



UNIPOL GRUPPO FINANZIARIO S.p.A.

(incorporated with limited liability in the Republic of Italy)

€2,000,000,000

Euro Medium Term Note Programme

Under this €2,000,000,000 Euro Medium Term Note Programme (the **Programme**), Unipol Gruppo Finanziario S.p.A. (**UGF** or the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). UGF is the parent company of UnipolSai Assicurazioni S.p.A. (**UnipolSai** or the **Company Resulting from the Merger**), the company resulting from the merger by way of incorporation of Unipol Assicurazioni S.p.A. (**Unipol Assicurazioni**), Milano Assicurazioni S.p.A. (**Milano Assicurazioni**) and Premafin Finanziaria S.p.A. – Holding di Partecipazioni (**Premafin**) into Fondiaria SAI S.p.A. (**Fondiaria SAI** and, together with Unipol Assicurazioni, Milano Assicurazioni and Premafin, the **Companies Participating in the Merger**). The merger of Unipol Assicurazioni, Milano Assicurazioni and Premafin into Fondiaria SAI became effective on 6 January 2014 (the **Merger**) and, concurrently, the shares of UnipolSai commenced trading on the *Mercato Telematico Azionario*, the Italian automated screen-based trading system managed by Borsa Italiana S.p.A.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus (as defined below) to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors" beginning on page 7.

Application has been made to the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document (the **Base Prospectus**) as a base prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information not contained herein which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer has been rated "BB" (stable outlook) by Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. (**Standard & Poor's**) and "Ba2" (stable outlook) by Moody's Investors Service Ltd (**Moody's**). The Programme has been rated "BB" by Standard & Poor's and "(P) Ba2" by Moody's. Each of Standard & Poor's and Moody's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Standard & Poor's and Moody's is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. **A security rating and an issuer's corporate rating are not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Arrangers

J.P. Morgan

Mediobanca – Banca di Credito Finanziario S.p.A.

UniCredit Bank

Dealers

J.P. Morgan

Mediobanca – Banca di Credito Finanziario S.p.A.

UniCredit Bank

The date of this Base Prospectus is 6 March 2015.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area, and for the purposes of the Luxembourg Act.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form part of this Base Prospectus.

No representation, warranty or undertaking, express or implied, is made by any of the Dealers or any of their respective affiliates and no responsibility or liability is accepted by any of the Dealers or by any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or of any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and UnipolSai and the subsidiaries which were already part of UGF prior to the Merger (the **New UGF Group**) and of the rights attaching to the relevant Notes and reach its own view, based upon its own judgement and upon advice from such financial, legal and tax advisers as it has deemed necessary, prior to making any investment decision. Neither this Base Prospectus nor any other information supplied in

connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, the Republic of Italy and the Grand Duchy of Luxembourg) and Japan, see "*Subscription and Sale*".

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential

investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PRESENTATION OF INFORMATION

All references in this document to **U.S. dollars**, **U.S.\$** and **\$** refer to United States dollars and to **euro**, **Euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

This Base Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Base Prospectus, including, in particular, the risk factors described below, including any document incorporated by reference herein.

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme and the risks or uncertainties deriving from the merger by way of incorporation of Premafin, Unipol Assicurazioni and Milano Assicurazioni into Fondiaria SAI (the **Merger**) are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer, based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including, without limitation, any documents incorporated by reference herein) and reach their own views prior to making any investment decision, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary.*

Words and expressions defined in "Applicable Final Terms", "Terms and Conditions of the Notes" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME

Financial results may be affected by volatility of the financial markets

General economic, financial and other business conditions and factors, such as consumer spending, business investment, government spending, the volatility and strength of the capital markets and inflation, all affect the business and economic environment and, ultimately, the amount and profitability of the Issuer's and the New UGF Group's business.

Fluctuations in the financial markets such as the fixed income or equity markets can also have a material effect on the business, financial conditions, consolidated results of operations, market levels and investment returns of the Issuer and the New UGF Group.

In an economic downturn, characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for the New UGF Group's financial and insurance products could be adversely affected.

Changes in these factors can be very difficult to predict. Any adverse changes in the economies and/or financial markets could have a material adverse effect on the New UGF Group's consolidated financial condition, results of operations and cash flows.

Fluctuations in interest rates may also affect returns on fixed income investments and their market value. Generally, investment income may be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature or are sold and the proceeds are reinvested at lower rates even though prices of fixed income securities tend to rise and gains realised upon their sale tend to increase. During periods of rising interest rates, prices of fixed income securities tend to fall and gains made upon their sale are lower or the losses made are greater.

In addition, the New UGF Group invests a portion of its assets in equity securities and real estate, which are generally subject to greater risks and more volatility than fixed income securities. General economic conditions, stock market conditions, level of disposable income and many other factors beyond the control of the New UGF Group can adversely affect the equity and property markets.

Investment returns are also susceptible to changes in the general creditworthiness of the issuers of the debt securities and equity securities held in the portfolios. The value of fixed income securities may be affected by, amongst other things, changes in the credit rating of these issuers. Where the credit rating of a debt security drops, the value of the security may also decline.

The past instability and current uncertainty in the global and Italian capital markets and credit conditions has led to the most severe examination in recent history of the banking system's capacity to absorb sudden significant changes in the funding and liquidity environment, and has had an impact on the wider economy. Should the Issuer and/or the New UGF Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Issuer's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

The New UGF Group has substantial exposure to fixed income securities, equities and real estate within its assurance portfolios. Fluctuations in the fixed income and equity markets will directly or indirectly affect the financial results of life assurance operations, in particular through its impact on the levels of charges made on investment policies which, in most cases, are related to the value of the assets backing the policy liabilities. In addition, such fluctuations will affect the capital requirements of the New UGF Group.

The ability of the New UGF Group to make a profit through its insurance companies on insurance products and investment products, including fixed and guaranteed products, depends in part on the returns on specific investments supporting its subsidiaries' obligations under these products which may fluctuate substantially depending on general economic conditions. Certain types of insurance and investment products that UGF's insurance subsidiaries offer expose them to risks associated with fluctuations in financial markets, including certain types of interest-sensitive or variable products such as guaranteed annuities, which have guaranteed rates. Although UGF's insurance subsidiaries use hedging techniques to manage their exposure under certain of these guaranteed products, increased volatility in the financial markets, combined with unanticipated policyholders' behaviour, may increase the cost of these hedges and/or negatively affect their ability to hedge certain of these risks, which may adversely affect profitability.

Moreover, the current scenario of low interest rates implies, especially for those companies which sold life insurance products at minimum interest rates such as UGF, an higher reinvestment risk and difficulties to guarantee the minimum interest rates. Such scenario may have a negative effect on the profitability of UGF, even though such negative effect may be partially mitigated by the reduction of lapses by insured customers.

In addition, the insurance portfolios of UGF's subsidiaries operating in the insurance business may experience an elevated incidence of lapses or surrenders of policies, and its policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. These developments could have a material adverse effect on the Issuer's and the New UGF Group's business, results of operations and financial condition.

During recessionary periods, there may be less demand for loan products and a greater number of customers of Unipol Banca and its subsidiaries may default on their loans or other obligations. Interest rate rises may also impact the demand for mortgages and other loan products. The credit quality of the borrowers and counterparties of Unipol Banca and its subsidiaries, and, consequently, the ability of Unipol Banca and its subsidiaries to recover loans and amounts due from counterparties may also be adversely affected by the economic and financial climate.

As a holding company, the Issuer is dependent on its subsidiaries to cover its operating expenses and dividend payments

The Issuer's insurance, banking, real estate, financial services and other diversified operations are conducted through direct and indirect subsidiaries. As a holding company, the Issuer's principal sources of funds are dividends

from subsidiaries (particularly from its main subsidiary, UnipolSai) and funds that may be raised from time to time through the issuance of debt or equity securities or through bank or other borrowings.

The Issuer's operating subsidiaries may not generate cash flow sufficient to enable it to meet its payment obligations. In addition, the Issuer's subsidiaries may be restricted from providing funds to the Issuer under some circumstances. These circumstances could include, among others, (i) restrictions under Italian corporate law which require a company to retain at least 5 per cent. of its annual unconsolidated net income as a reserve until such reserve reaches at least 20 per cent. of the value of the company's share capital, (ii) restrictions imposed by the Italian insurance regulator (*Istituto per la Vigilanza sulle Assicurazioni* or **IVASS**) or other Italian regulatory bodies and (iii) contractual restrictions, including restrictions in credit facilities and other indebtedness, that may affect the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer. In addition, the payment of dividends by any subsidiary is subject to, *inter alia*, the approval of its board of directors and shareholders' meetings.

The Issuer expects that dividends received from subsidiaries and other sources of funding available to the Issuer will continue to cover its operating expenses, including interest payments on its outstanding financing arrangements. Generally, however, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will effectively be subordinated to the prior payment of all the debts and other liabilities of the Issuer's direct and indirect subsidiaries, including the rights of trade creditors and contingent liabilities, all of which could be substantial.

Financial results may be affected by changes in interest rates

Significant changes in interest rates could materially and adversely affect the New UGF Group's business and financial performance. The level of, and changes in, interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) may affect the New UGF Group's life and non-life insurance, banking results and interest payable on debt. In particular, a change in interest rates can affect the availability of disposable income for investment in assurance products and other savings products, asset values, levels of bad debts, levels of investment income gains and losses on investments, funding costs and interest margins. Whilst interest rates increase the margin spread potential for the banking business, they are also likely to result in a decrease in fixed income asset values for insurance companies. Generally, the impact of rising interest rates on investment portfolios is driven by the change in value of investments.

Fluctuations in interest rates and returns from equity markets also have an impact on consumer behaviour, especially in the asset accumulation (e.g. pension funds) and life assurance businesses, where demand for fixed income products may decline when interest rates fall and equity markets are performing well. The demand for general insurance products, particularly commercial lines, can also vary with the overall level of economic activity.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses

In some of the New UGF Group's businesses, protracted adverse market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer and the New UGF Group cannot close out deteriorating positions in a timely fashion. In particular this may be the case for assets of the Issuer and the New UGF Group for which there are relatively illiquid markets under normal market conditions. Monitoring the deterioration in value of assets like these is difficult and failure to do so effectively could lead to losses that the Issuer did not anticipate or that were higher than those anticipated. This, in turn, could adversely affect the New UGF Group's results of operations and financial condition.

Risks relating to regulatory compliance and regulatory changes

UGF and the New UGF Group's insurance and banking entities are subject to government regulation primarily in the Republic of Italy, where most of their business is conducted.

Given the financial nature of the New UGF Group, the group companies are subject to several regulatory provisions and have been in the past, and might be in the future, subject to inspections and stress tests by the competent supervisory authorities, including, without limitation, IVASS, the Italian Securities and Exchange Commission (**CONSOB**), the European Banking Authority and the Bank of Italy. As the applicable regulatory framework is constantly being revised and updated, the Issuer is not able to foresee all potential changes; moreover, the policies adopted by the group companies to ensure compliance with such framework might become obsolete, thus requiring the New UGF Group to constantly monitor and adapt such policies to the changing regulatory environment.

The Issuer is a listed company and accordingly is subject to extensive regulation and supervision by CONSOB. Regulatory authorities, in particular, IVASS, the Bank of Italy and the Italian antitrust authority (*Autorità Garante della Concorrenza e del Mercato*), have broad jurisdiction over many aspects of its business, including capital adequacy, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments. Any changes in how such regulations are applied or the application/implementation of Regulation (EU) No. 575/2013 (**CRR**) and Directive 2013/36/EU (**CRD IV**, and, jointly with CRR, the **CRD IV Package**), implementing in the European Union the Basel Committee's proposed changes to capital adequacy and liquidity requirements as set out in December 2009, December 2010, January 2011 and July 2011 (**Basel III**) on banking supervision, may have a material effect on the business and operations of the Issuer and the New UGF Group. As to the Italian legal framework, the CRR is directly applicable as of 1 January 2014, whilst the CRD IV has been partially implemented through the Bank of Italy Circular No. 285 issued on 17 December 2013, while awaiting the Italian Parliament to pass a legislative decree implementing the provisions of CRD IV. CRD IV is not yet implemented in Italy. A draft scheme of the legislative decree fully implementing the provisions of CRD IV not yet in force in Italy was approved by the Italian government on 10 February 2015. Until such legislative decree is submitted to and approved by the Italian parliament, the Issuer will not be able to foresee all potential changes to the applicable Italian legal framework.

In the European Union, further risk-based capital requirements for insurance companies, currently regulated by the so called Solvency I regime, is in the process of being replaced, pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (the **Solvency II Directive**) as amended by Directive 2012/23/EU and Directive 2013/58/EU of the European Parliament and of the Council of 11 December 2013 by means of which the deadline for transposition of the Solvency II Directive by the Member States has been extended to 31 March 2015, while the deadline for the entry into force of the relevant provisions has been extended to 1 January 2016. On 16 April 2014, the European Parliament and the Council adopted the Directive 2014/51/EU (the **Omnibus II Directive**), published in the Official Journal on 22 May 2014, that introduced a number of changes to the Solvency II regime. The Omnibus II Directive also empowered the European Commission to apply more flexible transitional provisions for insurance undertakings affected by Solvency II and grant extended powers to the new European Insurance and Occupational Pensions Authority (**EIOPA**, which replaced CEIOPS, the Committee of European Insurance and Occupational Pensions Supervisors on 1 January 2011)

Moreover, on 10 October 2014 the European Commission adopted a Delegated Act containing implementing rules for Solvency II Directive (**Commission Delegated Regulation (EU) 2015/35**), published in the Official Journal of the European Union on 17 January 2015 and entered into force the following day. The Commission Delegated Regulation (EU) 2015/35 is intended to specify a range of aspects of that Solvency II Directive in view of its consistent implementation throughout the European Union with particular regard to capital requirements and other measures related to long term investments, requirements on the composition of insurers' own funds, remuneration issues, requirements for valuation of assets and liabilities, and reporting.

The Solvency II Directive has been enacted using the EU's Lamfalussy Process as a Level 1 Directive. Under the Lamfalussy Process, the details required for application of the principles set out in a Level 1 Directive will be developed and formulated as part of Level 2 implementing measures (**Level 2**). The European Commission adopted

the Commission Delegated Regulation (EU) 2015/35 including implementation measures that complement the high level principles set out in the Solvency II Directive.

The Solvency II Directive, as amended by the Omnibus II Directive, also provides for the development of binding technical implementing standards and non-binding standards and guidelines by EIOPA (**Level 3**). EIOPA is in the process of finalising the Level 3, in fact the authority opened public consultations on different sets of implementing technical standards and guidelines and published the final version of a part of those documents. There is still significant uncertainty regarding the final contents of the Solvency II Directive implementation measures, technical implementing standards and guidance.

In this respect, it must also be considered that on 10 February 2015 the Italian government published a draft scheme of the Italian Legislative Decree implementing, among other things, the Solvency II Directive. The current draft of Legislative Decree provides for a transitional regime to be phased in gradually starting as of 1 April 2015 up to 1 January 2016, according to which, inter alia, IVASS will be granted the power to (i) authorise specific matters related to own funds and internal models and (ii) determine the scope and the level of supervision on groups. Until such legislative decree will be passed by the Italian parliament, the Issuer will not be able to foresee all potential changes to the applicable Italian legal framework.

More broadly, turmoil in the financial markets may well result in significant regulatory changes affecting financial institutions, including insurance and reinsurance undertakings, as well as reforms aimed at addressing the issue of systemic risk and the perceived gaps in the regulatory framework viewed to have contributed to the financial crisis. New regulatory initiatives could increase the cost of doing business, limit the scope of permissible activities or affect the competitive balance in general.

All financial service groups face the risk that regulators may find that they have failed to comply with applicable regulations or have not undertaken corrective action as required. Regulatory proceedings could result in adverse publicity for, or negative perceptions regarding, the New UGF Group, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against a member of the New UGF Group could have a material adverse effect on the business of the New UGF Group, its results of operations and/or its financial condition.

In addition, changes in government policy, legislation or regulatory interpretation applicable to the financial services industry in the markets in which the New UGF Group operates may adversely affect its product range, distribution channels, capital requirements and, consequently, its results and financing requirements. These changes, which may occur at any time, include possible changes in government pension requirements and policies, the regulation of selling practices and solvency requirements.

Any changes in how such regulations are applied or the application/implementation of the CRD IV Package and Solvency II Directive, may have a material effect on the business and operations of the Issuer and the New UGF Group.

Risks Related to the concentration of UGF's business in the Italian Market

UGF carries out nearly all its insurance and banking activities in the Italian market. Therefore, economic trends in Italy have had and will continue to have a significant impact on the profitability of UGF and are not mitigated by trends in other markets. UGF's non-life and banking businesses are particularly sensitive to conditions in the general Italian economy.

Adverse developments in the Italian economy and insurance market might result in a decrease of the New UGF Group's profitability and could potentially have a material adverse effect on its business, financial condition and results of operations.

Risks related to concentration in the non-life business and motor vehicle insurance businesses

The non-life business and the motor vehicle third party liability insurance, in particular, are key sources of UGF's and the New UGF Group's profits.

A reduction in average tariffs and premiums or an increase in the average cost of claims, as a result of, among other things, regulatory changes, or an increase in claims frequency, or an adverse change in pay-out periods could have an adverse impact on UGF's and the New UGF Group's profitability and, consequently, on UGF's and the New UGF Group's financial condition, results of operations and cash flows.

In addition, given UGF's and the New UGF Group's significant presence in the motor vehicle third party liability insurance, negative trends in the automotive market, such as a continued decline in new car registrations, with a resulting shrinkage of the pool of insured cars, could have an adverse impact on UGF's and the New UGF Group's financial condition, results of operations and cash flows.

Risks related to certain clauses included in certain financings entered into by the New UGF Group

The New UGF Group's companies are parties to certain long-term financing arrangements which include negative pledge, events of default, cross-default and acceleration provisions (for further information see "*Description of the Issuer – Material Contracts*").

If The New UGF Group's cash flows are insufficient to meet obligations related to its financial indebtedness, or if the lenders demand accelerated repayment in accordance with the terms and conditions contained therein, including failure to comply with the negative pledge, event of default and cross-default clauses, there could be a material adverse impact on UGF's financial condition, results of operations and cash flows.

The New UGF Group is subject to risks concerning the adequacy of its technical reserves, which could have a negative impact on its results in case these provisions prove to be insufficient

The technical reserves of the New UGF Group's insurance businesses serve to cover the current and future liabilities towards its policyholders and originate from the collection of the insurance premiums. Technical reserves are established with respect to both the New UGF Group's life and non-life insurance businesses and are divided in different categories depending on the type of insurance business (life or non-life) to which they relate. These technical reserves and the assets backing them represent the major part of the New UGF Group's balance sheet. Depending on the actual realisation of the future liabilities (*i.e.* the claims as actually experienced), the current technical reserves may prove to be inadequate. For example, the New UGF Group's life and health insurance technical reserves are derived from actuarial practices and assumptions, including an assessment of mortality, morbidity rates, expenses and interest rates. If the actual future mortality and morbidity rates deviate from those used in the projections, this may lead to inadequate reserving. Inadequate reserving can also occur due to other factors that are beyond the control of insurers, such as unexpected legal developments, advances in medicine and changes in social attitudes. Although the New UGF Group has the necessary actuarial tools (such as liability adequacy testing) in place to closely monitor and manage reserve risk, a residual risk still exists, and to the extent that technical reserves are insufficient to cover the New UGF Group's actual insurance losses, expenses or future policy benefits, the New UGF Group would have to add to these technical reserves and incur a charge to its earnings, which could adversely impact its results and financial condition.

The New UGF Group is subject to credit risk

The New UGF Group has counterparty risk in relation to third parties. A failure by its counterparties to meet their obligations could have a material impact on its financial position. The New UGF Group is exposed to credit risk, amongst other things, through holdings of fixed income instruments and loan advances.

A default by an institution or even concerns as to its credit-worthiness could lead to significant liquidity problems or losses and defaults by other institutions due to the close links on credit, trading, clearing and other related areas that financial institutions share. This risk may adversely affect financial intermediaries, such as clearing agencies,

clearing houses, banks, securities firms and exchanges with which the New UGF Group interacts on a daily basis and therefore could adversely affect the business, the financial conditions and the results of operations of the New UGF Group.

Insurance Segment

A significant portion of the insurance segment's investment portfolio is represented by bonds issued by sovereign governments and financial and industrial companies.

Although the New UGF Group's investment policy targets diversification and the selection of companies with high credit ratings, a default by one or more of the issuers of securities held by the New UGF Group could have an adverse effect on UGF's and the New UGF Group's financial condition, results of operations and cash flows.

Additionally, the New UGF Group's life assurance and general insurance have substantial exposure to reinsurance through reinsurance arrangements. Under such arrangements, other insurers assume a portion of the costs, losses and expenses associated with policy claims and maturities, and reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly year to year. Any decrease in the amount of reinsurance coverage will increase the New UGF Group's risk of loss. When reinsurance is obtained, the New UGF Group is still liable for those transferred risks if the reinsurer does not meet its obligations. Therefore, the inability or failure of the reinsurers to meet their financial obligations could materially affect the New UGF Group's operations and financial conditions. For further information see "*Reinsurance may not be adequate to protect the Issuer's insurance subsidiaries against losses*".

