareholders.

On the basis of the principles above, the distribution of the Fonsai net profit must be undertaken as follows:

Up to the amount of Euro 6.50 per share and therefore, a total amount of Euro 8,299,434.00, exclusively in favour of the Class A Savings Shareholders based on the priority preference rights recognised.

Up to a further amount of Euro 0.036 per share and therefore, a total amount of Euro 11,583,456,192, exclusively in favour of the Class B Savings Shareholders based on the priority preference rights recognised.

After the recognition of the priority preference to the two classes of Savings Shareholders, a distribution may be also made in favour of the Ordinary Shareholders, but only up to the amount of Euro 0.007 per share, to ensure compliance with the additional rights of the Class B Savings Shareholders.

In fact, up to the additional amount of Euro 1.293 per share, distribution may be made in favour of the Ordinary Shareholders and the Class B Savings Shareholders pro-quota.

All the residual profits must be distributed equally among the Shareholders.

4.2 The Joint Representative recognises that the elimination of the nominal value of the shares left the priority preference rights recognised by the Company By-laws to the Savings Shareholders unaltered.

Against the elimination of the nominal value, the By-laws of Fonsai – in order to protect the Savings Shareholders against any future decrease in the “accounting parity” – expressly recognised that the 6.5% of the “accounting parity” was equal to **Euro 0.065 per share**.

Following the reverse stock-split and in accordance with Article 6 of the By-laws, the savings shares priority preference was re-established at 6.5% of the new "accounting parity" and therefore **Euro 6.50 per share**.

The illustration above illustrates the error contained in the Report of the Joint Representative, which indicates that “*the implied theoretical accounting parity of the Class A Savings Shares for the purposes of the establishment of the preference and other rights devolving to the Shareholders [...] should be equal to Euro 100 per share (after the reverse-stock-split)*”.

It is in fact evident that the recognition of a priority preference of Euro 6.50 per share also resulted in the recognition of an “*implied theoretical accounting parity*” of Euro 100 per share.

4.3 It is also erroneous of the Joint Representative to claim that the Savings Shares would amount to 10.688% of the Share Capital of Fonsai following the Share Capital increase.

And in fact, where the reverse-stock-split did not take place (carried out only for practical reasons, and therefore in order to avoid through the Capital Increase an excessively high number of new shares), against the maintaining by the Savings Shareholders of 127,683,666 Class A savings shares, the new shares issued would have had the same dilutive effect which occurred during the Capital increase. Specifically, in order for the Savings Shareholders to maintain their 127,683,666 Class A savings shares it would have been necessary to issue 91,689,544,800 ordinary shares and 32,176,267,200 Class B savings shares. With the evident consequence that nothing would have changed for the individual Savings Shareholder compared to the current situation: they would have, in fact, received a priority preference equal to Euro 0.065 per share multiplied by 100 shares subject to the reverse-stock-split, but with the requirement, thereafter, to proceed to the distribution of the further

dividend not on the 920,565,922 ordinary shares and on the 321,762,672 Class B savings shares, but rather on the 92,056,592,200 ordinary shares and on the 32,176,267,200 Class B savings shares.

The reverse-stock-split of the Fonsai shares was therefore – contrary to that contested by the Joint Representative – completely neutral.

In relation to this, reference should be made to that illustrated in greater detail in the opinion issued by Mr. Laghi (see attachment sub D), which describes in a clear and linear manner that the calculations made by the Joint Representative in relation to the non-implementation of the reverse-stock-split are completely and seriously erroneous and misleading.

4.4 In relation to the unfounded considerations of the Joint Representative concerning the so-called “preference withdrawal”, reference should be made to the opinion of Mr. Marchetti (attachment sub A).