In addition, UGF's insurance companies are subject to the downgrading of the counterparties with which they operate or to which they have an exposure. These exposures arise from re-insurance and co-insurance activities, cash deposits and derivative transactions with banks, activities with insurance intermediaries and insured parties.

Banking Segment

Following the financial crisis, Unipol Banca experienced a business slowdown and an increase in funding costs. In the continued uncertain financial environment, the demand for loans could decline further and a growing number of customers of UGF's banking division could default on their loan obligations.

Unipol Banca's inability to obtain the repayment of loans from borrowers, or the inability to foreclose on collateral or to raise proceeds from collateral in amounts consistent with estimated losses and recovery percentages estimated by the banking group (which estimates may prove incorrect in light of market volatility and further persistent macroeconomic slowdown) could have an adverse impact on UGF's financial condition, results of operations and cash flows.

With reference to Unipol Banca, the gross bad loans (*crediti in sofferenza*) and the gross deteriorated loans at 30 June 2014 amounted to, respectively, Euro 2,039 million, equal to 19.6 per cent. of total gross loans and Euro 3,250 million, equal to 31.2 per cent. of total gross loans. The persistence of the macroeconomic crisis meant that Unipol Banca deemed it necessary, in the first six months of 2014, to increase the level of its provisions on loans with additional adjustment provisions amounting to Euro 45 million, bringing the percentage of deteriorated loan coverage to 27.7 per cent. as of 30 June 2014. With respect to a portion of such portfolio, the bank entered into a contract of indemnity up to Euro 708 million under which it transferred to UGF its credit risk, net of relevant adjustment provisions (which was subsequently increased up to Euro 900 million as of 31 December 2014); as a result thereof, for the purposes of determining the actual degree of coverage of impaired loans, prospective investors must take into account the joint effect of adjustment provisions set aside and the amount of provisions that UGF allocated up to 30 June 2014, amounting to Euro 397 million. The amount of write-downs on loans for the first six months of 2014, which includes Euro 100 million written down by UGF under the said contract of indemnity, amounted to approximately Euro 145 million. Overall, as at 30 June 2014, the coverage of total deteriorated loans rose to 39,9 per cent., whereas the coverage on bad loans (*crediti in sofferenza*) was equal to 51,7 per cent.

Should the above-mentioned indemnity be enforced, UGF would be required to indemnify Unipol Banca and this could have an adverse impact on UGF's financial condition, results of operations and cash flows.

Reinsurance may not be adequate to protect the Issuer's insurance subsidiaries against losses

In the normal course of business, the New UGF Group transfers exposure to certain risks in its non-life and life insurance businesses to others through reinsurance arrangements. Under these arrangements, reinsurers assume a portion of the New UGF Group's losses and expenses associated with reported and unreported claims in exchange for a portion of the premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. If reinsurance is not available at commercially attractive rates and if the resulting additional costs are not compensated by premiums paid to the New UGF Group, this could adversely affect the New UGF Group's results. Also, increasing concentration in the reinsurance market reduces the number of major reinsurance providers and, therefore, could hamper the New UGF Group's efforts to diversify in its reinsurance risk.

Any decrease in the amount of the New UGF Group's reinsurance cover relative to its primary insurance liability could increase its risk of loss. Reinsurance arrangements do not eliminate the New UGF Group's obligation to pay claims and introduce credit risk with respect to the New UGF Group's ability to recover amounts due from the reinsurers. While the New UGF Group monitors the solvency of its reinsurers through a periodic review of their financial statements, the risk of default by a reinsurer cannot be excluded. Any inability of the New UGF Group's reinsurers to meet their financial obligations could materially adversely affect its insurance businesses results.

Risks relating to asset liability management

The Issuer plans its investments with the objective of matching returns and maturities to the commitments made to UGF's insurance and banking clients and the liabilities recorded. Any maturities mismatch between such assets and liabilities may have an adverse impact on UGF's financial condition, results of operations and cash flows.

In addition, in case of a liquidity crisis in the sectors in which the New UGF Group operates or in the broader financial market, proceeds from the sale of highly liquid instruments held by UGF may not be sufficient to meet UGF's obligations. Therefore, should UGF need to dispose of illiquid financial instruments, it could be forced to make sales at lower prices than expected, which may have an adverse effect on UGF's solvency as well as its financial condition, results of operations and cash flows.

Financial results may be affected by insurance claims

Insurance claims are an important part of the New UGF Group's overall profitability and fluctuations in the frequency and severity of incurred and reported claims can have a material effect on the consolidated results of operations. The current frequency of incurred and reported insurance claims is at its historical lowest for technical reasons (*e.g.*, because of the economic downturn fewer people use private cars and those who use private cars tend to cover shorter distances on a yearly basis, all of which results in fewer claims), but this could change in coming years. Changes in these factors can be very difficult to predict.

Risks arising from fraud

The insurance business is exposed to risks generated by false claims and inaccurate representations of events and damage incurred following accidents suffered or caused by insured persons. The New UGF Group has developed a corporate structure designed to prevent, report and fight insurance fraud and other similar types of behaviour as well as a corporate structure based on specific internal procedures aimed at taking, if necessary, the most suitable legal actions.

Nonetheless, UGF is exposed to risks resulting from false claims or inaccurate declarations of events and harm suffered by clients or third parties, which can result in a rise in the number of claims and their average cost, and consequently, a reduction in the profitability of the insurance business and, possibly, a negative effect on the economic and/or financial position of UGF.

Risk management policies, procedures and methods may leave the New UGF Group exposed to unidentified or unanticipated risks

The New UGF Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the New UGF Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that the New UGF Group fails to identify or anticipate. If existing or potential customers, shareholders or stakeholders (including lenders) believe that its risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

Risks relating to the impairment of goodwill

The New UGF Group has made relevant goodwill impairments over the last years. There can be no assurance that future events related to trends in the general economy, in the regulatory framework and in the market will not require further goodwill impairment charges, which could materially adversely affect UGF's financial condition and results of operations.

The New UGF Group is subject to operational risk

The New UGF Group, like all financial services groups, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems. The New UGF Group's systems and processes are designed to ensure that the operational risks associated with the New UGF Group's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the New UGF Group's financial performance and business activities.

The New UGF Group may be affected by increased competition

Competition is intense in all of the New UGF Group's primary business areas in the Republic of Italy. In particular, the Italian insurance market has experienced significant changes in recent years due to the introduction of several laws and regulations as a result of the implementation of a number of insurance directives issued by the European Union. Consequently, direct marketing of non-life and life insurance may be carried out on a cross-border basis and, therefore, it is much easier for insurance companies to operate outside their home State. The development of a single European market, together with the reduction of regulatory restrictions, is also facilitating the growth of new distribution systems, partially replacing the traditional reliance on insurance intermediaries such as agents. Changes in the regulatory regime have also increased competitive pressure on insurance companies in the Italian market in general. Continued consolidation of the insurance industry could lead to market-wide price reductions resulting in pressure on margins. Such competitive pressure may lead to adjustments to policy terms, withdrawal from or reduction of capacity in certain business lines or reduction of prices resulting in decreased margins.

The New UGF Group — through Unipol Banca (and the Issuer's other indirect banking subsidiaries) — derives its entire banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If Unipol Banca and the Issuer's and indirect bank subsidiaries are unable to continue to respond to the competitive environment in Italy with attractive profitable product and service offerings the New UGF Group may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure through, for example, increased price pressure and lower business volumes for which to compete.

There is no assurance that the New UGF Group will be able to compete successfully in the future against existing or potential competitors or that the New UGF Group's business, financial condition and results of operations will not be adversely affected by increased competition.

Risks associated with the New UGF Group's life insurance business

Longevity and surrenders

Life expectancies continue to increase in the world's developed areas. If mortality estimates prove to be inaccurate, liabilities to the policyholders of the New UGF Group's insurance companies in connection with pensions and annuity products will increase at a rate faster than expected. This may lead to significant unexpected losses.

Surrenders of deferred annuities and life insurance products can result in losses and decreased revenues if surrender levels differ significantly from assumed levels.

Pandemic

Assumptions about mortality used in pricing products are based on information deriving from company statistics and market information. These assumptions reflect UGF's and its direct and indirect insurance subsidiaries' best estimate for any given year. However, a global pandemic, such as bird flu or swine flu, may produce an increase in mortality in excess of assumptions and the number of claims to be paid being greater than planned. These types of events are considered when assessing and reviewing a variety of financial cover options, such as reinsurance, but such cover may not meet all or even a majority of the New UGF Group's liabilities in the event of a pandemic.

Claims experience may be inconsistent with the assumptions used to price products and establish reserves

The earnings of the New UGF Group depend significantly upon the extent to which their actual claims experience is consistent with the assumptions used in setting product prices and establishing liability for technical provisions and claims. The New UGF Group's insurance companies use both their own experience and industry data to develop estimates of future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities. However, there can be no assurance that actual experience will match these estimates.

Guaranteed minimum returns

A significant part of the life insurance policies sold by UGF Group to customers provides a guaranteed minimum return. A reduction of the return on investments made by UGF could result in losses for UGF's insurance subsidiaries, in the event that the effective return is lower than the return guaranteed to customers. In addition, higher interest rates might determine an increase in life policy redemptions, which could materially adversely affect UGF's cash flows, financial condition and results of operations.

Natural and man-made catastrophe risk

General insurance companies frequently experience losses from catastrophes. Catastrophes may have a material adverse effect on the financial condition, results of operations and cash flows of UGF and the New UGF Group.

Natural catastrophes include, but are not limited to, hurricanes, floods, windstorms, tidal waves, earthquakes, tornadoes, fires, severe hail and severe winter weather, and are inherently unpredictable in terms of both their occurrence and severity. Catastrophes can also be man-made, such as terrorist attacks, explosions, fires and oil spills. The incidence and severity of these catastrophes in any given period are inherently unpredictable.

Adequacy of resources to meet pension obligations

There is a risk that provisions for future obligations under customers' pension plans and other defined post-employment benefits offered by the New UGF Group's insurance companies to their customers may not be adequate. In assessing the liability of the New UGF Group's insurance companies to policyholders for defined benefit pension plans and other post-employment plans, critical judgments include estimates of mortality rates, rates of employment turnover, disability, early retirement, discount rates, expected long-term rates of return on plan assets, future salary increases, future pension increases and increases in long-term healthcare costs. These assumptions may differ from actual results due to changing economic conditions, higher or lower withdrawal rates

or longer or shorter life spans of participants. These differences may result in changes to pension income or expense recorded in future years.

The property and casualty insurance business is cyclical

The property and casualty insurance business is cyclical. Although no two cycles are the same, these cycles are comprised of periods of intense price competition due to excessive underwriting capacity, periods of shortages of underwriting capacity permitting more favourable rates, consequent fluctuations in underwriting results and the occurrence of other losses. Historically, property and casualty insurers have experienced significant fluctuations in operating results due to volatile and sometimes unpredictable developments, many of which are beyond the direct control of the insurer, including competition, frequency or severity of catastrophic events, levels of capacity, general economic conditions and other factors. This may cause a decline in revenues during certain cycles if UGF and its other direct and indirect insurance subsidiaries choose not to reduce their property and casualty product prices in order to maintain their market position and profitability. The Issuer may therefore experience the effects of such cyclicity, changes in customer expectations of appropriate premium levels, the frequency or severity of claims or other loss events, or other factors affecting the property and casualty insurance business, all of which could have an adverse effect on the Issuer's results of operations and financial condition.

Risks arising from the performance of the real estate market

UGF, through some of its subsidiaries, also operates in the real estate business segment (secondary to its core insurance business) with a portfolio consisting mainly of retail, commercial and hotel properties owned through direct and indirect investments.

Today, the real estate business segment is impacted by (i) a highly stagnant market in Italy and (ii) a series of macroeconomic variables, including the balance of supply and demand, linked, in turn, to further variables such as the overall condition of the economy, the tax system, liquidity in the market, the widespread difficulty experienced by potential investors in obtaining credit and alternative investments offering greater remuneration.

Within the context of investments in the real estate business segment, UGF participates, as a shareholder/lender, in real estate development projects mainly concerning the residential and offices markets, essentially focused on large urban areas in Italy.

The feasibility, timing, profitability and, therefore, the success of these projects depend on a large number of factors including the availability of sources of finance (particular reference to bank loans and/or the financial means of the project partners etc.), administrative aspects (such as obtaining the necessary authorisations from the competent authorities), unexpected events on building sites (e.g., delays related to unforeseen problems concerning geology, the environment, climate, projects, third-party claims or action), supplies (e.g., trends in terms of the cost of raw materials and lead times) and the state of the real estate market during the marketing stage (e.g., the dynamics of the supply and demand of developments in terms of viability and means of transport, the ease of obtaining credit and the level of interest rates).

Given that the main factors described above are liable to change over time and are not completely predictable during the stage of evaluation/investment or disinvestment decision, it cannot be excluded that the feasibility and/or profitability of such projects may change in terms of time and/or conditions, with respect to the original forecasts, which may have a negative effect on the economic and/or financial position of the New UGF Group.

Risks arising from companies operating in sectors other than insurance and real estate

Certain subsidiaries of UGF also operate directly in sectors other than insurance (which remains their core business) and real estate, through investments arising from the lines of business of the controlled companies operating in the hotel, health, farming and banking industries.

UGF is therefore also exposed to risks related to the general economic situation and risks specific to these industries both in terms of the financial results of subsidiaries and with regard to potential fluctuations in the value of real estate investments in companies operating in these sectors such as hotel and health management companies.

A downgrade of any of UGF's credit ratings may impact its funding ability and client portfolio retention

Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. (**Standard & Poor's**) assigned to UGF a "BB" counterparty credit rating with a "stable outlook" and a "BB" senior unsecured rating, while Moody's Investors Services Inc. (**Moody's**) issued a "Ba2" long term issuer rating to UGF with a "stable outlook" and a "Ba2" senior unsecured rating with a "stable outlook". A downgrade of any of the ratings of UGF or of its principal operating subsidiaries (for any reason) may result in higher funding and refinancing costs for UGF in the capital markets, which in turn may have an adverse effect on UGF's competitive position, and may have a negative effect on its standing in the market.

In January 2012 and December 2014, Italy's sovereign debt rating was downgraded respectively Moody's by Standard and Poor's and reflecting their views as to Italy's increasing vulnerability to external financing risks and the negative implications these could have for economic growth and public finances as well as fragile market confidence and deterioration in Italy's near-term economic outlook. A further downgrade of the Italian sovereign debt rating could create additional economic uncertainty and could have an adverse effect on the credit ratings of Italian financial institutions, including UGF.

Risks resulting from the exercise of the withdrawal rights by the holders of the Preferred Shares in connection with the mandatory conversion of the UGF Preferred Shares into Ordinary Shares

On 25 February 2015, the UGF's extraordinary shareholders' meeting approved, also with the quorum required for the special shareholders' meeting of the ordinary shareholders (i) the mandatory conversion of any outstanding UGF preferred shares (the **Preferred Shares**) into UGF's newly issued ordinary shares (the **Ordinary Shares**) and (ii) the implementation of the necessary amendments to the UGF's by-laws (the **Conversion**).

On 26 February 2015, the Conversion was also approved by UGF's special meeting of the holders of Preferred Shares, pursuant to Art. 146, paragraph 1, letter b) of the Legislative Decree No. 58/1998.

The holders of Preferred Shares who did not approve the Conversion will be entitled to exercise the right of withdrawal according to Article 2437, paragraph 1, letter g), of the Italian Civil Code.

The Conversion will become effective subject to the occurrence of the following further conditions: (i) the total value of the Preferred Shares in respect of which the right of withdrawal will eventually be exercised (calculated according to Article 2437-ter, paragraph 3, of the Italian Civil Code) will not exceed Euro 100 million; it being understood that such condition is provided in the exclusive interest of UGF and therefore, may be waived by UGF itself; and (ii) the obtainment of the authorisation of the amendments to be adopted in the by-laws of UGF as a consequence of the Conversion by IVASS, in accordance with the Bank of Italy, pursuant to Article 87-bis and Article 196 of Legislative Decree No. 209 of 7 September 2005 as well as the IVASS Regulation No. 14/2008. If the Issuer will commence the liquidation procedure of the Preferred Shares of the holders who exercised their withdrawal rights by granting pre-emptive rights to the existing shareholders and then, should such rights be unexercised, by offering the related shares on the stock exchange through an auction to the public, UGF will be required to buy-back those Preferred Shares, in respect of which withdrawal rights were exercised, which remained unsold following the public auction and this could have a negative effect on the economic and/or financial position of the New UGF Group.

Risks arising from complaints by category "A" savings shareholders of Fondiaria SAI (now UnipolSai)

As of the date of this Base Prospectus, the common representative of saving shareholders of category "A" started certain initiatives against Fondiaria SAI (now UnipolSai) to challenge a number of transactions relating to, or with possible effects on, the share capital. Such initiatives could lead to the onset of possible disputes, whose impacts, costs, timing, mode and/or outcomes are not predictable as of the date hereof, and are likely to give rise to legal

proceedings, with possible negative effects on the equity, economic and/or financial position of the Company Resulting from the Merger, and as a result, on the New UGF Group. For further information, see "*Description of the Issuer – Litigation*".

Risks related to administrative, civil and tax proceedings

As part of the ordinary course of business, companies within the New UGF Group are subject to a number of administrative civil and tax proceedings relating to their activities. UGF regularly reviews of its ongoing litigation and makes what it considers to be appropriate provisions in its consolidated financial statements for losses which are certain or probable and reasonably estimable in accordance with applicable accounting principles. Notwithstanding the foregoing, it cannot be excluded that the occurrence of new developments that are not predictable as at the date of this Base Prospectus may result in such provisions being inadequate or that the assessment of the appropriate provisions in relation to certain proceedings could be in progress. In addition companies within the New UGF Group are involved in certain proceedings which in future years may result in significant losses. To the extent UGF is not successful in some or all of these matters, or in future legal challenges (including potential class actions), UGF's results of operations or financial condition may be materially adversely affected. For further information, see "*Description of the Issuer – Litigation*".

Risks relating to judicial investigations and criminal proceedings in which Fondiaria SAI (now merged into UnipolSai) was involved

Prior to the Merger, certain former executives and major shareholders of Fondiaria SAI were involved in judicial investigations and criminal proceedings relating to, *inter alia*, the consolidated financial statements of Fondiaria SAI for the year ended 31 December 2010.

A negative outcome of the foregoing investigations and proceedings, including potential civil and administrative liability of UnipolSai deriving, *inter alia*, from the application of Legislative Decree No. 231 of 8 June 2001, could have a negative impact on the economic and financial conditions of UnipolSai and consequently, on UGF's financial condition, results of operations and cash flows. For further information on these investigations and proceedings, see "*Description of the Issuer – Litigation – Proceedings relating to previous financial statements of some of the Premafin-Fondiaria SAI Group companies*" below.

The European sovereign debt crisis has adversely affected, and may continue to, adversely affect UGF's results of operations, business and financial condition

The deterioration of the merit of credit of various countries, including, among others, Greece exacerbated the severity of the global economic crisis. Such developments could still have a contagion effect on other European economies and affect the stability and *status quo* of the European Monetary Union. The European Central Bank mitigating measure (the so called Quantitative Easing) have significantly reduced interest rate levels and spread. Such a reduction has decreased the credit risk of government bonds in particular for the minor countries

Moreover, the tightening fiscal policy by some countries might weigh on households disposable income and on corporate profits with negative implications for UGF's business, results and financial position. This trend is likely to continue in the coming quarters.

Any further deterioration of the Italian economy would have a material adverse effect on UGF's business, in light of UGF's exposure to the Italian economy.

In addition, financial instruments held by UGF include, to a significant extent, Italian government bonds. As such, UGF's financial investments, particularly bonds, are strongly impacted by the markets' perception of the risks associated with these securities. Such risk has significantly been reduced and its reduction is highlighted by the lower yields offered by Italian government bonds.

The above factors have had, and may continue to have, a negative effect on UGF's businesses and asset values and could result in additional losses as a result of write-downs and impairments, which could adversely impact UGF's future operating performance, financial condition and its ability to distribute dividends.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE RISKS OR UNCERTAINTIES DERIVING FROM THE MERGER

Risks arising from the failure to fully implement the Joint Business Plan

On 20 December 2012, the boards of directors of Fondiaria SAI, Milano Assicurazioni, Premafin and Unipol Assicurazioni approved a joint business plan containing the strategic guidelines and the economic and financial objectives, and/or assets, of UnipolSai (the **Joint Business Plan**).

All the Companies Participating in the Merger were involved in writing the Joint Business Plan, with the support of a leading independent business consultant in order to update the business guidelines of the Integration Plan announced to the market on 22 June 2012.

The Joint Business Plan is based on (i) assumptions of a general, hypothetical and discretionary nature and (ii) a series of estimates and hypotheses of a discretionary nature, relating to the performance of specific actions due to be implemented during the 2013-2015 timeframe, or concerning future events with regard to which the directors may only have a partial influence and which may not happen or could vary during the timeframe of the Joint Business Plan.

In consideration of the subjective, hypothetical and discretionary nature of the assumptions of the Joint Business Plan, should one or more of the assumptions not occur or only be partially met, the pre-determined objectives may not be achieved, in whole or in part, thus meaning that the results of UnipolSai may differ, possibly in a significant manner, compared to what is set out in the Joint Business Plan, with potential negative consequences in relation to the financial and economic situation and/or assets of UnipolSai and, as a result, the Issuer.

Although the Joint Business Plan is in an advance stage of implementation, the provisional data contained therein is based on future events, subject to uncertainty, and beyond the control of the directors of the Companies Participating in the Merger; as a result of the uncertain nature arising from the performance of any future event, the gap between final values and budgeted values may be significant.

Risk relating to UGF's undertaking to keep directors and statutory auditors holding office at Premafin, Fondiaria SAI or Milano Assicurazioni fully indemnified against any damages suffered in the context of a liability claim

On 29 January 2012, within the context of the agreement entered into with Premafin, UGF executed a side letter in which it undertook, for the benefit of any directors and statutory auditors holding office from 2007 to 2011 at Premafin, Fondiaria SAI, Milano Assicurazioni or in any of their subsidiaries (collectively, the **Third Party Beneficiaries** and each a **Third Party Beneficiary**): (i) to not propose, or to vote against (and to ensure that the controlling shareholders of the indirect subsidiaries of UGF shall not propose and shall vote against), either the initiation of liability claims, pursuant to Article 2393 of the Italian Civil Code, or any other kind of proceeding against Third Party Beneficiaries for actions and activities carried out in their capacity as directors or statutory auditors of the aforesaid companies up to 29 January 2012; and (ii) to keep Third Party Beneficiaries fully indemnified against any damages suffered should a liability claim against a Third Party Beneficiary be in any way approved by the shareholders' meeting of Premafin, Fondiaria SAI, Milano Assicurazioni or each of their subsidiaries, with the determining favourable vote of the controlling shareholder (or by the shareholders' meeting of the Company Resulting From the Merger or by its subsidiaries) (the **Indemnity Clause**).

On 25 June 2012, Premafin and UGF entered into an agreement to amend the Indemnity Clause in compliance with certain requests from CONSOB. Such agreement limits the Indemnity Clause exclusively for the benefit of those Third Party Beneficiaries who, as at 29 January 2012, did not directly or indirectly own any of Premafin's shares.

As at the date of this Base Prospectus certain proceedings concerning liability claims against Third Party Beneficiaries are still pending (see "*Description of the Issuer – Litigation*" below). Although UGF believes that the Indemnity Clause is invalid and therefore not enforceable, should any Third Party Beneficiary be found liable UGF could be required to fully indemnify such Third Party Beneficiary and this could have an adverse impact on UGF's financial condition, results of operations and cash flows.

Risks resulting from the failure to grant withdrawal rights to certain former majority shareholders of Premafin

On 25 June 2012, Premafin and UGF publicly announced that they had reached an agreement to restrict the exercise of rights of withdrawal in connection with the Merger by certain so-called "former majority shareholders" of Premafin. Such exclusion was deemed necessary to comply with the requests of CONSOB. Furthermore, the rationale for such exclusion was based on the involvement of such "former majority shareholders" in the Merger.

Notwithstanding the above, certain "former majority shareholders" of Premafin notified Premafin of their intention to exercise withdrawal rights in connection with the Merger.

On 25 November 2013, Premafin challenged the exercise of withdrawal rights by such shareholders arguing that they were not entitled to withdrawal rights principally because they took part directly or through other controlled entities in the approval process of the Merger (for example, they contributed through a number of activities to the approval of Premafin's resolutions in connection with the merger by way of incorporation into Fondiaria SAI). In addition, Premafin also argued that such exercise of withdrawal rights was procedurally flawed.

UGF and Premafin initiated proceedings before the Court of Bologna aimed at obtaining a decision by the court attesting the unlawful exercise of the exercise of withdrawal rights by the above mentioned "former majority shareholders".

As of the date of this Base Prospectus, the outcome of such litigation is uncertain. Should such litigation have a negative outcome, this may have an adverse impact on the economic and financial conditions of UnipolSai and consequently on UGF's financial condition, results of operations and cash flows.

Risks related to the impact of the Merger on the New UGF Group internal structure and policies

Following the Merger, in order to organise the various businesses of the Companies Participating in the Merger within UnipolSai, the latter adopted the governance structure of Fondiaria SAI, amended as per certain observations from IVASS, and maintained Fondiaria SAI's geographical distribution. For further information see "*Description of the Issuer – Business of the New UGF Group – Insurance business – UGF's subsidiaries – UnipolSai*".

As the organisational and governance structure of UnipolSai is the result of the merger of four different companies, UnipolSai might face difficulties in arranging uniform and efficient governance and decision-making guidelines and policies throughout the different business units, and in ensuring that such guidelines and policies be complied with, which might have an impact on the New UGF Group's financial condition and results of operations.

Risks arising from the failure to achieve the forecasted synergies resulting from the Merger

The Merger presents the risks generally related with operations involving the integration of a group of companies and therefore the difficulties concerning the coordination of the management and personnel, the integration of the information systems, existing structures and services/departments as well as the loss of customers and key personnel for the Companies Participating in the Merger.

Despite the aforementioned risks, UnipolSai may benefit from synergies generated, from, amongst other things, the sharing and consolidation of some areas and processes currently compliant with the industry best practices. The possible synergies can be divided up into: (i) "Operating Costs", (ii) "Cost of Claims and Reinsurance" and (iii) "Earnings and Finance".

The Joint Business Plan estimates that, at the end of the planned timeframe, the economic impact of the synergies related to the integration will approximately amount to Euro 350 million on the 2015 gross profits. In particular, with reference to the three impact areas described above, savings deriving from the synergies are as follows:

- "Operating Costs": around Euro 180 million;
- "Cost of Claims and Reinsurance": approximately Euro 100 million in terms of managing claims and reinsurance;
- "Earnings and Finance": approximately Euro 70 million, based on sharing internal best practices in terms of productivity and optimising financial management.

Accomplishing such synergies will depend, amongst other things, on the ability to efficiently integrate the various entities, in order to maintain their current agency networks and customer portfolios and increase productivity while reducing costs at the same time. The process of accomplishing such synergies will involve integration costs in the 2013 – 2015 timeframe with an aggregate impact on the income statement estimated at approximately Euro 302 million. Most of these costs have been borne during the first two financial years of the Joint Business Plan.

Failure to achieve such synergies, wholly or partially, could therefore result in a lost opportunity to make cost-savings, with consequent impact on the economic and/or financial position, and/or assets, of UnipolSai and, as a result, on the New UGF Group.

The New UGF Group may be unable to successfully or efficiently integrate its operations and realise the benefits of the Merger

In order to realise the benefits of the Merger, the New UGF Group has been integrated certain operations, procedures, personnel and information systems of the Companies Participating in the Merger in accordance with the Joint Business Plan for the years 2013-2015.

In addition to being complex and time consuming, the process of integration, which is an advanced stage of implementation, may also cause an interruption of, or loss of momentum in, the activities of one or more of the Companies Participating in the Merger and the activities of the Company Resulting from the Merger including:

- the loss of key personnel, customers or contractual relationships;
- the diversion of management's attention from day-to-day operations;
- difficulties in integrating accounting, management information, human resources and other administrative systems; and
- delays or difficulties encountered in connection with the integration of the Companies Participating in the Merger

each of which could have a material adverse effect on the New UGF Group's business, financial conditions and results of operations.

Risks relating to the failure to adapt to the new trends of the market

Consumer demand for New UGF Group's products may be affected by changes to market conditions and trends. Any major change in the markets and/or any failure to anticipate, identify or react successfully or at reasonable cost to these changes could result in reduced demand for the New UGF Group's products, which would in turn cause income to suffer. If the New UGF Group does not succeed in offering products that reflect the market trends and appeal to customers its sales and market share will decrease, and its profitability will suffer. Such failure could have a material adverse effect on the New UGF Group's business, financial conditions and results of operations.

Risks arising from the impact on sales

The Merger is aimed at, amongst other things, creating an insurance group comprising some of the Italian market leaders in the non-life insurance and in particular, in motor insurance, with one of the broadest and most widespread distribution networks in the country.

With reference to the aforementioned integration, it could reasonably be deemed necessary to take appropriate actions in order to streamline the product range, improve the organisation and distribution of the network and the agency structures, review and coordinate product distribution policies in addition to bearing increased costs, for an amount that cannot be estimated at the date of this Base Prospectus, related, for example, to integration of the information systems and structures or modifying of the terms and conditions of the agency mandates. Furthermore, it cannot be excluded that it may prove necessary to conduct a review of the terms and conditions of existing agency contracts with various subsidiaries with a view to rationalising these contracts, with a resulting loss in efficiency.

With regard to the foregoing, during and/or following the integration, there could be significant consequences for the current agency network and/or the current premium collection of UnipolSai as a result, for example, of a reduced number of agencies and/or an increase in the number of agencies with multiple mandates. Moreover, further possible initiatives related to the integration and aimed at the harmonization of the product portfolio, (for example sharing products and common sales strategies, optimising the organisation of the agency network or ensuring more efficient distribution across Italy following the geographical concentration that would inevitably occur in some areas of the country following the integration), might require time, costs and methods different from those originally planned, with a possible negative impact, even significant, on the economic and financial situation at the date of this Base Prospectus of the New UGF Group, that cannot be fully estimated at the date of this Base Prospectus.

Risk related to the exercise of the put option on a stake in Unipol Banca

In the context of the Merger, UGF granted Fondiaria SAI (now UnipolSai) a put option on the interest held at the time by Unipol Assicurazioni in Unipol Banca, equal to 32.26 per cent. of the relevant share capital, to be exercised at a price equal to Euro 299.4 million (which corresponds to the entry value of said interest at the time of signing the agreement) on the fifth year following the date of the Merger. At the same time, Fondiaria SAI granted UGF a call option on the same investment at the same price, with the possibility for UGF to exercise the option throughout the period between the effective Merger date and the end of the fifth year after such date.

Should UnipolSai decide to exercise the put option on the fifth year following the date of the Merger, UGF will be under the obligation to purchase the 32.26 per cent. stake in Unipol Banca share capital at a pre-fixed price, which might be significantly different than the market value of such stake at that time.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

Subjecting Notes to optional redemption is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest

rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

RISKS RELATED TO NOTES GENERALLY

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Act Withholding

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, société anonyme (together the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of

1986 (FATCA) will affect the amount of any payment received by the ICSDs (see "*Taxation – Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer therefore has no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an IGA) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. For the avoidance of doubt, the Issuer has not assumed any gross-up or indemnification duties of whatever nature deriving from any possible application of FATCA or any law, directive or agreement implementing FATCA.

Redemption for tax reasons

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or certain other relevant jurisdictions or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

The value of the Notes could be adversely affected by a change of law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, save that provisions for convening meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with mandatory provisions of Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (where applicable) or administrative practice after the date of this Base Prospectus and any such change could materially adversely affect the value of any Notes affected by it. Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Italian insolvency law

Italian insurance companies are subject to a special regime on insolvency, designed to ensure, *inter alia*, control by IVASS over the proceedings.

Italian law provides for a variety of measures which may be ordered by IVASS in relation to insurance companies in the event of serious infringements of regulatory provisions, including in relation to breach of minimum regulatory capital requirements or similar situations indicative of financial distress. In these situations, an insurance company may be subject to measures such as an obligation to produce a financial plan, a prohibition against undertaking new business and/or an order freezing assets covering the technical reserves. In some circumstances, one or more commissioners (*commissari*) may be appointed to accomplish specific administrative actions and/or replace existing management of the insurance company. However, since these measures do not purport to affect the

rights of creditors to an insurance company or to result in an acceleration of obligations of the insurance company generally, they will not automatically result in amounts under the Notes becoming immediately due and payable and are not further addressed below.

The only insolvency proceeding in relation to the Issuer which will, of itself, result in an acceleration of amounts under the Notes is *liquidazione coatta amministrativa* (compulsory administrative liquidation, the **Liquidation Proceeding**), as governed by Article 245 of the Italian Code of Private Insurance. The Liquidation Proceeding may be initiated by the Italian Minister of Economic Development on proposal by IVASS. Due to the public interest at stake in the regulation of insurance companies, it is not possible for the Liquidation Proceeding to be initiated directly by court order upon petition by one or more creditors. Creditors may, however, petition the court for a declaration of insolvency on the basis of unpaid claims or evident and material financial insufficiency and, if issued by the court, the declaration of insolvency will result in acceleration of the obligations of the Issuer under the Notes as a result of application of Article 1186 of the Italian Civil Code. In addition, a declaration of insolvency would certainly be brought to the attention of the Italian Minister of Economic Development and IVASS for formal commencement of the Liquidation Proceeding.

As from the date of commencement of the Liquidation Proceeding, creditors are prohibited from undertaking or continuing executive measures against the debtor or its assets. Furthermore, any legal action resulting from commencement of the Liquidation Proceedings, including in relation to payment of amounts due under the Notes, must be brought before the courts of the place where the Issuer has its registered office.

In the event of a Liquidation Proceeding, one or more liquidators (*commissari liquidatori*) will be appointed by IVASS, in addition to a supervisory committee composed of between three to five members. These appointments will be effective for a period of three years, renewable for an indefinite period if necessary in order to complete the procedure. At any time during the proceedings, IVASS may issue regulations or guidelines of general application or specifically addressed to the Issuer in connection with the conduct of the Liquidation Proceeding and may authorise the continuation of specifically identified transactions deemed necessary or useful for the conduct of the Liquidation Proceeding. Within 60 days of their appointment, the liquidators are obliged to notify all creditors of the commencement of the Liquidation Proceeding as well as the amount of claims resulting from the books and records of the Issuer. The liquidators will then have a further 90 days to submit to IVASS a list of creditors admitted to the Liquidation Proceeding and the amount recognised as owing to each. Creditors not admitted or whose claims are not fully recognised will have the right to challenge the list presented to IVASS.

The Italian Private Insurance Code provides the liquidators with all powers necessary to realise the assets of the Issuer, settle outstanding claims and/or enter into loans or other forms of financing, subject in each case to authorisation where applicable by the supervisory committee and/or IVASS. In particular, the liquidators may be empowered to sell the assets and liabilities of the Issuer, as well as the business or any line of business of the Issuer or assets and legal relationships identified on a block basis. Such transfers may occur at any point during the Liquidation Proceedings. The liquidators may likewise transfer the whole or any portion of the insurance portfolio of the Issuer.

At any point during the Liquidation Proceeding, the liquidators or shareholders of the Issuer may propose a composition with creditors, indicating the percentage of claims to be offered to unsecured creditors, as well as the time frame for payment and any security to be provided. The composition must be authorised by IVASS before being filed with the presiding court. No voting procedure is contemplated in relation to the composition plan, although any creditor is entitled to file opposition, in which case it will be up to the presiding Court to decide whether or not to authorise its execution.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which

is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Delisting of the Notes

Application has been made for Notes issued under the Programme to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a **listing**), as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer and/or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Base Prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this Overview.

Issuer: Unipol Gruppo Finanziario S.p.A.

The New UGF Group..... The Issuer, UnipolSai and the subsidiaries which were already part of UGF prior to the Merger.

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below and include, among others, the fact that the Issuer's financial results may be affected by fluctuations in the financial markets and by market declines and volatility; the potential impact of regulatory changes or increased competition on the New UGF Group; certain risks relating to the New UGF Group's reinsurance and risk management policies; and risks associated with the UGF Group's life and non-life insurance business. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include certain risks relating to the structure of particular Series of Notes and certain market risks.

Description:..... Euro Medium Term Note Programme

Arrangers: J.P. Morgan Securities plc.
Mediobanca – Banca di Credito Finanziario S.p.A.
UniCredit Bank AG

Dealers: J.P. Morgan Securities plc., Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale") including the following restrictions applicable at the date of this Base Prospectus.

Issuing and Paying Agent: BNP Paribas Securities Services, Luxembourg Branch

Listing Agent: BNP Paribas Securities Services, Luxembourg Branch

Programme Size: Up to €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer

may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.

Redenomination: The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.

Maturities: The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. No Notes having a maturity of less than one year and one day will be issued under the Programme.

Issue Price: Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer form as described in "*Form of the Notes*".

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(b) on the basis of a reference rate referred to in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Other provisions in relation to Floating Rate Notes: Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

- Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
- Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
- Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
- Negative Pledge: The terms of the Notes will contain a negative pledge provision (as further described in Condition 3).
- Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 10.
- Status of the Notes: The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
- Rating: Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**
- Listing, admission to trading and approval: Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be admitted to the Official List of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.
- The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or

markets.

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. Condition 15 and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of the Noteholders' Representative are subject to compliance with the laws of the Republic of Italy.

Selling Restrictions:..... There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom, the Republic of Italy and the Grand Duchy of Luxembourg) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the cross-reference tables below, which is contained in the following documents which have previously been published and have been filed with the CSSF, shall be incorporated by reference in, and form part of, this Base Prospectus. The information incorporated by reference that is not included in the cross-reference tables is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004.

(a) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013:

Consolidated Statement of Financial Position.....	Pages 98 to 99
Consolidated Income Statement.....	Page 100
Comprehensive Income.....	Page 101
Consolidated Statement of Changes in Equity	Page 102
Statement of Cash Flows.....	Page 103
Notes to the Consolidated Financial Statements	Pages 105 to 243
Independent Auditors' Report	Pages 253 to 256 (pages 255 to 258 of the electronic document)

(b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012:

Consolidated Statement of Financial Position	Pages 82 to 83
Consolidated Income Statement	Page 84
Consolidated Statement of Comprehensive Income	Page 85
Consolidated Statement of Changes in Equity	Page 86
Statement of Cash Flows	Page 87
Notes to the Consolidated Financial Statements.....	Pages 90 to 217
Independent Auditors' Report.....	Pages 235 to 239 (pages 239 to 241 of the electronic document)

(c) the auditors' review report and the unaudited interim condensed consolidated financial statements of the Issuer for the six months ended 30 June 2014:

Consolidated Statement of Financial Position	Pages 60 to 61
Consolidated Income Statement	Page 62
Comprehensive Income	Page 63
Consolidated Statement of Changes in Equity	Page 64
Statement of Cash Flows	Page 65
Notes to the Consolidated Financial Statements.....	Pages 67 to 136
Independent Auditors' Report.....	Pages 141 to 144 (pages 143 to 144 of the electronic document)

(d) the unaudited interim consolidated financial report of the Issuer for the nine months ended 30 September 2014:

Consolidated Statement of Financial Position	Pages 50 to 51
Consolidated Income Statement	Page 52
Comprehensive Income	Page 53

- (e) Press release headed “*Unipol Group: preliminary consolidated results of 2014 examined*” issued by UGF on 11 February 2015 available at http://www.unipolgf.it/int/en/Media/Allegati%20Comunicati/2015-02-11_Unipol-Group-Press-Release_2014-Preliminary_Results.pdf: entire document

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg and will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

PRESENTATION OF THE PRELIMINARY CONSOLIDATED RESULTS OF UGF FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

This section has been prepared to comply with the disclosure requirements under items 8.1 to 8.3 of Annex IX of Commission Regulation 809/2004.

The preliminary consolidated results of UGF for the financial year ended 31 December 2014, which are incorporated by reference in this Base Prospectus (see “*Documents Incorporated by Reference – Press release headed “Unipol Group: preliminary consolidated results of 2014 examined”*” above) (the **Preliminary Consolidated Results**), have been drawn up on the basis of the corporate accounting records, ledgers and documents of UGF for the relevant period.

Such Preliminary Consolidated Results have been prepared applying accounting policies and criteria which are consistent with the accounting policies and criteria applied by UGF in preparing its historical consolidated financial statements. In this respect, reference shall be made to the consolidated annual financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2012, which are incorporated by reference in this Base Prospectus (see “*Documents Incorporated by Reference*” above).

As the financial year to which the Preliminary Consolidated Results relates was already ended as at the date of their preparation and publication, no forecasts, estimates and assumptions have been considered for the purpose of their preparation.

However, it cannot be excluded that the figures to be included in the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014 may differ from the corresponding figures in the Preliminary Consolidated Results on the basis of:

- i. events occurred, if any, after 10 February 2015 (the date on which the Preliminary Consolidated Results have been published) which may require, in accordance with the applicable IAS/IFRS accounting principles, an adjustment with respect to (a) the valuation of assets and liabilities and the related components of the consolidated income statement or (b) the relevant information to be provided into the notes to the consolidated financial statements;
- ii. possible adjustments or integrations of such figures or the relevant information which may be deemed necessary, following further review procedures on the accuracy of the information functional for the approval of the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014 by the Board of Directors of UGF carried out by UGF and/or by the independent auditors of UGF after the date of approval of the Preliminary Consolidated Results.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and, together with Euroclear, the **ICSDs**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 17 February 2014 and executed by the Issuer.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).