In summary, the By-laws of Fonsai do not recognise any “fixed, preference or automatic withdrawal” in favour of the Ordinary Shareholders and the Class B Shareholders, in that the amount of Euro 1.293 (which could be recognised to the Class B savings shareholders) and Euro 1.30 (which could be recognised to the ordinary shareholders) only indicates the maximum amount of the dividend per share which could be distributed to these shareholder classes, after the full satisfaction of the priority preference (of the Class A savings shares and Class B savings shares), in accordance with the additional preference of the savings shares of the two categories ahead of the ordinary shares.

4.5 Lastly and for completeness, it is recalled that within the Capital Increase the Class B savings shares were reserved, through the exercise of option rights, to the Savings Shareholders who, in part exercised these rights, and in part sold the rights on the market.

Had all the Savings Shareholders exercised the option rights within the Capital Increase, the rights recognised today to the Class B savings shareholders would devolve to them. The consequences of the choice of the Savings Shareholders not to invest further resources should obviously now not weigh upon the other shareholders of the Company, nor should they have the same economic rights which would have existed through exercising the option rights.

Also on this matter, reference should also be made to the opinion of Mr. Laghi (attachment sub D).

4.6 The reconstruction provided by the Company (with the Explanatory Note and the Present Report) is therefore fully in line with (i) the application of the provisions of the priority preference and additional preference, and (ii) the interpretation (principle-based and legal) made on the point.

On the point reference should be made to that illustrated in greater detail in the opinion of Mr. Marchetti (attachment sub A) and in the opinion of Mr. Cagnasso (attachment sub C).

4.7 Confirming the absence of any prejudice to the Class A savings shareholders reference should be made to that illustrated opinion of Mr. Laghi (attachment sub D), illustrating the example of a distribution of a total dividend of Euro 1,632,657,724 (and therefore the maximum amount of dividend which, after the payment of the priority preference to the Class A shares does not provide, in favour of these shares, a further distribution). In this regard, the above-mentioned opinion illustrates that:

- The Class A savings shares (receiving a dividend per share of Euro 6.50) would have a return of 677% of the accounting parity of Euro 0.9606;
- The Class B savings shares (receiving a dividend per share of Euro 0.036 and Euro 1.293 for a total of Euro 1.329) would have a return of 138% of the accounting parity of Euro 0.9606; and
- The ordinary savings shares (receiving a dividend of Euro 1.30) would have a return of 135% of the accounting parity of Euro 0.9606.

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5. Considerations of the Board of Directors of the Company on point 4 of the Agenda of the Special Shareholders' Meeting.

5.1. In point 4 of the Agenda of the Special Shareholders' Meeting, the Joint Representative requests the Savings Shareholders to approve the resolutions taken by the Extraordinary Shareholders' Meeting of Fonsai on June 27, 2012.

First of all, the objective of the resolution of the Joint Representative is impossible in that, as illustrated in the previous paragraph 4, the resolution taken by the Extraordinary Shareholders'

Meeting of Fonsai of June 27, 2012 does not prejudice in any way the rights of the Savings Shareholders (as illustrated in detail in the opinions attached to the present Report).

5.2. This resolution also appears in contrast with the regulations pursuant to Article 2379-ter of the Civil Code, in that all the resolutions indicated in the Agenda of the Extraordinary Shareholders' Meeting of Fonsai of June 27, 2012 were essential, inseparable and structural requirements related to the Capital Increase, in turn necessary for a wider capital strengthening of the Company, serving also the creation of a leading national operator in the insurance sector, able to efficiently compete with its principal competitors and create at the same time value for all shareholders of the companies involved (including the Savings Shareholders)¹

Specifically, pursuant to Article 2379-ter of the Civil Code “*in the companies which make recourse to capital markets the invalidity of the capital increase resolution cannot be pronounced after, as per Article 2444, recording in the Companies Registration Office of the declaration of the Capital Increase, even partially undertaken*” and therefore, as illustrated, all the resolutions undertaken by the Extraordinary Shareholders' Meeting of Fonsai within the first point of the Agenda are inseparably related and were fully implemented, undertaken and completed through the Capital Increase and therefore the resolution proposed by the Joint Representative through point 4 of the Agenda on the Special Shareholders' Meeting is in contrast with the above-mentioned regulation.