[Date]

UNIPOL GRUPPO FINANZIARIO S.p.A.
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €2,000,000,000
Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated [●] 2015 (the **Base Prospectus**) [and the supplement[s] to the Base Prospectus dated [●] and [●]] which together constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] published on the Issuer's website at [www.unipolgf.it] and [is] [are] available for viewing during normal business hours at the registered office of the Issuer and the Issuing and Paying Agent for the time being in Luxembourg. The Final Terms are published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

- | | | | |
|----|-----|--|---|
| 1. | (a) | Series Number: | [] |
| | (b) | Tranche Number: | [] |
| | (c) | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [<i>identify earlier Tranches</i>] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [] below, which is expected to occur on or about [<i>date</i>]][Not Applicable] |
| 2. | | Specified Currency or Currencies: | [] |
| 3. | | Aggregate Nominal Amount: | |
| | (a) | Series: | [] |
| | (b) | Tranche: | [] |
| 4. | | Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [<i>insert date</i>] (<i>if applicable</i>)] |
| 5. | (a) | Specified Denominations: | [] |

(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]".)

- (b) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
6. (a) Issue Date: []
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [Specify date or for Floating rate notes – Interest Payment Date falling in or nearest to [specify month and year]]
8. Interest Basis: [[] per cent. Fixed Rate]
- [[[] month [LIBOR/EURIBOR]] +/- [] per cent. Floating Rate]
- [Zero coupon]
- (see paragraph [13]/[14]/[15] below)
9. Redemption[/Payment] Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
10. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there][Not Applicable]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(see paragraph [17]/[18]/[19]/[20] below)]
[Not Applicable]

12. Date of [Board] approval for issuance of []
Notes obtained: *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) [Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
14. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination: [Applicable/Not Applicable]

- Reference Rate: Reference Rate: [] month [LIBOR/EURIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (h) Margin(s): [+/-] [] per cent. per annum
- (i) Minimum Rate of Interest: [] per cent. per annum
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]
15. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
 - (b) Reference Price: []
 - (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 7.2: Minimum period: [] days
Maximum period: [] days
17. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
18. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
19. Final Redemption Amount: [] per Calculation Amount

20. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
- (N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is more than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:
- (a) [Form:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
- New Global Note: [Yes][No]
22. Additional Financial Centre(s): [Not Applicable/give details]
- (Note that this paragraph relates to the place of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which subparagraph 14(c) relates)*
23. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [name of the Issuer]:

By:

Duly authorised

PART B—OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. YIELD (Fixed Rate Notes only) [Not Applicable]

Indication of yield: []

5. HISTORIC INTEREST RATES *(Floating Rate Notes only)*

[Details of historic [LIBOR/EURIBOR/*replicate other as specified in the Conditions*] rates can be obtained from [Reuters].][Not Applicable]

6. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Deemed delivery of clearing system notices for the purposes of Condition 14: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (vii) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]

- (ii) If syndicated, names of [Not Applicable/*give names*]
Managers:
- (iii) Date of [Subscription] []
Agreement:
- (iv) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of [Not Applicable/*give name*]
relevant Dealer:
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category [1/2]; [TEFRA D/TEFRA
C/TEFRA not applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Unipol Gruppo Finanziario S.p.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 17 February 2014 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, complete the Conditions for the purposes of this Note. References to the applicable Final Terms are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 17 February 2014 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note and a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (Euroclear) and/or Clearstream Banking, société anonyme (Clearstream, Luxembourg), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or

Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding, save for certain obligations required to be preferred by applicable law.

3. Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not create or permit to subsist any Security Interest (other than Permitted Encumbrances) upon, or with respect to, any of its present or future business, undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders. As used herein:

Permitted Encumbrances means:

- (a) any Security arising pursuant to any mandatory provision of law other than as a result of any action taken by the Issuer; or
- (b) any Security in existence as at the date of issuance of the Notes;

Relevant Indebtedness means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any bonds, notes, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness; and

Security Interest means any mortgage, lien, pledge, charge or other security interest.

4. Redenomination

4.1. Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders and the Couponholders on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination in

euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of euro 100,000 and/or such higher amounts as the Agent may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 6; and (ii) in the case of Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to, the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
 - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding; and

- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

4.2. Definitions

In the Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Relevant Notes means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

Treaty means the Treaty establishing the European Community, as amended.

5. Interest

5.1. Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

- (a) if "Actual/Actual (ICMA) " is specified in the applicable Final Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2. *Interest on Floating Rate Notes*

(a) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), ISDA Rate for an **Interest Period** means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is as the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London inter-bank offered rate (**LIBOR**) or the Euro-zone inter-bank offered rate (**EURIBOR**), as specified in the applicable Final Terms) which appears or appear, as the

case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of subparagraph (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion

of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non- leap year divided by 365);

- (ii) if "Actual/365 (Fixed) " is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling) " is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if "30E/360 (ISDA) " is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(e) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **Luxembourg Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3. *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. *Payments*

6.1. *Method of payment*

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

6.2. *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 17) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

6.3. *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.4. *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at

such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.5. *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.6. *Interpretation of principal and interest*

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

7. Redemption and Purchase

7.1. *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date. Final Redemption Amount will always be at least at 100% of the nominal amount of the Notes.

7.2. *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders: (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3. *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for

redemption (such date of selection being hereinafter called the Selection Date). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

7.4. *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a Put Notice) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4 and instead to declare such Note forthwith due and payable pursuant to Condition 10.

7.5. *Early Redemption Amounts*

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

^y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.6. *Purchases*

The Issuer or any of its Subsidiary may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Where permitted by applicable law and regulation, all Notes purchased pursuant to this Condition 7.6 may be cancelled or held, reissued or resold at the discretion of the relevant purchaser.

7.7. *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7.8. *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. *Taxation*

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in

respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the Republic of Italy;
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon;
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5);
- (d) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union;
- (f) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;
- (g) presented for payment by or on behalf of a non-Italian resident, to the extent that interest or any other amounts is paid to a non-Italian resident which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy;
- (h) for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (Decree No. 239) as amended and/or supplemented or any regulations implementing or complying with such Decree;
- (i) with respect to any Notes qualifying as "atypical" securities (*titoli atipici*), where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted with amendments by Law No. 649 of 25 November 1983, as subsequently amended and/or supplemented; or
- (j) where such withholding or deduction is required pursuant to Sections 1471 through 1474 of the Code, any laws, regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Tax Jurisdiction** means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. Events of Default

10.1. Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of a written notice requiring the same to be remedied; or
- (c) if either (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described), or (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period), or (iii) any security given by the Issuer or any of its Material Subsidiaries becomes enforceable and steps are taken to enforce the same, or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person (as extended by any originally applicable grace period), provided that an Event of Default shall not occur pursuant to any of subparagraphs (i), (ii), (iii) and (iv):
 - (A) if and for so long as the Issuer or the relevant Material Subsidiary, as the case may be, is contesting in good faith in a competent court in a recognised jurisdiction that the relevant Indebtedness for Borrowed Money or such security, guarantee or indemnity shall be due and enforceable, as appropriate; or
 - (B) unless the aggregate Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing shall exceed €50,000,000; or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of (i) a Permitted Reorganisation (as defined in Condition 10.2 below) or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution; or
- (e) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of (i) a Permitted Reorganisation (as defined in Condition 10.2 below) or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution, or the Issuer or any of its Material Subsidiaries stops or threatens to

stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, provided that, for the purposes of this paragraph (e), a **substantial part** of an entity's business shall mean a part of the relevant entity's business which accounts for 20 per cent. or more of the Group's consolidated assets and/or revenues as evidenced by its most recently available and duly approved audited consolidated financial statements; or

- (f) if (A) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation (*liquidazione coatta*), insolvency (*fallimento*), composition (*concordato preventivo*), reorganisation (*amministrazione straordinaria*) or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver (*curatore*), manager, administrator (*commissario straordinario o liquidatore*) or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 60 days, provided that, for the purposes of this paragraph (f), a **substantial part** of an entity's business shall mean a part of the relevant entity's business which accounts for 20 per cent. or more of the Group's consolidated assets and/or revenues as evidenced by its most recently available and duly approved audited consolidated financial statements; or
- (g) if the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation (save for the purposes of a Permitted Reorganisation (as defined in Condition 10.2 below)) or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

10.2. Definitions

For the purposes of the Conditions:

Indebtedness for Borrowed Money means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any money borrowed or raised;

Material Subsidiary means at any time a Subsidiary of the Issuer:

- (a) whose net revenues or net assets (in each case, consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated net revenues of the Issuer, or, as the case may be, consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated

accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer; or

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall, upon such transfer, become a Material Subsidiary in each case pursuant to this Condition 10.2(b); provided further that the provisions of paragraph (a) above shall apply, commencing on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period in which such transfer has occurred have been prepared and audited as described in paragraph (a) above, to determine whether such Subsidiaries become or remain Material Subsidiaries.

A report by two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding on all parties;

Permitted Reorganisation means:

- (a) in respect of the Issuer, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind, restructuring or reconstruction whilst solvent or other similar arrangements (including, without limitation, leasing of the assets or going concern) of the Issuer which is part of a related sequence of events whereby, during or upon completion of the sequence, all or substantially all of the assets and liabilities of the Issuer, including the rights and obligations of the Issuer under or in respect of the Notes, the Agency Agreement and the Deed of Covenant, will be assumed in accordance with applicable law by a Person which, immediately after such assumption, is a member of the group consisting of the Issuer and its consolidated Subsidiaries; or
- (b) in respect of any Material Subsidiary, any reorganisation amalgamation, merger, demerger, consolidation, contribution in kind, restructuring or reconstruction whilst solvent or other similar arrangements (including, without limitation, leasing of the assets or going concern) of the relevant Material Subsidiary under which all or substantially all of its assets and liabilities are transferred, sold, contributed, assigned or otherwise vested in the Issuer or any of its other Subsidiaries in accordance with applicable law,

which, in any such case, does not result in a Ratings Downgrade;

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation or other entity, whether or not having a separate legal personality;

Rating Agencies means Moody's Investors Services Inc (**Moody's**), Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. (**S&P**) and Fitch Ratings (**Fitch**), or any of their successors;

A **Ratings Downgrade** will be deemed to have occurred if, immediately prior to a Reorganisation Period, the Notes carry:

- (a) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better) from any Rating Agency and such rating is, during the Reorganisation Period, either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and such

rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by the relevant Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or

- (b) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) from any Rating Agency and such rating is, during the Reorganisation Period, either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and such rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded by such Rating Agency to a credit rating that is equivalent or better to the credit rating that was applicable immediately prior to the Reorganisation Period or (in the case of a withdrawal) replaced by a credit rating from any other Rating Agency that is equivalent to or better than the credit rating that was applicable immediately prior to the Reorganisation Period; or
- (c) no credit rating and no Rating Agency assigns to the Notes within 60 days of the end of the Reorganisation Period a credit rating that is equivalent to or better than the Issuer's credit rating from any one or more Rating Agencies immediately prior to the Reorganisation Period;

Reorganisation Period shall mean the period from the date of the first public announcement of an agreement, arrangement or proposal that could result in any event or transaction described in paragraphs (a) and (b) of the definition of Permitted Reorganisation until the end of a 60-day period following public notice of the completion of the relevant transaction (or such longer period as the rating of the Notes is under publicly announced consideration for rating review); and

Subsidiary means, in respect of any Person (the **first Person**) at any particular time, any other Person (the **second Person**):

- (a) if a majority of votes in ordinary shareholders' meetings of the second Person is held by the first Person; or
- (b) in which the first Person holds a sufficient number of votes to give it a dominant influence in ordinary shareholders' meetings of the second Person; or
- (c) which is under the dominant influence of the first Person by virtue of certain contractual relationships between the first Person and the second Person,

pursuant to the provisions of Article 2359 of the Italian Civil Code.

11. Replacement of Notes Coupons and Talons

Should any Note Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes Coupons or Talons must be surrendered before replacements will be issued.

12. Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London or, if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the Financial Times in London and the Luxemburger Wort or the Tageblatt in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Noteholders

15.1. Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes, the Coupons, any of these Conditions or any of the provisions of the Agency Agreement.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution (as defined in the Agency Agreement), the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy (including, without limitation, Legislative Decree No. 58 of 24 February 1998 as amended) and the by-laws of the Issuer in force from time to time and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the by-laws of the Issuer are amended at any time while the Notes remain outstanding. Italian law currently provides that any such meeting may be convened by the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened by either of them upon the request of Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes of any Series for the time being outstanding. If the Issuer or the Noteholders' Representative defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth of aggregate principal amount of the Notes of any Series for the time being outstanding, the same may be convened by decision of the competent Court upon request by such Noteholders. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code.

Such a meeting will be validly held (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) if (i) in the case of a sole call meeting, there are one or more persons present being or representing Noteholders holding at least one-fifth of the principal amount of the outstanding Notes, or (ii) in the case of multiple call meetings, (a) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes, (b) in the case of a second meeting, there are one or more persons present being or representing Noteholders holding more than one-third of the aggregate principal amount of the outstanding Notes and (c) in the case of a third meeting or any subsequent meeting following a further adjournment, there are one or more persons present being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes, provided however that that the Issuer's by-laws may in each case (to the extent permitted under the applicable Italian law) provide for a higher quorum. For the avoidance of doubt, each meeting will be held as a sole call meeting or as a multiple call meeting depending on the applicable provisions of Italian law and the Issuer's by-laws as applicable from time to time. The majority required to pass a resolution at any meeting convened to vote on any resolution will be one or more persons holding or representing at least two-thirds of the aggregate principal amount of the Notes represented at the meeting; provided, however, that (A) certain proposals, as set out in Article 2415 of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them; to reduce or cancel the principal amount of, or interest on, the Notes; or to change the currency of payment of the Notes) may only be sanctioned by a resolution passed at a meeting of Noteholders (including any adjourned meeting) by the higher of (i) one or more persons holding or representing not less than one-half of the aggregate principal amount of the outstanding Notes, and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting, provided that a different majority (higher or lower

depending on the circumstances and the amount of Notes represented at the meeting) may be required pursuant to Article 2369 paragraph 7, of the Italian Civil Code and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities. An Extraordinary Resolution (as defined in the Agency Agreement) passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

15.2. *Noteholder's Representative*

A joint representative of the Noteholders (*rappresentante comune*) (the **Noteholders' Representative**), subject to applicable provisions of Italian law, will be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the competent Court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

16. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. **Substitution**

The Issuer may, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons, Unipol Banca S.p.A. or UnipolSai Assicurazioni S.p.A. (each a **Substituted Debtor**) as Issuer (the **Substitution**), subject to the following:

- (a) immediately prior to the Substitution, no payment in respect of the Notes and the Coupons being overdue and no other Event of Default having occurred and being continuing in respect of the Notes and the Coupons;
- (b) the execution by the Substituted Debtor and, where applicable, by the other parties to the Agency Agreement and the Deed of Covenant, of a deed poll and such other documents (if any) as may be necessary to give full effect to the Substitution (together, the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer;
- (c) the execution by the Issuer of a deed of guarantee (the **Guarantee**), substantially in the form attached to the Agency Agreement, in favour of the Noteholders and Couponholders in respect of all the obligations of the Substituted Debtor under the Notes and the Coupons;
- (d) the agreement by the Substituted Debtor in the Documents to indemnify each Noteholder and Couponholder against:
 - (i) any tax, duty, assessment or governmental charge which is imposed on such Noteholder and Couponholder by (or by any authority in or of) in the Republic of Italy with respect to any Note or Coupon and which would not have been so imposed had the Substitution not been made; and

- (ii) any tax, duty, assessment or governmental charge, and any cost or expense payable in connection with the Substitution;
- (e) the Documents containing a representation and warranty by each of the Issuer and the Substituted Debtor that:
 - (i) it is validly incorporated and in good standing under the laws of its jurisdiction of incorporation;
 - (ii) it has obtained all necessary governmental and regulatory approvals and consents for the Substitution and for the performance or of its obligations under the Documents and that all such approvals and consents are in full force and effect;
 - (iii) all other actions, conditions and things required to be taken, fulfilled and done to ensure that the Documents, the Notes and the Coupons (and, in the case of the Issuer, the Guarantee) and the obligations assumed by it thereunder represent legal, valid and binding obligations of the Substituted Debtor or the Issuer, as the case may be, enforceable by each Noteholder and Couponholder in accordance with their respective terms and subject to applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, have been taken, fulfilled and done and are in full force and effect; and
 - (iv) the Noteholders and Couponholders will not become subject to any tax, duty, assessment, governmental charge or other adverse tax consequences as a result of the Substitution, except as may be subject to the indemnity provided for in Condition 17(d) above;
- (f) the delivery of legal opinion(s) addressed to the Agent, to be made available upon request to the Noteholders and Couponholders, from a lawyer or firm(s) of lawyers with a leading securities practice in the Republic of Italy, confirming that (i) the conditions contained in Conditions 17(b), 17(c), 17(d) and 17(e) above have been fulfilled and (ii) the Documents and the Guarantee, where applicable, constitute legal, valid, binding and enforceable obligations of each of the Issuer and the Substituted Debtor and that each of the Issuer and the Substituted Debtor has the power to enter into and perform the obligations to be assumed by it pursuant to the Documents and the Guarantee, to the extent applicable to it;
- (g) confirmation from the relevant stock exchange (if any) that, following the proposed Substitution, the Notes will continue to be listed on such stock exchange;
- (h) the giving by the Issuer of at least 14 days' prior notice of the Substitution to the Noteholders, in accordance with Condition 14, stating that "copies, or, pending execution, the agreed text, of all documents in relation to the Substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents";
- (i) written confirmation from each of Moody's and S&P that, after giving effect to the Substitution, (i) the Notes shall continue to be rated the same as immediately prior to the Substitution or (ii) in the case of Notes which have not been assigned a credit rating, the relevant Substituted Debtor or the Notes will be assigned at least the same credit rating as the credit rating of the Issuer immediately prior to whichever is the earlier of (I) the Substitution, (II) the first public announcement of the Substitution or (III) the first public announcement of any proposal, agreement or arrangement that resulted, directly or indirectly, in the Substitution; and
- (j) the delivery to the Agent of a certificate of solvency of the Substituted Debtor addressed to the Noteholders and signed by two directors of the Substituted Debtor.

By subscribing to, or otherwise acquiring the Notes, the Noteholders expressly consent to the substitution of the Issuer in accordance with the provisions of this Condition 17 and to the release of the Issuer from any and all obligations in respect of the Notes and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences thereof.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law and Submission to Jurisdiction

19.1. *Governing law*

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Condition 15 and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with the laws of the Republic of Italy.

19.2. *Submission to jurisdiction*

Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

For the purposes of this Condition 19.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction, and (ii) concurrent proceedings in any number of jurisdictions.

19.3. *Appointment of Process Agent*

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit and/or to refinance existing indebtedness.

DESCRIPTION OF THE ISSUER

OVERVIEW

Unipol Gruppo Finanziario S.p.A. (**UGF** or the **Issuer**) is a joint stock company limited by shares (*società per azioni*) incorporated under Italian law. Its registered office and principal place of business is at Via Stalingrado 45, 40128 Bologna, Italy and it is registered with the register of companies of Bologna under number 00284160371, fiscal code and VAT Number 00284160371. UGF may be contacted by telephone on +39 051 507 6111 and by fax on +39 051 507 6666.

UGF is the parent company of the group consisting of UGF and its subsidiaries (collectively the **Group** or **UGF Group**) and has been operating since 1 September 2007. UGF emerged from the restructuring process carried out by Unipol (as defined below) at the end of 2006, which resulted in the separation of holding company functions from commercial and operating activities carried out by other companies forming part of the UGF Group. The Group is composed of companies which provide a wide range of services, principally in the insurance and banking sectors.

On 31 December 2012, UGF Group became the second-largest insurance group operating in Italy and the largest operating in the non-life insurance business. It offers a full range of insurance and financial products and is particularly active in the supplementary pension and health sectors.

For the six month period ended 30 June 2014, the aggregate (non-life and life) insurance premium income amounted to Euro 10.1 billion, of which Euro 5.3 billion were attributable to the life insurance business and Euro 4.8 billion to the non-life insurance business.¹

Pursuant to its by-laws, UGF's term of incorporation shall last until 30 June 2100, subject to any extension. The corporate purpose of UGF, as provided by Article 4 of its by-laws, is to: (a) acquire, privately, holdings in undertakings operating in the insurance, credit and financial sectors; in this context and likewise privately, UGF may also (i) coordinate the technical, administrative and financial work of the undertakings in which it holds interests, (ii) grant corporate financing, (iii) act as an exchange rate broker and agent and (iv) receive, pay and transfer funds and debit and credit the relative charges and interest; (b) provide services of an administrative, logistical, financial and actuarial nature and provide administrative technical support to the undertakings in which it holds interests; and (c) in order to achieve its purpose, carry out any transactions in securities and property and any other activity deemed necessary or useful, contract loans and enter into any other type of debt and/or financial lease and grant liens on property, personal security, pledges, special liens and retentions of title, including free of charge both on its own behalf and in favour of third parties, including non-shareholders.

According to its by-laws, UGF may not engage in the following activities (i) providing surety in favour of third parties, on behalf of the company itself or of participating interests, unless this activity is residual and is strictly instrumental in achieving the company's aims and objectives, (ii) carrying out the activities referred to in Article 106 of the Italian Banking Act *vis-à-vis* the public.

Moreover, the company may not engage in receiving savings income from the public and the provision of investment services in accordance with the Italian Banking Act and Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**).

As at the date of this Base Prospectus, UGF's share capital was equal to Euro 3,365,292,408.03, divided into 717,473,508 shares in registered form with no express nominal value, of which 443,993,991 are ordinary shares and 273,479,517 are preference shares. The ordinary and preference shares of UGF have been listed on the *Mercato Telematico Azionario*, the screen-based market of the Italian Stock Exchange, since 1990 and 1986, respectively. As at the date of this Base Prospectus, Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. (**Standard & Poor's**), assigned to UGF a "BB" counterparty credit rating with a "stable outlook" and a "BB"

¹ Source: UGF elaboration based on public available data.

senior unsecured rating, while Moody's Investors Services Inc. (**Moody's**) issued a "Ba2" long term issuer rating to UGF with a "stable outlook" and a "Ba2" senior unsecured rating with a "stable outlook".

HISTORY

Compagnia Assicuratrice UNIPOL S.oc. per az. (**Unipol**, currently named Unipol Gruppo Finanziario S.p.A.) was established on 25 January 1961 by virtue of a notarial deed drawn up by Notary public Remo Morone, file (*repertorio*) No. 141739. In 1962 Unipol was purchased by a number of co-operatives belonging to the *Bologna Lega delle Cooperative* (the **League of Co-operatives**) in order to bring all of their insurance portfolios under a single company. In 1963 Unipol began operating in the non-life insurance sector and, from 1969, in the life insurance sector. Over the course of the following 44 years, from 1963 to 2007 Unipol underwent a long period of growth and consolidation, first as a single multi-branch company, and later as a parent company to an increasingly multifaceted insurance and banking group. This process came to an end with the devolvement of centralised coordination functions into UGF in 2007. Throughout the first two decades of its growth phase, Unipol was strongly supported by businesses belonging to the League of Co-operatives, as well as by the three major Italian labour unions (CGIL, CISL and UIL), three autonomous worker associations and the association for small and medium-sized enterprises (Confesercenti, CAN for artisans and CIA for agricultural workers).

A corporate diversification and expansion process began with the establishment of a number of businesses specialising in different branches or products and by the acquisition of other Italian companies operating in the insurance and banking sectors. Based on the core values of innovation and synergic growth, a network of multi branch, specialised or bancassurance companies was established. In particular, in 1995 UniSalute S.p.A., a company specialising in the healthcare insurance sector, was established. The following year another company named Linear S.p.A., specialised in selling car insurance over the telephone, was established.

Moreover, in the context of the aforementioned diversification and expansion programme, Quadrifoglio Vita S.p.A., a company specialised in selling insurance policies through bank branches, jointly controlled by Unipol and Banca Agricola Mantovana S.p.A., was established.

In 1998, Unipol acquired BANECA S.p.A., later renamed Unipol Banca S.p.A. Such acquisition allowed Unipol to enter into the banking sector. In those years, Unipol continued to purchase holdings in other companies, including, *inter alia*, Aurora Assicurazioni S.p.A. and Navale Assicurazioni S.p.A.

In 2000, Unipol acquired a 50 per cent. shareholding interest in BNL Vita S.p.A., a company specialised in selling insurance products through Banca Nazionale del Lavoro S.p.A. In the same year, Unipol consolidated its position by becoming the fourth largest group in the insurance market. In the same year Unipol entered into an agreement with Telecom Italia group providing for the acquisition of Meie Assicurazioni S.p.A. by Unipol.

In 2001, the merger by way of incorporation of Aurora Assicurazioni into Meie Assicurazioni S.p.A. was successfully implemented. As a result, a new company named MEIE Aurora S.p.A. was established.

The period between 2001 and 2003 was characterised by a number of transactions. In particular, Unipol acquired the Winterthur Italia group which was subsequently incorporated, together with MEIE Aurora S.p.A., into the new Aurora Assicurazioni S.p.A.

In 2004, Navale Assicurazioni S.p.A. acquired the Italian companies (operating in the life insurance business, as well as in the non-life insurance business) of the French group Mutuelles du Mans Assurance S.A. The acquisition of such companies by Navale Assicurazioni S.p.A. led to the establishment of the new Navale Assicurazioni S.p.A., a company operating in the non-life insurance business, as well as to the establishment of Navale Vita S.p.A., a company operating in the life insurance business.

As a consequence of such acquisitions as well as internal growth, Unipol became the third insurance group on the Italian insurance market.

In this context, in order to safeguard its equity interest in BNL Vita, Unipol attempted to acquire Banca Nazionale del Lavoro S.p.A. by launching a tender offer on the shares of the latter. In 2006, following a complex inspection, the Bank of Italy resolved not to authorise such acquisition.

At the beginning of 2006, Unipol entered into a strategic agreement with BNP Paribas, providing for, *inter alia*, the transfer of BNL S.p.A. shares held by Unipol to BNP Paribas, as well as the purchase by Unipol of a further 1 per cent. equity interest in BNL Vita S.p.A. Following such transactions, which were finalised in 2007, Unipol came to hold 51 per cent. of BNL Vita S.p.A.'s share capital.

In 2007, UGF carried out a corporate reorganisation in order to separate the activities of the holding company from those of the individual operating companies and to promote further economies of scale, expertise and integration between its various business segments.

On 1 September 2007, the initial phase of the corporate reorganisation was completed, resulting in (i) the creation of UGF in its present form; and (ii) the establishment of two new insurance companies, namely Nuova Unipol Assicurazioni S.p.A., subsequently renamed Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A., subsequently renamed Aurora Assicurazioni S.p.A. (**Aurora Assicurazioni**).

On 1 February 2009, the second and latest phase of the UGF Group's reorganisation was completed. In this phase, the merger by way of incorporation of Aurora Assicurazioni into Unipol Assicurazioni S.p.A. and the consequential creation of a single large insurance company, which took the name of UGF Assicurazioni S.p.A., (**UGF Assicurazioni**), was successfully implemented. UGF Assicurazioni, later renamed Unipol Assicurazioni S.p.A., continued to benefit from the commercial strength of the "Unipol" and "Aurora" brands, each of which has retained its individual identity. The process was completed with the hive-off in favour of UGF Assicurazioni of the business of the holding company UGF relating to insurance services. Following the reorganisation, UGF continues to be responsible for the overall management and control. It carries out strategic functions and coordinates the insurance and banking business of the UGF Group.

The main objectives of the reorganisation were:

- a system of governance that is more transparent and incisive;
- a better coordinated range of products;
- more efficient operational management;
- more rapid integration between insurance and banking; and
- greater flexibility in the pursuit of UGF Group strategies.

On 22 December 2009, UGF and BNP Paribas entered into a bancassurance partnership agreement providing for the exclusive distribution of BNL Vita S.p.A.'s insurance products through BNL S.p.A.'s network of branches until 31 December 2011. On 24 December 2009, Banco Popolare dell'Emilia Romagna, Banca Popolare di Sondrio and UGF launched a strategic partnership in life and non-life bancassurance business. In accordance with such agreement, UGF came to hold the majority equity interest in the ARCA Insurance Group (**Arca Group**) and entered into a ten-year distribution agreement.

On 22 June 2010, UGF finalised the acquisition of the majority equity interest in the Arca Group. The date 24 June 2010 marks the start of the hive-off of Navale Assicurazioni S.p.A.'s insurance business to UGF Assicurazioni and, after the hive-off, of its merger into the parent UGF.

As from 1 January 2011, Navale Assicurazioni S.p.A. was merged by way of incorporation into UGF (after the hive-off of its insurance business to UGF Assicurazioni).

On the same date, Navale Vita S.p.A. changed its name to Linear Life S.p.A. (**Linear Life**), which is now the only insurance company of the Group specialised in direct sales of life insurance products over the internet.

On 7 April 2011, UGF defined the terms and conditions of the sale of the 51 per cent. of BNL Vita S.p.A. to BNP Paribas: the transaction was completed on 29 September 2011.

On 1 July 2011, at the end of a major rebranding project regarding the whole organisation, the UGF Group officially launched its new image, as well as the image of its subsidiaries. Such project was aimed at strengthening the Group's brand reputation.

In 2012, UGF commenced an integration process with Premafin Finanziaria S.p.A. – Holding di Partecipazioni (**Premafin**) and its subsidiaries (the **Premafin-Fondiarria SAI Group**), one of the major Italian insurance operators. At the beginning of 2012, UGF and Premafin entered into a plan for integration of Premafin into UGF (the **Integration Plan**) which provided for, *inter alia*, the acquisition by UGF of a controlling stake in Premafin, through the subscription by UGF of a reserved capital increase, and, the subsequent merger by incorporation of Unipol Assicurazioni S.p.A. (**Unipol Assicurazioni**), Milano Assicurazioni S.p.A. (**Milano Assicurazioni**) and Premafin into Fondiarria SAI S.p.A. (**Fondiarria SAI**, and, together with Unipol Assicurazioni, Premafin and Milano Assicurazioni, the **Companies Participating in the Merger**). The merger of the Companies Participating in the Merger became effective on 6 January 2014 (the **Merger**). On 29 January 2012, UGF and Premafin entered into an agreement, later amended and supplemented, providing for reciprocal commitments related to the implementation of the Integration Plan. The Integration Plan is an essential part of the UGF Group's strategy to develop the non-life insurance business. For further information on the strategy see "*Business Strategy*" below.

The acquisition by UGF of control over the Premafin-Fondiarria SAI Group and the subsequent Merger were part of a larger and more complex transaction which ultimately led to: (i) the preservation of the solvency of the Premafin Fondiarria SAI Group, which, at the time of the acquisition of Premafin's controlling stake by UGF, was experiencing a severe financial downturn, aggravated by the overall situation of the Eurozone; and (ii) the creation of a primary insurance operator in the Italian market, by allowing the UGF Group to grow and expand its business activities, particularly in the non-life insurance business segment.

The Integration Plan provided for a wide range of conditions for its effectiveness which have been fully satisfied by UGF.

In connection with the Merger, the board of directors of Premafin approved a restructuring plan aimed at strengthening the financial position of Premafin (the **Restructuring Plan**). The Restructuring Plan provided for a two-step process: (i) the execution of Premafin's reserved share capital increase and (ii) the completion of the Merger which comprises the execution of certain financial arrangements (**Phase 2**).

On 19 June 2012, the Italian antitrust authority (*Autorità Garante della Concorrenza e del Mercato*, **AGCM**) issued resolution No. 23678, case C11524 (the **AGCM Decision**). Pursuant to the AGCM Decision, the AGCM authorised the acquisition by UGF of the control over the Premafin-Fondiarria SAI Group and the subsequent Merger subject to certain conditions being met and undertakings being assumed.

In compliance with the AGCM Decision, UGF and the other companies involved have taken, *inter alia*, the following actions:

- Unicredit S.p.A. and Premafin terminated the investment agreement of 22 March 2011 and the shareholders' agreement of 8 July 2011 executed between them. Moreover, the members of the board of directors of Fondiarria SAI designated by Unicredit S.p.A. by virtue of the aforementioned shareholders' agreement resigned;

- the shareholding relationships with Assicurazioni Generali S.p.A. (**Assicurazioni Generali**), the main competitor of the New UGF Group, and Mediobanca – Banca di Credito Finanziario S.p.A.² (**Mediobanca**) have been eliminated, as follows:
 - UGF and Fondiaria SAI disposed of the entire shareholding of Fondiaria SAI in Assicurazioni Generali (which was equal to 1 per cent.) in favour of third parties that are not in any way controlled or affiliated to UGF, Premafin, Fondiaria Sai, Milano Assicurazioni, UniCredit S.p.A. and Mediobanca, or participate in shareholders' agreements concerning the governance of Mediobanca. Fondiaria SAI sold its interest in Assicurazioni Generali through a combination of a put and call mechanism and sale on the markets;
 - UGF, Fondiaria SAI and Milano Assicurazioni appointed Equita SIM S.p.A. to find parties interested in the acquisition of their equity interests in Mediobanca. UGF together with Fondiaria SAI, Milano Assicurazioni and Finsai International S.p.A., a subsidiary of Fondiaria SAI, has given an irrevocable mandate to act as depository of the shares held by Fondiaria SAI in Mediobanca to BNP Paribas Securities Services Sca. In 2013, Fondiaria SAI, Milano Assicurazioni and Finsai International S.p.A. sold 23.1 million of Mediobanca's ordinary shares (equal to approximately 2.68 per cent. of its share capital), exclusively to qualified investors, for an aggregate amount of Euro 135.2 million. The remaining 9.9 million of Mediobanca's ordinary shares (equal to approximately of 1.15 per cent. its share capital) was sold through a put and call mechanism;
- each of UGF and Finsoe S.p.A., its majority shareholder, did not enter into any shareholders agreement concerning Fondiaria SAI's shares with Mediobanca and UniCredit S.p.A.;
- no person affiliated, directly or indirectly, with Mediobanca, UniCredit S.p.A. or Assicurazioni Generali has been appointed in the corporate governance bodies of the New UGF Group;
- UGF reduced its financial exposure to Mediobanca (for a description of such financial exposure, see "*Material Contracts*", below);
- On 30 June 2014, pursuant to the sale and purchase agreement entered into on 15 March 2014 between UnipolSai and Allianz S.p.A. (**Allianz**), UnipolSai transferred the insurance business belonging to the former Milano Assicurazioni to Allianz. In this respect, the parties gave immediate effect to the transfer of the distribution activity of insurance products pertaining to such branch of business, which includes, *inter alia*, a network of 725 agencies and 470 employees dedicated to the management of such activities, against payment of Euro 200 million by Allianz. On 19 December 2014, UnipolSai completed the sale of the former Milano Assicurazioni insurance business to Allianz with the transfer – effective as at 31 December 2014 – of the non-life insurance portfolio for a consideration of Euro 179 million.

On 19 July 2012, UGF subscribed for the reserved share capital increase of Premafin, thus becoming Premafin's majority shareholder, with a controlling equity interest representing approximately 81 per cent. of its share capital. Following the acquisition of the controlling stake in Premafin, UGF commenced the Merger process.

In connection with the Merger, UGF granted Fondiaria SAI with an option to sell the equity interest held by Unipol Assicurazioni in Unipol Banca S.p.A., representing 32.26 per cent. of its share capital (the **Put Option**) and Fondiaria SAI granted UGF with an option to purchase the same equity interest (the **Call Option**). The Put Option is exercisable by Fondiaria SAI on the fifth anniversary of the Merger for a consideration equal to Euro 299.4 million, while the Call Option may be exercised by UGF at any time from the date of the Merger and until the fifth anniversary for the same consideration to be paid by Fondiaria SAI for the exercise of such options.

² Fondiaria SAI, Milano Assicurazioni and Finsai International S.p.A. (a subsidiary of Fondiaria SAI) held approximately 33 million of Mediobanca's ordinary shares (equal to approximately 3.83 per cent. of its share capital).

On 25 October 2013, according to the terms of the Integration Plan the extraordinary shareholders' meetings of Unipol Assicurazioni, Fondiaria SAI and Premafin approved the Merger without any changes or additions with respect to the plan approved on 20 December 2012 by their boards of directors following the favourable opinion of their committees for related party transactions. On 26 October 2013 the extraordinary shareholders' meeting of Milano Assicurazioni approved the Merger. On 28 October 2013, the Merger was approved also by the extraordinary meeting of the holders of saving shares of Milano Assicurazioni.

The merger deed was executed following the conclusion of the corporate merger procedure and the subscription of the Euro 600 million share capital increase of Unipol Assicurazioni by UGF, resolved upon by Unipol Assicurazioni's extraordinary shareholders' meeting on 8 August 2013.

The company resulting from the Merger, named UnipolSai Assicurazioni S.p.A., its subsidiaries and the subsidiaries which were already part of UGF Group, gave rise to a new wider group. For further information on the structure of the New UGF Group, see "*The Group – Structure diagram*" below.

The Merger became effective on 6 January 2014 and on such date the shares of the Companies Participating in the Merger were entirely cancelled and exchanged for UnipolSai' shares.

Following the approval of the merger deed and the execution of the Merger which became effective as from 6 January 2014, as provided for in the Restructuring Plan, the New UGF Group executed: (i) a loan agreement for an aggregate amount of Euro 340.2 million amending the loan agreement entered into with certain financial institutions (other than GE Capital Interbanca S.p.A.) in force before the Merger (the **Amended Post-Merger Loan Contract**); (ii) a loan agreement with GE Capital Interbanca S.p.A. for an aggregate amount of Euro 39.2 million maturing in 2020 and providing for an equal remuneration as compared to the Amended Post-Merger Loan Contract and, at a later stage, (iii) an offer of Euro 201.8 million mandatory convertible notes due 31 December 2015 issued by UnipolSai (the **Convertible Loan**), aimed at reducing the Euro 340.2 million aggregate financial indebtedness with certain financial institutions (other than GE Capital Interbanca S.p.A.) by the same amount.

The exchange of shares of the Companies Participating in the Merger with UnipolSai's shares (in application of the exchange ratios set out below) was made:

- (i) in part, by distributing all Fondiaria SAI's shares which, prior to the Merger, were held, by the Companies Participating in the Merger, to the shareholders of the Companies Participating in the Merger; and
- (ii) for the remainder, through the issuance of new shares assigned to the shareholders of the Companies Participating in the Merger.

Given the above, UnipolSai resolved upon a share capital increase of Euro 782,960,791.85 in the context of which 1,330,340,830 ordinary shares and 55,430,483 class "B" savings shares were issued and assigned to the shareholders of Unipol Assicurazioni, Premafin and Milano Assicurazioni pursuant to the following share exchange ratio:

- 0.050 ordinary shares of UnipolSai for each ordinary share of Premafin;
- 1.497 ordinary shares of UnipolSai for each ordinary share of Unipol Assicurazioni;
- 0.039 ordinary shares of UnipolSai for each ordinary share of Milano Assicurazioni;
- 0.549 class "B" saving shares of UnipolSai for each savings share of Milano Assicurazioni.

The shares of UnipolSai have been traded on the Mercato Telematico Azionario since 6 January 2014. On 15 January 2014, the board of directors of UnipolSai approved the regulation for the Convertible Loan. In this respect, the board of directors of UnipolSai, in order to serve the conversion, also approved a share capital increase of Euro 201.8 million to be implemented through the issuance of UnipolSai's ordinary shares with no express nominal value, having the same characteristics of UnipolSai's shares already traded on the market. According to Article 2441

of the Italian Civil Code the share capital will not provide for the exercise of pre-emptive rights. For further information on the Convertible Loan see "*Material Contracts*" below.

On 19 February 2014, the AGCM started a non-compliance procedure against UGF, challenging UGF and UnipolSai for the breach of article 19, paragraph 1, of Law No. 287 of 10 October 1990, for not having disposed of certain insurance assets. UGF and UnipolSai submitted to the AGCM an application aimed at obtaining a review of some of the measures set forth by the AGCM Decision (the **Application for Review** (*istanza di revisione*)). For further information see "*Recent Developments – Completion of AGCM procedures*" below.

With effect from 16 April 2014, following the entry into force of Italian Legislative Decree No. 53 of 4 March 2014, UGF became a banking parent company. Therefore, with effect from such date, the banking group controlled by Unipol Banca S.p.A., as well as the banking group controlled by Banca Sai S.p.A. were removed from the register of banking groups held by the Bank of Italy pursuant to Article 64 of the Italian Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**) and replaced by the banking group controlled by UGF (the so-called Unipol Gruppo Bancario).

THE NEW UGF GROUP

As at the date of this Base Prospectus, the New UGF Group includes 79 subsidiaries.

The insurance business is by some degree the most important activity of the New UGF Group, which ranks among the leading insurance groups in the Italian market and generating direct premium insurance income of Euro 16,804 million (Euro 6,983 of which in the life business and Euro 9,821 in the Non-Life business) for the year ended 31 December 2013 compared to Euro 11,802 million (Euro 4,562 million of which in the life business and Euro 7,240 million in the Non-Life business) for the year ended 31 December 2012 (including the performance of Premafin-Fondiarria SAI Group only for the second half of 2012) and to Euro 16,817 million (Euro 6,176 million of which in the Life business and Euro 10,641 in the Non-Life business) for the year ended 31 December 2012 on a like-for-like basis³.

The aggregate direct premium insurance income of the UGF Group for the six month period ended 30 June 2014 amounted to Euro 10,070 million (of which Euro 5,318 million in the life business and Euro 4,753 million in the Non-Life business).