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6. Considerations of the Board of Directors of the Company on point 5 of the Agenda of the Special Shareholders' Meeting.

Also the proposal of the Joint Representative in point 5 of the Agenda of the Special Shareholders' Meeting appears in contrast with some basic legal principles.

Reference should be made to that already noted in relation to the non-existence of any prejudice for the Savings Shareholders consequent to that approved by the Extraordinary Shareholders' Meeting of the company on June 27, 2012.

¹ That indicated in the report is confirmed by the Board of Directors Report of Fonsai to the resolutions contained in the first point of the Agenda of the Extraordinary Shareholders' Meeting of the Company of June 27, 2012, which highlights that, “*the elimination of the nominal value expressed by the shares permits (...) in the structuring of the capital increase, the issue of new shares at a price even lower than the pre-existing accounting parity*” and, in another comment, “*the reverse-stock-split, with a consequent reduction of the number of shares in circulation, would facilitate the administrative management of the shares (ordinary and savings)*” .

Reference should also be made to the previous paragraph 5, in addition to which it is noted that, even where the partial cancellation of the resolution undertaken by the Extraordinary Shareholders' Meeting of the Company on June 27, 2012 could be argued, as this was also registered at the Companies Registration Office on September 17, 2012, the deadline for undertaking an action of cancellation has lapsed in accordance with Law.

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7. Considerations of the Board of Directors of the Company on point 6 of the Agenda of the Special Shareholders' Meeting.

In the proposal at point 6 of the Agenda of the Special Shareholders' Meeting, the Joint Representative wishes to be authorised to request the Company to credit him, to a bank account in his name, the amount of Euro 200,000.00.

While highlighting the absolute irregularity and peculiarity of the request, the Board of Directors of the Company repeats that already communicated to the Joint Representative that the fund can only be utilised for the joint expenses and through invoices addressed to the company which reserves the right to evaluate the relevance and appropriateness of the expenses, and therefore in the interest of all its shareholders.

The Company also reserves the right to evaluate the deductibility of the amount of the expenses made by the Joint Representative from the joint fund from dividends which will be recognised to the Savings Shareholders.

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8. Considerations of the Board of Directors of the Company on points 1 and 2 of the Agenda of the Special Shareholders' Meeting.

As illustrated, the Joint Representative does not undertake particular considerations in relation to point 1 of the Agenda of the Special Shareholders' Meeting. In relation to this, the Board of Directors also makes reference to that indicated in paragraph 4 in the present Report to provide the information requested by the Savings Shareholders which requested the insertion in the Agenda of the Special Shareholders' Meeting of the afore-mentioned point 1.

Relating to the proposal of the reverse-stock-split of the Class A savings shares (point 2 of the Agenda of the Special Shareholders' Meeting), the Board of Directors of the Company considers this

inadmissible, making reference to the considerations contained in the opinion of Mr. Marchetti (see attachment sub B).

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9. Considerations of the Board of Directors of the Company on the further points of the Agenda of the Special Shareholders' Meeting (from 7 to 11).

Relating to point 7 of the Agenda, the Board of Directors reserves the right to verify **(i)** the feasibility, under the technical/legal profile, of the proposal to convert the Class A savings shares into Class B savings shares and **(ii)** the appropriateness from an economic viewpoint of any conversion.

Relating to the other points on the Agenda from point 8 to 11 (inclusive), the Board of Directors does not take any position on the aspects relating to the organisation of the Class (points 8-10) and makes reference to that indicated in the Report on the Merger Project with reference to the absence of any prejudice, in consequence of the merger, for the rights of the savings shareholders of the Company (point 11).

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The Present Report was reviewed and approved by the Board of Directors of Fonsai on March 20, 2013 and also reviewed by the Board of Statutory Auditors of the Company.