As at the date of this Base Prospectus, the New UGF Group has approximately 16 million customers, and a network of 3,800 primary sales points (or agencies), over 7,300 secondary sales points (or sub-agencies) operating on an agency basis, and 300 banking branches.⁴

Structure diagram

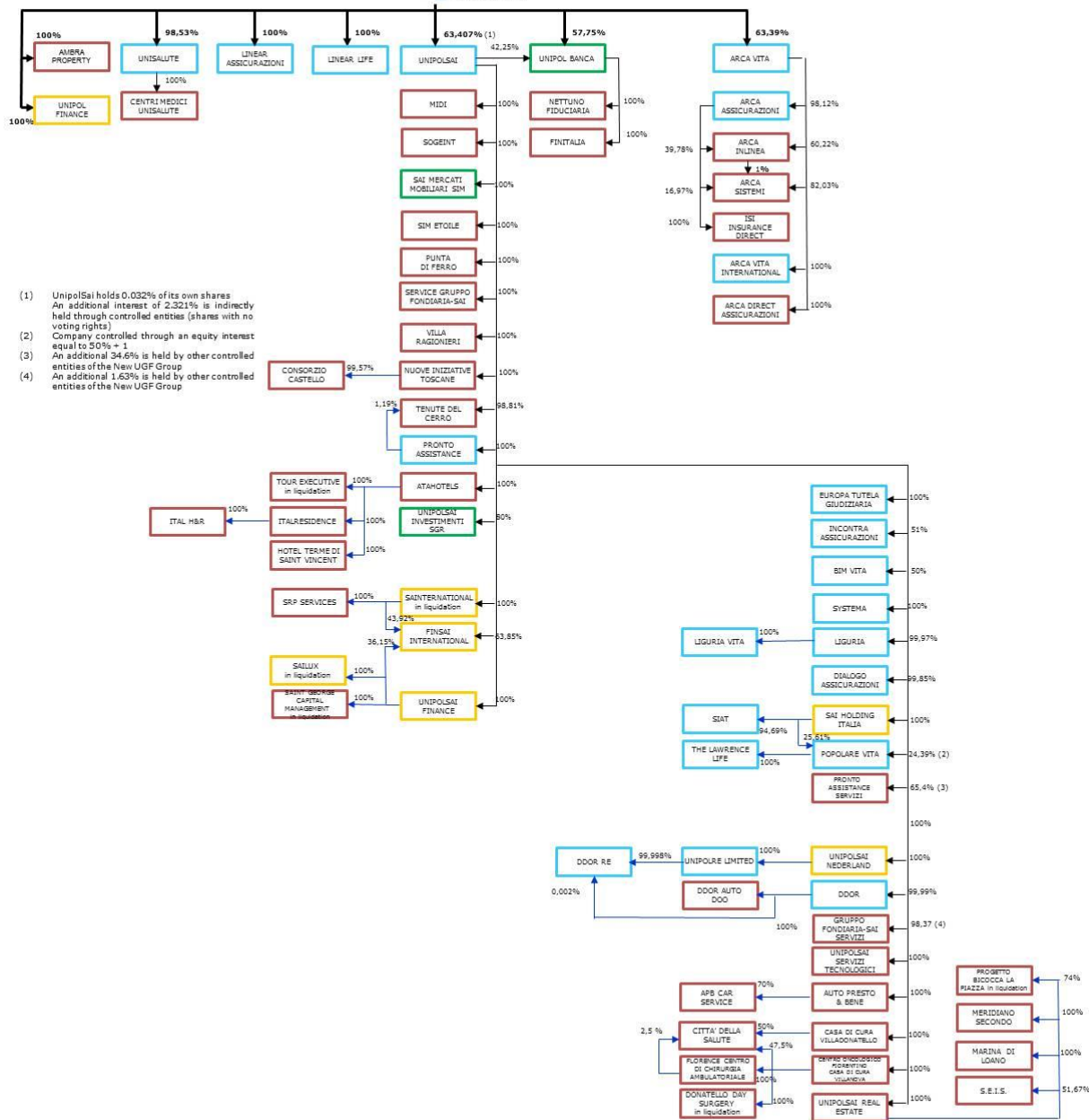
The following diagram sets forth the structure of the New UGF Group as at the date of this Base Prospectus.

³ For the purpose of greater comparability and comprehension of movements in performance indicators, the data provided on a "like-for-like basis" address UGF's performance movements taking into account the performance of the Premafin-Fondiarria SAI Group for the entire 2012.

⁴ Source: UGF elaboration based on public available data



Chart as at the date of this Base Prospectus



BUSINESS STRATEGY

The Merger was an essential part of the Integration Plan between UGF Group and Premafin-Fonditaria SAI Group, as well as of the strategic path pursued by UGF Group which envisages the strengthening of the non-life business.

On 20 December 2012, the board of directors of UGF, Unipol Assicurazioni, Fondiaria SAI, Premafin and Milano Assicurazioni approved the 2013-2015 business plan (the **Joint Business Plan**). Following the guidelines included in the Integration Plan, the industrial rationale for the project can be summarised as follows:

- increasing the leadership position of the New UGF Group on the market and exploiting its historical brand reputation on the insurance market;
- strengthening the financial conditions and results of operations of the New UGF Group;
- restructuring the insurance business of Fondiaria SAI in the non-life insurance sector;
- using the experience gained by the UGF Group in insurance turnaround operations and its proven ability of integration;
- optimising structures and processes (purchase centres, list of suppliers, single complementary agent contract) and the possible rationalisation of current investment programs;
- enhancing complementary skills in the health, social security and direct sale channel sectors (e.g. the sale of insurance products over the internet without intermediaries); and
- strengthening the New UGF Group's leadership position in innovation.

BUSINESS OF THE NEW UGF GROUP

The New UGF Group is a network of businesses with a capillary presence throughout the Republic of Italy, with insurance agencies, bank and financial branches, supplying a complete range of insurance and banking products and financial solutions.

In particular, the New UGF Group is mainly active in the following four sectors:

- *insurance*, mainly through UnipolSai and its insurance subsidiaries, Linear Assicurazioni S.p.A., UniSalute S.p.A., Linear Life S.p.A., Arca Vita S.p.A. (operating in the bancassurance segment), Arca Assicurazioni S.p.A. (operating in the bancassurance segment) and Arca Vita International Ltd. (operating in the bancassurance segment);
- *banking*, through Unipol Banca S.p.A. (into which Banca Sai S.p.A. has been merged) and its subsidiaries;
- *real estate*, through, *inter alia*, UnipolSai Real Estate S.r.l., Midi S.r.l., Punta di Ferro S.r.l. and Tikal R.E. Fund; and
- *holding/service companies and other activities*, through a number of companies carrying out activities in many business sectors (other than insurance, banking or real estate) including, *inter alia*, companies active in the hotel business segment and medical and health operators. In particular the New UGF Group is active in such sector through, *inter alia*, Atahotels S.p.A. (**Atahotels**), a holding company which manages more than 20 hotels across Italy, and Tenute del Cerro S.p.A. (the former SAIAGRICOLA S.p.A.) (**Saiagricola**), an investment company operating in the agricultural sector.

The following table provides a summary of UGF's group financial highlights as at 31 December 2013.

Summary of UGF's financial highlights			
			31/12/2012 on a like-for-like basis ⁽²⁾
Values in Millions of Euro	31/12/2013	31/12/2012 ⁽¹⁾	
Non-Life Business direct premium income	9,821	7,240	10,641
Life Business direct premium income.....	6,983	4,562	6,176

Summary of UGF's financial highlights

<i>Values in Millions of Euro</i>	31/12/2013	31/12/2012⁽¹⁾	31/12/2012 on a like-for-like basis⁽²⁾
of which life investment contracts	169	130	153
Direct premium	16,804	11,802	16,817
Bank Deposits	10,809	10,737	10,737
<i>change %</i>	0.7	12.0	12.0
Real Estate business revenue and income	94	55	-
Holding/Services companies and other activities revenue and income	712	364	-

(1) Such figures include the performance of Premafin-Fondiaria SAI Group only for the second half of 2012.

(2) For the purpose of greater comparability with the data for the year ended 31 December 2013, the data provided on a comparable basis address UGF's performance movements taking into account the performance of Premafin-Fondiaria SAI Group for the entire 2012.

Insurance business

The New UGF Group operates in the insurance business with a composite strategy, through its main operating company UnipolSai and through other specialised subsidiaries (as specified below). In particular, the New UGF Group provides a wide range of insurance products both in the life business (the **Life Business**) and in the non-life business (the **Non-Life Business**). The New UGF Group's objective is to deliver to its customers simple products capable of providing added value to the customer, an efficient service throughout the different phases of the insurance product, post-sales assistance tailored to meet the needs of its policy subscribers together with improved and transparent customer communication.

Premium income as at 31 December 2013

For the year ended 31 December 2013, the percentage of the New UGF Group's total insurance income generated by each of its principal insurance sectors was as follows:

- Non-Life Business premium income: 58.5 per cent. (61.4 per cent. in the corresponding period of 2012⁵);
- Life Business premium income: 40.5 per cent. (37.5 per cent. in the corresponding period of 2012⁶); and
- life investment products: 1.0 per cent. (1.1 per cent. in the corresponding period of 2012⁷).

The following table provides the breakdown of consolidated premium for the periods indicated.

Consolidated premiums (direct and indirect)							
<i>Values in millions of Euro</i>	31/12/2013	<i>mix%</i>	31/12/2012⁽¹⁾	<i>mix%</i>	<i>change%</i>	31/12/2012 on a like-for-like basis⁽²⁾	% change on a like-for-like basis
Non Life Direct premiums	9,821		7,240		35.7	10,641	-7.7

⁵ Such figures include the performance of Premafin-Fondiaria SAI Group only for the second half of 2012

⁶ Such figures include the performance of Premafin-Fondiaria SAI Group only for the second half of 2012

⁷ Such figures include the performance of Premafin-Fondiaria SAI Group only for the second half of 2012

Consolidated premiums (direct and indirect)

<i>Values in millions of Euro</i>	31/12/2013	<i>mix%</i>	31/12/2012⁽¹⁾	<i>mix%</i>	<i>change%</i>	31/12/2012 on a like- for-like basis⁽²⁾	% change on a like-for- like basis
Non Life Indirect premiums.....	36		26		41.0	28	27.7
Total Non Life premiums	9,857	58.5	7,265	61.4	35.7	10,670	-7.6
Life Direct premiums	6,814		4,432		53.7	6,024	13.1
Life Indirect premiums	2		2		10.5	2	-6.5
Total Life premiums	6,816	40.5	4,434	37.5	53.7	6,025	13.1
Total Life investment product.....	169	1.0	130	1.1	29.8	152	11.0
Total Life premiums	6,985	41.5	4,564	38.6	53.0	6,177	13.1
Total premiums	16,842	100.0	11,829	100.0	42.4	16,847	0.0

(1) Such figures include the performance of Premafin-Fondiarria SAI Group only for the second half of 2012.

(2) For the purpose of greater comparability with the data for the year ended 31 December 2013, the data provided on a comparable basis address UGF's performance movements taking into account the performance of Premafin-Fondiarria SAI Group for the entire 2012.

The consolidated premium income (considering both Non-Life Business and Life Business) of the New UGF Group for the year ended 31 December 2013 amounted to Euro 16,842 million.

Non-Life Business

The aggregate Non-Life Business premium income (direct and indirect) for the year ended 31 December 2013 amounted to Euro 9,857 million compared to Euro 7,265 million for the year ended 31 December 2012 (including the performance of Premafin-Fondiarria SAI Group only for the second half of 2012) and to Euro 10,670 million for the year ended 31 December 2012 on a like-for-like basis⁸.

The following table sets out the breakdown of Non-Life Business direct premiums per class of business.

Non Life Direct premiums					
<i>Values in Millions of Euro</i>	31/12/2013	31/12/2012⁽¹⁾	<i>change%</i>	31/12/2012 on a like-for- like basis⁽²⁾	<i>change% on a like- for-like basis</i>
Motor and marine vehicle third party liability (classes 10 and 12).....	5,226	3,859	35.4	5,853	-10.7
Motor vehicle damage (class 3)	760	571	33.0	879	-13.5
Total Motor premiums	5,986	4,430	35.1	6,731	-11.1
Accident and health (classes 1 and 2)	1,329	1,047	26.9	1,340	-0.8
Fire and other damage to property (classes 8 and 9).....	1,204	847	42.0	1,236	-2.6
General third party liability (class 13)	782	575	35.9	811	-3.6

⁸ For the purpose of greater comparability and comprehension of movements in performance indicators, the data provided on a "like-for-like basis" address UGF's performance movements taking into account the performance of the Premafin-Fondiarria SAI Group for the entire 2012.

Non Life Direct premiums

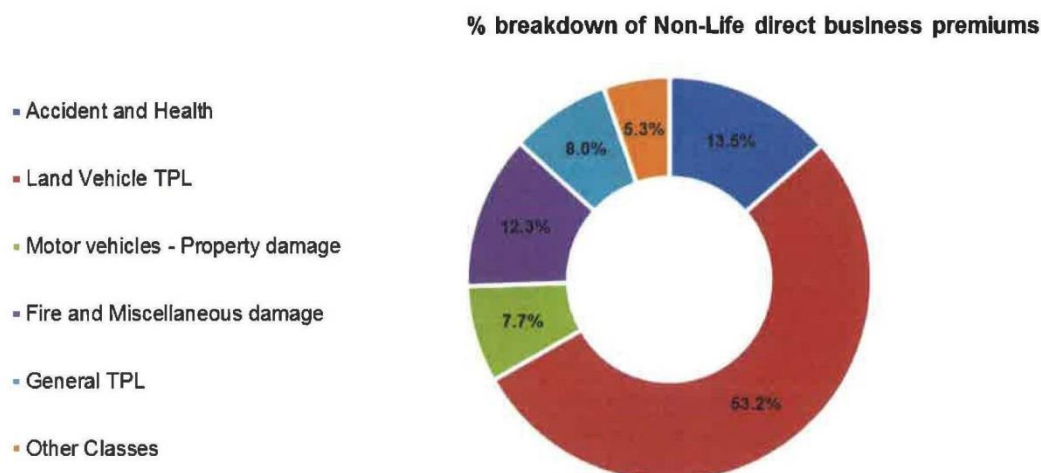
<i>Values in Millions of Euro</i>	31/12/2013	31/12/2012 (1)	change%	31/12/2012 on a like-for-like basis (2)	<i>change% on a like-for-like basis</i>
Other classes	521	340	53.4	523	-0.4
Total Non-Motor premiums	3,835	2,810	36.5	3,910	-1.9
Total Non-Life premiums.....	9,821	7,240	35.7	10,641	-7.7

(1) Such figures include the performance of Premafin-Fondiaria SAI Group only for the second half of 2012.

(2) For the purpose of greater comparability with the data for the year ended 31 December 2013, the data provided on a comparable basis address UGF's performance movements taking into account the performance of Premafin-Fondiaria SAI Group for the entire 2012.

The Non-Life Business direct premium income for the year ended 31 December 2013 amounted to Euro 9,821 million compared to Euro 7,240 million for the year ended 31 December 2012 (including the performance of Premafin-Fondiaria SAI Group only for the second half of 2012) and to Euro 10,641 million for the year ended 31 December 2012 on a like-for-like basis⁹.

The table below sets forth the percentage composition of Non-Life Business direct premiums as at 31 December 2013.



Life Business

⁹ For the purpose of greater comparability and comprehension of movements in performance indicators, the data provided on a "like-for-like basis" address UGF's performance movements taking into account the performance of the Premafin-Fondiaria SAI Group for the entire 2012.

The aggregate Life Business premium income (direct, indirect and investment products) for the year ended 31 December 2013 amounted to Euro 6,985 million, compared to Euro 4,564 million for the year ended 31 December 2012 (including the performance of Premafin-Fondiaría SAI Group only for the second half of 2012) and to Euro 6,177 million for the year ended 31 December 2012 on a like-for-like basis¹⁰.

The following table sets out the breakdown of consolidated Life direct premiums.

Life Direct premiums					
<i>Values in Millions of Euro</i>	31/12/2013	31/12/2012 (1)	change%	31/12/2012 on a like-for-like basis (2)	change% on a like- for-like basis
Premiums					
I-Whole and term life insurance.....	4,455	2,336	90.7	3,493	27.5
III-Unit-linked/index – Linked policies ..	1,063	844		1,143	-7.1
IV-Health	1	0	196.8	1	56.6
V-Capitalisation insurance	897	394	127.6	528	69.8
VI-Pension funds	398	858	-53.6	858	-53.6
Total Life premiums	6,814	4,432	53.7	6,024	13.1
Investment products					
III-Unit-linked/index – Linked policies ..	120	102	17.8	106	13.0
V-Capitalisation insurance	1	0		0	
VI-Pension funds	48	28	68.6	47	2.3
Total Life investment products	169	130	29.8	153	10.5
Total premiums					
I-Whole and term life insurance.....	4,455	2,336	90.7	3,493	27.5
III-Unit-linked/index – Linked policies ..	1,182	945	25.1	1,249	-5.4
IV-Health	1	0	196.8	0	196.8
V-Capitalisation insurance	898	394	128.0	528	70.1
VI-Pension funds	446	887	-49.7	905	-50.7
Total Life direct premiums	6,983	4,562	53.1	6,176	13.1

(1) Such figures include the performance of Premafin-Fondiaría SAI Group only for the second half of 2012.

(2) For the purpose of greater comparability with the data for the year ended 31 December 2013, the data provided on a comparable basis address UGF's performance movements taking into account the performance of Premafin-Fondiaría SAI Group for the entire 2012.

Life Business direct premium income for the year ended 31 December 2013 amounted to Euro 6,983 million compared to Euro 4,562 million in 2012 (including the performance of Premafin-Fondiaría SAI Group only for the second half of 2012) and to Euro 6,176 million on a like-for-like basis.

Pension Funds

In 2013, the New UGF Group maintained its market position in the pension funds markets action as one of the leading player in such market.

¹⁰ For the purpose of greater comparability and comprehension of movements in performance indicators, the data provided on a "like-for-like basis" address UGF's performance movements taking into account the performance of the Premafin-Fondiaría SAI Group for the entire 2012.

The Group was mainly active in the occupational pension funds and in the open-ended pension funds segment. In particular the UGF Group operated in such segments through Unipol Assicurazioni, one of its subsidiaries, which was a key player in the pension funds market.

As at 31 December 2013, Unipol Assicurazioni managed a total of 23 occupational pension fund mandates (13 of which "with guaranteed capital and/or minimum return") compared to 24 for the year ended 31 December 2012, resulting in a decrease of 1 unit.

As at 31 December 2013, the aggregate resources managed was equal to Euro 3,681 million (of which Euro 2,269 million with guaranteed capital) compared to Euro 3,495 million (of which Euro 2,099 million with guaranteed capital) for the year ended 31 December 2012.

In 2013, the New UGF Group managed eight open-ended pension funds for a total assets amount of Euro 723 million compared to Euro 644 million as at 31 December 2012. The assets of the funds "Unipol Previdenza" and "Unipol Insieme" as at 31 December 2013 amounted to Euro 370 million compared to Euro 326 million as at 31 December 2012.

Premium income as at 30 June 2014

For the six-month period ended 30 June 2014 the percentage of the UGF Group's total insurance income generated by each of its principal insurance sectors was as follows:

- Non-Life Business premium income: 47.3 per cent. (56.2 per cent. in the corresponding period of 2013);
- Life Business premium income: 51.9 per cent. (42.6 per cent. in the corresponding period of 2013); and
- life investment products: 0.8 per cent. (1.2 per cent. in the corresponding period of 2013).

The following table provides the breakdown of consolidated premium for the periods indicated.

Consolidated premiums (direct and indirect)					
<i>Values in Millions of Euro</i>	30/06/2014	<i>mix%</i>	30/06/2013	<i>mix%</i>	<i>change%</i>
Non Life Direct premiums	4,753		5,097		-6.8
Non Life Indirect premiums	23		27		-15.2
Total Non Life premiums	4,776	47.3	5,125	56.2	-6.8
Life Direct premiums	5,240		3,887		34.8
Life Indirect premiums	1		1		8.4
Total Life premiums	5,241	51.9	3,888	42.6	34.8
Total Life investment product	78	0.8	112	1.2	-30.8
Total Life premiums	5,319	52.7	4,000	43.8	33.0
Total premiums	10,095	100.0	9,125	100.0	10.6

The consolidated premium insurance income (taking into account both Non-Life and Life Business) of the New UGF Group for the six-month period ended 30 June 2014 amounted to Euro 10,095 million, compared to Euro 9,125 million for the same period of 2013 resulting in an increase of 10.6 per cent.

Non-Life Business

Non-Life Business premium income (direct and indirect) for the six-month period ended 30 June 2014 amounted to Euro 4,776 million compared to Euro 5,125 million for the same period of 2013 resulting in a decrease of 6.8 per cent.

The following table sets out the breakdown of Non-Life Business direct premiums.

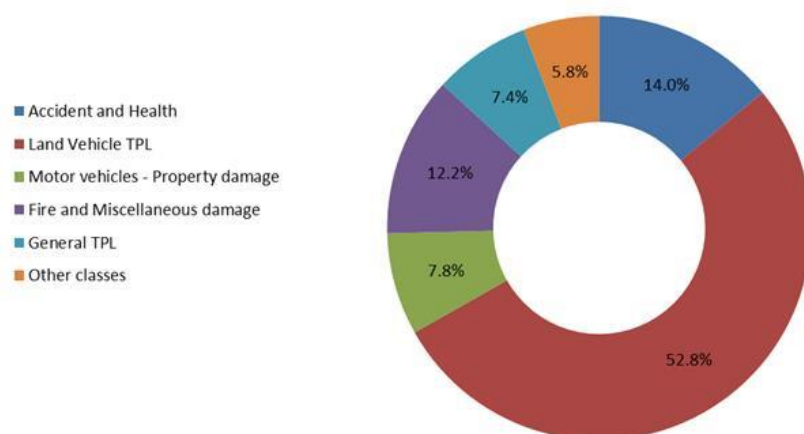
Non-Life direct premiums

<i>Values in millions of Euro</i>	30/06/2014	<i>mix%</i>	30/06/2013	<i>mix%</i>	<i>change %</i>
Motor and marine vehicle third-party liability (classes 10 and 12).....	2,512		2,779		-9.6
Motor vehicle damage (class 3)	372		403		-7.8
Total Motor premiums	2,884	60.7	3,182	62.4	-9.4
Accident and health (classes 1 and 2)	664		687		-3.4
Fire and other damage to property (classes 8 and 9).....	577		585		-1.2
General third party liability (class 13)	351		365		-3.8
Other classes	277		279		-0.7
Total Non-motor premiums	1,869	39.3	1,915	37.6	-2.4
Total Non-Life premiums.....	4,753	100.0	5,097	100.0	-6.8

Non-Life Business direct premium income for the six-month period ended 30 June 2014 amounted to Euro 4,753 million compared to Euro 5,097 million in the same period of 2013 resulting in a decrease of 6.8 per cent.

The table below sets forth the percentage composition of Non-Life Business direct premiums as at 30 June 2014.

% breakdown of Non-Life direct business premiums



Life Business

Life Business premium income (direct, indirect and investment products) for the six-month period ended 30 June 2014 amounted to Euro 5,319 million compared to Euro 4,000 million in the same period of 2013, resulting in an increase of 33 per cent.

The following table sets out the breakdown of Life Business direct premiums.

Life direct premiums					
<i>Values in millions of Euro</i>	30/06/2014	<i>mix%</i>	30/06/2013	<i>mix%</i>	<i>change %</i>
Premiums					
I-Whole and term life insurance.....	3,672	70.1	2,144	55.2	71.2
III-Unit-linked/index – Linked policies.....	1,125	21.5	1,011	26.0	11.3
V- Capitalisation insurance.....	238	4.5	526	13.5	-54.8
VI-Pension funds	206	3.9	206	5.3	-0.1

Life direct premiums					
<i>Values in millions of Euro</i>	30/06/2014	<i>mix%</i>	30/06/2013	<i>mix%</i>	<i>change %</i>
Total Life premiums	5,240	100.0	3,887	100.0	34.8
Investment products					
III-Unit-linked/index – Linked policies.....	58	74.6	86	76.9	-32.8
V-Capitalisation insurance.....	0	0.0	1	1.1	
VI-Pension funds	20	25.4	25	22.1	-20.6
Total Life investment products	78	100.0	112	100.0	-30.8
Total premiums					
I-Whole and term life insurance.....	3,672	69.0	2,144	53.6	71.2
III-Unit-linked/index – Linked policies.....	1,183	22.2	1,097	27.4	7.8
V- Capitalisation insurance.....	238	4.5	527	13.2	-55.0
VI-Pension funds	225	4.2	231	5.8	-2.3
Total Life direct premiums	5,318	100.0	3,999	100.0	33.0

Life Business direct premium income for the six-month period ended 30 June 2014 amounted to Euro 5,318 million compared to Euro 3,999 million in the same period of 2013, resulting in an increase of 33.0 per cent.

Pension Funds

In 2014, the New UGF Group continued to be a key player in the pension funds markets.

In the occupational pension funds segment, the number of management mandates of UnipolSai as at 30 June 2014 amounted to 21 compared to 23 as at 31 December 2013.

The net asset value of the funds under management by Unipol Assicurazioni as at 30 June 2014 amounted to Euro 3,627 million compared to Euro 3,681 million as at 31 December 2013.

In the open-ended funds segment the New UGF Group manages eight open-ended funds for a total assets amount of Euro 756 million compared to Euro 723 million as at 31 December 2013.

Insurance business – UGF's subsidiaries

The New UGF Group carries out its insurance activities primarily through UnipolSai (the company resulting from the Merger) and its insurance subsidiaries, Linear Assicurazioni S.p.A., UniSalute S.p.A., Linear Life S.p.A., and the Arca Group.

UnipolSai

UnipolSai, the company resulting from the Merger, is the main subsidiary of the New UGF Group operating in the insurance sector. UGF currently holds a 63.41 per cent. equity interest in UnipolSai. Pursuant to Article 2359 of the Italian Civil Code UnipolSai is controlled by UGF which exercises direction and coordination on UnipolSai, in accordance with Article 2497 and following of the Italian Civil Code.

UnipolSai is the leading player in Italy in the non-life insurance sector, particularly in vehicle liability insurance, and it also holds a primary position in the life insurance sector. UnipolSai currently operates through five divisions – Unipol, La Fondiaria, Sai, Nuova MAA, and La Previdente – and it offers a full range of insurance solutions and products. UnipolSai is also active in the Serbian market through DDOR Novi Sad a.d.o., one of its subsidiaries.¹¹

¹¹ DDOR Novi Sad a.d.o. was acquired by Fondiaria SAI in 2008 and became part of the UGF Group in the second half of 2012.

Prior to the Merger, the insurance business of UnipolSai was carried out mainly by the following entities: (i) Unipol Assicurazioni, (ii) Fondiaria SAI (which was controlled by Premafin) and (iii) Milano Assicurazioni (which was controlled by Fondiaria Sai).

Unipol Assicurazioni was the entity resulting from the merger of Aurora Assicurazioni and Unipol Assicurazioni. Unipol Assicurazioni has been operational since 1 February 2009. UGF held a 100 per cent. equity interest in Unipol Assicurazioni.

Unipol Assicurazioni was mainly active in the insurance sector, both in Non-Life and Life Business. It also offered bancassurance products through Unipol Banca's sale outlets and through Simgest S.p.A. and Credit Suisse Italy S.p.A.'s network.

The aggregate premium income (direct, indirect and investment products) of Unipol Assicurazioni for the year ended 31 December 2013 amounted to Euro 5,753 million compared to Euro 5,651 million as at 31 December 2012, resulting in a slight increase.

The Non-Life Business direct premium income of Unipol Assicurazioni for the year ended 31 December 2013 amounted to Euro 3,468 million (of which Euro 2,090 million were generated by the motor insurance business and Euro 1,378 by the non-motor insurance business) compared to Euro 3,654 million as at 31 December 2012 (of which Euro 2,262 million were generated by the motor insurance business and Euro 1,392 million by the non-motor insurance business), resulting in a decrease of 5.1 per cent.

The Life Business direct premium income of Unipol Assicurazioni for the year ended 31 December 2013 amounted to Euro 2,179 million compared to Euro 1,969 million as at 31 December 2012, resulting in an increase of 10.6 per cent.

Fondiaria SAI was controlled by Premafin. Prior to the Merger, Premafin directly held 32.853 per cent. of Fondiaria SAI's share capital. Fondiaria SAI became part of the New UGF Group in the second half of 2012 as a result of the subscription by UGF of Premafin's share capital increase.

Fondiaria SAI was an insurance company mainly active in the Life and Non-Life Business. It operated both directly and through its subsidiaries or its affiliates. It also entered into agreements with financial institutions, being able to provide a wide range of bancassurance products.

Fondiaria SAI operated throughout Italy, with a network of approximately 1200 agencies.

The aggregate premium income (direct, indirect and investment products) of Fondiaria SAI for the year ended 31 December 2013 amounted to Euro 4,017 million compared to Euro 4,304 million as at 31 December 2012.

The Non-Life Business direct premium income of Fondiaria SAI for the year ended 31 December 2013 amounted to Euro 3,134 million (of which Euro 1,983 million were generated by the motor insurance business and Euro 1,150 million by the non-motor insurance business) compared to Euro 3,468 million as at 31 December 2012 (of which Euro 2,282 million were generated by the motor insurance business and Euro 1,186 million by the non-motor insurance business), resulting in a decrease of 9.6 per cent. The life business direct premium income of Fondiaria SAI for the year ended 31 December 2013 amounted to Euro 874 million compared to Euro 827 million in 2012, resulting in an increase of 5.8 per cent.

Milano Assicurazioni was controlled by Fondiaria SAI which in turn was controlled by Premafin. Milano Assicurazioni became part of the UGF Group in the second half of 2012, as a result of UGF's subscription of Premafin's share capital increase. Fondiaria SAI held approximately a 61.1 per cent. equity interest in Milano Assicurazioni.

Milano Assicurazioni was mainly active in the motor insurance market. Milano Assicurazioni operated throughout Italy, with a network of approximately 1500 agencies.

The aggregate premium income (direct, indirect and investment products) of Milano Assicurazioni for the year ended 31 December 2013 amounted to Euro 2,588 million compared to Euro 2,855 as at 31 December 2012, resulting in a slight decrease.

The Non-Life Business direct premium income of Milano Assicurazioni for the year ended 31 December 2013 amounted to Euro 2,199 million (of which Euro 1,466 million were generated by the motor insurance business and Euro 733 million by the non-motor insurance business) compared to Euro 2,455 million as at 31 December 2012, resulting in a decrease of 10.4. The life business direct premium income of Milano Assicurazioni for the year ended 31 December 2013 amounted to Euro 385 million compared to Euro 367 million for the same period of 2012, resulting in an increase of 4.8 per cent.

Following the Merger, UnipolSai carries out the insurance activities of Unipol Assicurazioni, Fondiaria SAI and Milano Assicurazioni. In order to organise the various businesses of the Companies Participating in the Merger within UnipoSAI, the latter adopted the organisational structure of Unipol Assicurazioni and maintained Fondiaria SAI geographical distribution. Moreover, with respect to its governance structure, UnipolSai adopted the same governance structure of Fondiaria SAI, amended as per certain observations from IVASS. In particular, UnipolSai was required to:

- (i) increase the number of members of the executive committee selected from, *inter alia*, independent directors, and create a delegation system aimed at balancing the powers of the various governance bodies, together with the adoption of an effective information and control system over the delegated powers; and
- (ii) establish an appointment committee, the composition of which should be in line with the current regulations for listed companies, as well as with the provisions of conduct codes drawn up by management companies of regulated markets or trade associations.

UnipolSai operated throughout Italy, with a network of 4,032 agencies (not including the units transferred with effect from 1 July 2014 to Allianz as a result of the sale agreement entered into between Allianz and UnipolSai) and 5,636 agents.

The Non-Life Business direct premium income of UnipolSai for the six-month period ended 30 June 2014 amounted to Euro 4,211 million (of which Euro 2,689 million were generated by the motor insurance business and Euro 1,522 million by the non-motor insurance business) compared to Euro 4,519 million as at 30 June 2013 (of which Euro 2,943 million were generated by the motor insurance business and Euro 1,576 million by the non-motor insurance business), resulting in a decrease of 6.8 per cent.

The Life direct premium income of UnipolSai for the six-month period ended 30 June 2014 amounted to Euro 1,906 million, compared to Euro 1,727 as at 30 June 2013, resulting in an increase of 10.4 per cent.

Linear Assicurazioni S.p.A.

Linear Assicurazioni S.p.A. (**Linear**) was established in 1996 as part of a strategy to increase channel and product diversification. Linear directly sells vehicle and motor vehicle insurance products, using alternative sales channels such as telephone and internet. Since 2005, Linear has also sold multi-risk home insurance products. UGF currently holds a 100 per cent. equity interest in Linear.

Over the years, Linear strengthened its role in the motor third party liability insurance sector and, as at 31 December 2013, had a market share of approximately 1 per cent. and approximately 459,000 customers.¹²

Linear's activities are primarily focused on the sale of motor third party liability insurance and other products related to car insurance (such as driver accident insurance and roadside assistance).

¹² Source: UGF elaboration based on public available data.

The company's development strategy is to target individuals with good risk profiles and is centered on building up loyalty amongst its customers, who are offered highly personalised, quality products at low-prices.

The direct premium income of Linear for the year ended 31 December 2013 amounted to Euro 206 million compared to Euro 220 million for the year ended 31 December 2012, resulting in a decrease of 6.3 per cent. Such decrease is mainly attributable to the increases in the competition. As at 31 December 2013 Linear had 467 employees.

The direct premium income of Linear for the six-month period ended 30 June 2014 amounted to Euro 96 million compared to Euro 111 million for the six-month period ended 30 June 2014, resulting in a decrease of 13.9 per cent.

Unisalute S.p.A.

Unisalute S.p.A. (Unisalute) was established in 1995 as part of a strategy to increase channel and product diversification. Unisalute is specialised in the health and assistance sectors, selling managed care group policies directly to businesses, associations and various other bodies. Founded by the Unipol Group in 1995, UniSalute is the national leader in managing funds covering specific categories of employees and professionals.¹³ UGF currently holds a 98.53 per cent. equity interest in Unisalute.

Unisalute supplies integrated healthcare services for the Italian national healthcare system (*Sistema sanitario nazionale*).

Unisalute supplies national healthcare services in its capacity as a managed-care provider through "collective" packages of public and private healthcare services. The company's portfolio is for the most part made up of collective policies entered in by companies to provide health-care their employees. Unisalute's customers include Italian and foreign multinationals, banks and organisations.

The direct premium income of Unisalute for the year ended 31 December 2013 amounted to Euro 248 million compared to Euro 233 million for the year ended 31 December 2012, resulting in an increase of 6.6 per cent.. As at 31 December 2013, the company had 555 employees, including 31 doctors.

The direct premium income of Unisalute for the six-month period ended 30 June 2014 amounted to Euro 163 million compared to Euro 150 million for the six-month period ended 30 June 2013, resulting in an increase of 9.1 per cent.

Linear Life S.p.A.

Linear Life S.p.A. (**Linear Life**), formerly Navale Vita S.p.A., offers innovative life-insurance solutions over the internet that can be personalised to meet individual needs in the life-insurance sector. UGF currently holds a 100 per cent. equity interest in the company.

Linear Life expects to (i) attract potential clients who prefer to use internet channels to purchase life insurance products and (ii) to provide them with the most effective solutions in the comfort of their homes

The premium income of Linear Life for the year ended 31 December 2013 and for the six-month period ended 30 June 2014 were not significant.

Arca Vita S.p.A. (Bancassurance)

The New UGF Group operates in the bancassurance business through Arca Vita S.p.A (**Arca Vita**) and its subsidiaries including, *inter alia*, Arca Assicurazioni S.p.A. (**Arca Assicurazioni**) and Arca Vita International Ltd. (**Arca Vita International**).¹⁴ UGF currently holds a 63.39 per cent. equity interest in Arca Vita.

¹³ Source: UGF elaboration based on public available data.

¹⁴ Arca Vita currently holds a 98.09 per cent. equity interest in Arca Assicurazioni and a 100 per cent. equity interest in Arca Vita International.

Arca Vita became part of UGF Group in 2010 as a consequence of the partnership agreement entered into by UGF with Banca Popolare dell'Emilia Romagna S.c.p.a., Banca Popolare di Sondrio S.c.p.a. which provided for, *inter alia*, the purchase by UGF of the majority equity interest in Arca Vita.

Arca Vita and Arca Assicurazioni operate respectively in the Life Business and in the Non-Life Business and distribute their insurance products through approximately 2430 sale outlets.

The direct premium income of Arca Vita for the year ended 31 December 2013 amounted to Euro 754 million compared to Euro 478 million for the year ended 31 December 2012, resulting in an increase of 57.7 per cent.

The direct premium income of Arca Vita for the six-month period ended 30 June 2014 amounted to Euro 801 million compared to Euro 520 million in the same period of 2013, resulting in an increase of 53.9 per cent.

Banking business

Prior to the merger by way of incorporation of Banca Sai S.p.A. into Unipol Banca S.p.A., UGF was also active in the banking, asset management and merchant banking sectors primarily through (i) Unipol Banca S.p.A. and its subsidiaries, and (ii) BancaSai S.p.A.

Following such merger, the New UGF Group is active in the banking business sector mainly through Unipol Banca S.p.A. and its subsidiaries.

Unipol Banca S.p.A.

Unipol Banca S.p.A. (**Unipol Banca**), formerly UGF Banca S.p.A., is a joint stock company limited by shares (*società per azioni*), specialised in the retail market and in the small medium-sized enterprises. Unipol Banca provides a wide range of standard banking products, including, *inter alia*, (i) loans for entrepreneurial activities, (ii) asset-management services, (iii) first-home mortgages and (iv) products to support families expenditure. UGF owns, 100 per cent. (of which 57.75 per cent. directly and 42.25 per cent. through UnipolSai) of the share capital of Unipol Banca.

As at 31 December 2013, Unipol Banca operates in the banking and asset management sector, mainly through:

- 292 points of sale (157 of which are integrated banking and insurance agencies; the remaining branches operate closely with the UGF Group's insurance agencies);
- 229 financial advisers; and
- 1,567 agencies authorised to distribute traditional banking products (27 of which are also finance shops).

Unipol Banca belongs to Gruppo Bancario Unipol which includes, *inter alia*, Finitalia S.p.A. (formerly a subsidiary of Banca Sai S.p.A.), UnipolSai Investimenti SGR S.p.A. and Nettuno Fiduciaria S.r.l. (a company which manages assets for the account of third parties).

The direct customer deposits of Unipol Banca for the year ended 31 December 2013 amounted to Euro 10,067 million compared to Euro 9,915 million for the year ended 31 December 2012, resulting in an increase of 1.5 per cent.

The indirect customer deposits of Unipol Banca for the year ended 31 December 2013 amounted to Euro 23,722 million compared to Euro 21,119 million for the year ended 31 December 2012, resulting in a significant increase of 12.3 per cent.

The assets under management of Unipol Banca for the year ended 31 December 2013 amounted to Euro 1.2 billion, resulting in an increase of 9 per cent. compared to same period of 2012, while funds under custody for the year

ended 31 December 2013 amounted to Euro 22.5 billion compared to Euro 20 billion for the year ended 31 December 2012, resulting in an increase of 12.5 per cent.

Unipol Banca's loans to customers for the year ended 31 December 2013 amounted to Euro 9.6 billion compared to Euro 10.1 billion for the year ended 31 December 2012, resulting in a decrease of 4.9 per cent.. The interbank loans of Unipol Banca for the year ended 31 December 2013 amounted to Euro 383 million compared to Euro 452 million for the year ended 31 December 2012, resulting in a significant decrease.

The direct customer deposits of Unipol Banca as at 30 June 2014 amounted to Euro 10,564 million compared to Euro 10,067 million at 31 December 2013, resulting in an increase of 4.9 per cent.

The indirect customer deposits of Unipol Banca as at 30 June 2014 amounted to Euro 46.5 billion(of which Euro 45.1 billion in asset under custody and Euro 1.4 billion in assets under management) compared to Euro 23,722 million as at 31 December 2013, resulting in a significant increase.

Unipol Banca's loans to customers as at 30 June 2014 amounted to Euro 9.4 billion compared to Euro 9.6 billion at 31 December 2013, resulting in a decrease of 1.7 per cent. .

The interbank loans of Unipol Banca as at 30 June 2014 amounted to Euro 1,179 million compared to Euro 383 million as at 31 December 2013, resulting in a significant increase.

Real estate business

The main activities carried out by the New UGF Group in the real estate segment for the year ended 31 December 2013 were as follows:

- carrying out preliminary activities aimed at developing certain real estate assets;
- commencing the implementation of the recovery and enhancement plan for the site located in Milan, Via Fara 41 known as “Torre Galfa”;
- continuing the investment activities, within the context of the joint venture with the Hines Group, aimed at financing the construction of a new residential area in Milan named "Porta Nuova";
- continuing the construction of new compounds in Bologna – Via Larga and Piazza Costituzione.

The main activities carried out by the New UGF Group in the real estate segment for the six-month period ended 30 June 2014 were as follows:

- selling of certain real estate located, *inter alia*, in Rome, Milano, Saluzzo, Oristano, Crema, Moncalieri, Modena and Cagliari
- approving the merger by way of incorporation of Immobiliare Milano Assicurazioni, IN.V.E.D., Mizar, R.EDIL.MO, Bramante, Cascine Trenno, Trenno Ovest, IAT, Meridiano Bellarmino, Immobiliare Litorella, Meridiano Bruzzano, Meridiano Aurora, Campo Carlo Magno, Sintesi Seconda, Stimma, UnipolSai Servizi Immobiliari, International Strategy and Unifimm into Immobiliare Fondiaria SAI (now UnipolSai Real Estate S.r.l.), aimed at simplifying the New UGF Group's structure;
- approving the merger by way of incorporation of Covent Garden BO S.r.l. and Comsider S.r.l. into Midi S.r.l.;
- completing the construction of new compounds in Bologna – Via Larga and Piazza Costituzione;
- carrying out investment activities, within the context of the joint venture with the Hines Group, aimed at financing the construction of a new residential area in Milan, named "Porta Nuova";

- continuing the implementation of the recovery and enhancement plan for the site located in Milan, Via Fara 41 known as “Torre Galfa”;
- continuing the construction of the property located in Assago – Milanofiori – Strada 6 – Palazzo A.

The New UGF Group is active in the real estate business through a number of subsidiaries including, *inter alia*, UnipolSai Real Estate S.r.l., Nit S.r.l., Tikal R.E. Fund, as well as certain smaller entities. In addition, certain subsidiaries of Unipol Assicurazioni undertook activities in the real estate sector, including, *inter alia*, Punta di Ferro S.r.l. and Midi S.r.l.

The value of the investment property portfolio of the real estate business segment as at 31 December 2013 was Euro 1,177 million compared to Euro 1,222 million as at 31 December 2012.

The revenues generated by real estate business for the year ended 31 December 2013 amounted to Euro 94 million compared to Euro 55 million for the year ended 31 December 2012 (including the performance of Premafin-Fondiarria SAI Group only for the second half of 2012).

The value of the investment property portfolio of the real estate business segment as at 30 June 2014 was Euro 1,209 million compared to Euro 1,177 million as at 31 December 2013, resulting in a slight increase.

The revenues generated by the real estate business amounted to Euro 48 million for the six-month period ended 30 June 2014 compared to Euro 49 million for the six-month period ended 30 June 2013 .

Holding/Service companies and other activities

The holding/service and other activities segment expanded both in terms of number of companies within the Group and types of activities, following the business combination with the Premafin-Fondiarria SAI Group.

The holding/service and other activities segment includes hotel operators (such as Atahotels), medical and health and any other activity, excluding insurance (Life and Non-Life), banking and real estate activities.

The aggregate revenues generated by the holding/service and other activities sector for the year ended 31 December 2013 amounted to Euro 712 million compared to Euro 364 million for the year ended 31 December 2012 (including the performance of Premafin-Fondiarria SAI Group only for the second half of 2012).

The revenues generated by holding/service and other activities segment for the six-month period ended 30 June 2014 amounted to Euro 175 million compared to Euro 342 million for the six-month period ended 30 June 2013, resulting in a decrease of approximately 50 per cent.

RECENT DEVELOPMENTS

Merger by way of incorporation of Banca Sai into Unipol Banca

On 25 September 2014, the Bank of Italy authorised the merger by way of incorporation of Banca Sai into Unipol Banca. Such merger became effective as at 3 November 2014. On the basis of the conversion ratio provided in the merger deed, UnipolSai was transferred No. 132,428,578 of Unipol Banca’s newly issued shares, thereby increasing its equity interest in Unipol Banca from 32.45 per cent. to 42.25 per cent.

Completion of AGCM procedures

On 4 November 2014, the AGCM notified UGF and UnipolSai of the completion of: (a) its review of the Application for Review (*istanza di revisione*), and (b) the non-compliance procedure (*procedura di inottemperanza*). In such context, the AGCM replaced certain measures prescribed by the AGCM Decision with the following measures: (i) merger by way of incorporation of Liguria Assicurazioni S.p.A and Liguria Vita S.p.A into UnipolSai, (ii) prohibition to continue using the brands related to the Milano Assicurazioni and Sasa division, (iii)

freeing up the customer portfolio managed by each division, for an amount equal to the excess of the existing premiums in the Provinces of Barletta-Andria-Trani, Cosenza, Enna, Catania, Ragusa and Cagliari only. Furthermore, the AGCM concluded that sanctions in accordance with Article 19, paragraph 1, of Law No. 287 of 10 October 1990 were not applicable.

In relation to such measures: (a) UGF notified the AGCM that the merger by way of incorporation of Liguria Assicurazioni S.p.A. and Liguria Vita S.p.A. into UnipolSai is expected to be executed by 31 December 2015; (b) the rebranding of the divisions through which UnipolSai operates has been completed and (c) UnipolSai has taken initiatives aimed at freeing up the customer portfolio in the above mentioned provinces through the sale of premiums for an amount equal to Euro 18.6 million, higher than the threshold of Euro 18.2 million prescribed by the AGCM.

Sale of Unicard to CartaSi

On 4 November 2014, Unipol Banca transferred the equity interest equal to 53,63 per cent. held in Unicard to CartaSi S.p.A.

Standard & Poor's reviews UGF's rating

On 12 December 2014, Standard & Poor's lowered (i) UGF's counterparty credit rating to "BB" from "BB+", (ii) UGF's senior unsecured rating to "BB" from "BB+", and (iii) UnipolSai's long-term counterparty credit and financial strength rating to "BBB-" from "BBB". The outlook on both companies was improved to "stable" from "negative".

Standard & Poor's confirmed the indicative group credit profile at "bbb".

Examination and announcement of the Preliminary Consolidated Results for the year ended 31 December 2014

On 11 February 2015, the Board of Directors of UGF examined and announced the Preliminary Consolidated Results for the year ended 31 December 2014.

However, it cannot be excluded that the figures to be included in the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014 may differ from the corresponding figures in the Preliminary Consolidated Results.

For further information see *"Documents Incorporated by Reference – Press release headed "Unipol Group: preliminary consolidated results of 2014 examined" issued by UGF on 11 February 2015"* at page 34 and *"Presentation of the Preliminary Consolidated Results of UGF for the financial year ended 31 December 2014"* at page 35 of this Base Prospectus.

Mandatory conversion of the UGF's preferred shares into ordinary shares

On 25 February 2015, the UGF's extraordinary shareholders' meeting approved, also with the quorum required for the special shareholders' meeting of the ordinary shareholders (i) the mandatory conversion of any outstanding UGF preferred shares (the **Preferred Shares**) into UGF's newly issued ordinary shares (the **New Ordinary Shares**) and (ii) the implementation of the necessary amendments to the UGF's by-laws (the **Conversion**).

On 26 February 2015, the Conversion was also approved by UGF's special meeting of the holders of the Preferred Shares.

The Conversion provides for the mandatory conversion of the Preferred Shares into New Ordinary Shares, pursuant to conversion ratio of one New Ordinary Share for each Preferred Share held, without any payment of any cash balance (the **Conversion Ratio**).

The Conversion is aimed at: (i) rationalising and simplifying the capital structure of UGF, reducing corporate activities and the related costs resulting from the existence of two different classes of shares; (ii) aligning the financial and administrative rights of all shareholders, thereby facilitating the investment choices of the financial markets; (iii) increasing the free float, improving the liquidity of the UGF's shares for all the shareholders; (iv) increasing the importance of UGF securities in the stock market, with a consequent benefit to all shareholders; (v) improving the qualitative composition of the UGF's regulatory capital (*capitale regolamentare*).

The holders of Preferred Shares who did not approve the Conversion will be entitled to exercise the right of withdrawal according to Article 2437, paragraph 1, letter g), of the Italian Civil Code, within fifteen days from the date of the registration of the relevant shareholders' meetings' resolutions in the Companies' Register of Bologna.

The Conversion will become effective subject to the occurrence of the following further conditions: (i) the total value of the Preferred Shares in respect of which the right of withdrawal will eventually be exercised (calculated according to Article 2437-ter, paragraph 3, of the Italian Civil Code) would not exceed Euro 100 million, it being understood that such condition is provided in the exclusive interest of UGF and therefore, may be waived by UGF itself; and (ii) the obtainment of the authorisation of the amendments to be adopted in the by-laws of UGF as a consequence of the Conversion by IVASS, in accordance with the Bank of Italy, pursuant to Article 87-bis and Article 196 of Legislative Decree No. 209 of 7 September 2005 as well as the IVASS Regulation No. 14/2008.

REGULATORY FRAMEWORK

UGF's and the New UGF Group's insurance, asset management and banking entities are subject to government regulation primarily in the Republic of Italy, where most of their business is conducted.

The Issuer is a listed company and accordingly is subject to extensive regulation and supervision by CONSOB.

Under the regulatory framework currently in force, all control and supervisory powers in respect of the insurance industry in Italy are exercised autonomously by the *Istituto per la Vigilanza sulle Assicurazioni (IVASS)*, formerly *Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo (ISVAP)*, with the exception of certain powers specifically reserved to the Italian Ministry of Economic Development.

Asset management and banking businesses are regulated jointly by the Bank of Italy and CONSOB.

The main insurance laws are consolidated into the Code of Private Insurance (*Codice delle Assicurazioni Private*, Legislative Decree No. 209/2005, as amended). The Code of Private Insurance, *inter alia*, contains general provisions on: (i) access to insurance and reinsurance activities; (ii) requirements on solvency margins of the insurance companies; (iii) financial statements of insurance companies; (iv) life and non-life insurance contracts, including transparency principles; (v) the activities of insurance intermediaries and (vi) the supervisory activities of IVASS and bankruptcy proceedings. In addition, the Italian Civil Code contains certain provisions applicable to insurance contracts. Specific provisions concerning the required solvency margins are set out in the ISVAP Regulation No. 19 of 14 March 2008 and the ISVAP Regulation No. 18 of March 2008.

Supervisory authorities, in particular IVASS for the insurance sector and the Bank of Italy for the banking sector, have broad jurisdiction over many aspects of these businesses, such as capital adequacy, premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

IVASS's role includes: (i) monitoring technical, financial and asset and liability management and monitoring solvency ratios; (ii) the review of financial statements; (iii) supervision of the activities of insurance brokers and agencies; (iv) authorisation to conduct insurance activities; (v) proposing disciplinary measures, including revocation of authorisations; (vi) approving restructuring plans; (vii) advising the Ministry of Economic Development with respect to admission to the forced liquidation procedure for financially troubled entities; and (viii) communicating and collaborating with other EU insurance regulatory authorities and bodies. IVASS has the power to request information from insurance companies, conduct audits of their activities and question their legal

representatives, managing directors and statutory auditors and to convene shareholders', directors' and statutory auditors' meetings in order to propose measures necessary to conform the management of the insurance company to the requirements of the law.

The acquisition by insurance companies of controlling interests or interests which exceed certain limits in companies other than insurance companies, are subject to IVASS authorisation. IVASS has the power to order a reduction in such holdings if the conditions prescribed by law are not satisfied. In addition, IVASS also has the power to apply sanctions. In certain cases, IVASS may also advise the Italian Ministry of Economic Development to revoke certain authorisations to conduct insurance activities.

In the European Union, further risk-based capital requirements for insurance companies currently regulated by the so-called Solvency I regime is in the process of being replaced, thereby introduced pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (the **Solvency II Directive**), as amended by Directive 2012/23/EU and Directive 2013/58/EU of the European Parliament and of the Council of 11 December 2013, by means of which the deadlines for transposition of the Solvency II Directive by the Member States has been extended to 31 March 2015, while the deadline for the entry into force of the relevant provisions has been extended to 1 January 2016. On 16 April 2014, the European Parliament and the Council adopted the Directive 2014/51/EU (the **Omnibus II Directive**), published in the Official Journal on 22 May 2014 that introduced a number of changes to the Solvency II regime. The Omnibus II Directive also empowered the European Commission to apply more flexible transitional provisions for insurance undertakings affected by Solvency II and grant extended powers to the new European Insurance and Occupational Pensions Authority (**EIOPA**, which replaced CEIOPS, the Committee of European Insurance and Occupational Pensions Supervisors on 1 January 2011).

On 10 October 2014 the European Commission adopted a delegated act containing implementing rules for Solvency II Directive (**Commission Delegated Regulation (EU) 2015/35**), which was published in the Official Journal on 17 January 2015 and entered into force the following day. Commission Delegated Regulation (EU) 2015/35 is intended to specify a range of aspects of the Solvency II Directive in view of its consistent implementation throughout the European Union, with particular regard to capital requirements and other measures related to long-term investments, requirements on the composition of insurers' own funds, remuneration issues, requirements for valuation of assets and liabilities and reporting. On 10 February 2015 the Italian Government published a draft scheme of the Italian legislative decree implementing the Solvency II Directive in Italy. Until such Legislative Decree will be passed by the Italian Parliament, the Issuer will not be able to foresee all potential changes to the applicable Italian legal framework. The policies adopted by the group companies to ensure compliance with such framework might become obsolete, thus requiring the New UGF Group to constantly monitor and adapt such policies to the evolving regulatory environment. The current draft of Legislative Decree provides for a transitional regime to be phased in gradually starting as of 1 April 2015 up to 1 January 2016, according to which, inter alia, IVASS will be granted the power to (i) authorise specific matters related to own funds and internal models and (ii) determine the scope and the level of supervision on groups.

No interlocking

On 20 April 2012, the Bank of Italy, CONSOB and ISVAP (now IVASS) issued a joint document providing a number of assessment criteria related to the provisions set out in Article 36 of Law Decree No. 201 of 6 December 2011 (converted with amendments into Law No. 214 of 22 December 2011), which prohibits the interlocking of positions held in various businesses or groups of businesses active in the credit, insurance and financial markets.

MATERIAL CONTRACTS

Financing – Issue of Notes

On 18 June 2014, UnipolSai issued a subordinated bond with perpetual maturity and a first call date falling in June 2024 for a total nominal amount of Euro 750 million, with the simultaneous early repayment of subordinated loans with perpetual maturity granted in the past by Mediobanca to Fondiaria-SAI, Milano Assicurazioni and Unipol Assicurazioni for a total amount of Euro 750 million.

On 24 April 2014, UnipolSai issued the Convertible Loan for Euro 201.8 million. The proceeds of such issuance were used to reduce the loan entered into by Premafin with certain financial institutions relating to the amended pre-merger loan contract in connection with the Restructuring Plan for an aggregate amount equal to Euro 379.3 million (the **Premafin Loan**), by an amount corresponding to the amount of the issuance. Euro 67.5 million of the Convertible Loan was subscribed for by UGF and converted into shares on 22 May 2014. As a result of the conversion, the amount of the Convertible Loan decreased to Euro 134 million. On 7 August 2014, UnipolSai fully reimbursed the residual outstanding Premafin Loan for a total amount of Euro 177.6 million, of which Euro 138.4 million to certain financial institutions (other than GE Capital Interbanca S.p.A.) and Euro 39.2 million to GE Capital Interbanca S.p.A.

Senior unsecured notes with a nominal value of Euro 500 million were issued in March 2014 by UGF and listed on the regulated market of the Luxembourg Stock Exchange (ISIN Code XS1041042828) (the **New Notes**). The New Notes were issued in connection with the partial exchange offer (the **Exchange Offer**) addressed to the holders of the outstanding senior unsecured nonconvertible “Euro 750,000,000 5.00% Notes due January 2017” (ISIN code XS0472940617) (the **Existing Notes**) issued by UGF in December 2009 and listed on the regulated market of the Luxembourg Stock Exchange. A portion of the New Notes equal to Euro 381,013,000 were issued in connection with the Exchange Offer, while a residual portion, equal to Euro 118,987,000 (the **Residual Portion**), were placed solely with qualified Italian and foreign investors also with the aim of promoting the liquidity of the New Notes issued in connection with the Exchange Offer. The New Notes were issued under the Programme.

Subordinated notes with a nominal value of Euro 300 million were issued in June 2001 by UGF, which was replaced by Unipol Assicurazioni as issuer in 2009. The notes have a twenty-year maturity and provide for an option for early repayment every quarter commencing in June 2011. The interest rate, which was equal to 7 per cent. until 15 June 2012, was increased to 2.683 per cent. from 31 December 2012, such percentage being equal to the three-month EURIBOR plus 250 basis points. The notes, currently listed on the Luxembourg Stock Exchange, are accounted for among the constituent elements of the solvency margin within a 25 per cent. limit. As at 30 June 2014, the book value amounted to Euro 300 million. Today UnipolSai is liable for the repayment of such notes.

In addition, subordinated notes with a nominal value of Euro 300 million were issued in July 2003 by UGF, which was replaced by Unipol Assicurazioni as issuer in 2009. The notes have a 20-year maturity and provide for an option for early repayment starting from July 2013. The interest rate is equal to 5.66 per cent. until the date of exercise of the early repayment option and thereafter will be equal to the three-month EURIBOR rate plus 250 basis points. The notes, currently listed on the Luxembourg Stock Exchange, are accounted for among the constituent elements of the solvency margin within a 25 per cent. limit. Unipol Assicurazioni owned a portion of such notes equal to Euro 38.3 million, purchased in the second half of 2009 from UGF. Therefore, the actual nominal amount of the notes not held by the Group amounts to Euro 261.7 million. As at 30 June 2014, the book value amounted to Euro 300 million. Today UnipolSai is liable for the repayment of such notes.

The terms and conditions of the two aforementioned series of notes provide for certain events of default. Most notably, an event of default will occur when:

- insolvency proceedings are initiated as provided for in Royal Decree No. 267 of 16 March 1942, as amended, against the issuer or, following a substitution, the guarantor, and the proceedings are not suspended or dismissed within 30 days; or
- the issuer or, following a substitution, the guarantor, commences liquidation proceedings (other than for the purpose of, or as provided for in the event of, a merger, reorganisation or restructuring while solvent); or
- an event occurs which, under the laws of any other applicable jurisdiction, has an effect analogous to any of the events listed above.

Upon occurrence of an event of default, the notes may, by written notice addressed by the holders thereof to the issuer and, following a substitution, to the guarantor and delivered to the issuer and (if any) to the guarantor or at the specified registered address of the tax agent, be declared immediately due and payable at its issue price,

including accrued interest, without further action or formality. Notwithstanding the foregoing, any notification declaring that the notes are due and payable will become effective only when the tax agent receives written notifications by the holders of not less than 5 per cent. of the aggregate outstanding principal amount of the relevant notes. As at the date of this Base Prospectus, no financial covenants or negative pledge provisions have been breached. UnipolSai is currently responsible for the repayment of such notes.

Financing – Financing agreements

UnipolSai financing agreements

- On 23 July 2003, Fondiaria SAI and Mediobanca entered into a subordinated loan agreement for a total amount of Euro 400 million (the **2003 Mediobanca Loan**). As a result of certain amendments entered into in December 2005, the loan agreement provides for an interest rate equal to the six-month EURIBOR rate plus 180 basis points and is repayable in five equal annual installments starting from the 16th anniversary of the drawdown date. This loan agreement is computable among the constituent elements of the solvency margin within the limit of 50 per cent.; in the event that the borrower is subjected to liquidation proceedings, the contract will be automatically terminated and, consequently, the amount due will become immediately repayable, subject to the subordination restriction. As at the date of this Base Prospectus, UnipolSai is liable for the repayment of such loan agreement.
- On 20 December 2005, Fondiaria SAI and Mediobanca entered into a subordinated loan agreement for a total amount of Euro 100 million having the same characteristics of the abovementioned Euro 400 million subordinated loan agreement (the **2005 Mediobanca Loan**). This loan agreement is computable among the constituent elements of the solvency margin within the limit of 25 per cent.; in the event that the borrower is subjected to liquidation proceedings, the contract will be automatically terminated and, consequently, the amount due will become immediately repayable, subject to the subordination restriction. As at the date of this Base Prospectus, UnipolSai is liable for the repayment of such loan agreement.
- On 22 June 2006, Fondiaria SAI and Milano Assicurazioni entered into a subordinated loan agreement with Mediobanca, for a total amount of Euro 300 million (of which Euro 150 million was granted to Fondiaria SAI and Euro 150 million to Milano Assicurazioni) (the **2006 Mediobanca Loan**, and together with the 2003 Mediobanca Loan and the 2005 Mediobanca Loan, the **Mediobanca Loans**). The 2006 Mediobanca Loan agreement has the following characteristics: (i) interest rate equal to the six-month EURIBOR plus 180 basis points (ii) repayable in five equal annual installments starting from the 16th anniversary of the drawdown date. On 14 July 2008, Milano Assicurazioni made a partial early repayment of such loan for an aggregate amount equal to Euro 100 million. This loan agreement is computable among the constituent elements of the solvency margin within the limit of 25 per cent.; in the event that the borrower is subjected to liquidation proceedings, the contract will be automatically terminated and, consequently, the loan will become immediately repayable, subject to the subordination restriction. As at the date of this Base Prospectus, UnipolSai is liable for the repayment of such loan agreement.

The Mediobanca Loans include the following covenants and negative pledges related to the capital ratios of the borrower:

- prohibition to reduce the share capital other than in accordance with legal obligations and to acquire treasury shares for amounts in excess of 2 per cent. of the share capital;
- prohibition to distribute dividends in the event of loss absorption as provided for by the contract;
- prohibition to enter into subordinated loans that do not include additional subordination restrictions with respect to the existing contract.

As at the date of this Base Prospectus, no financial covenants or negative pledge provisions have been breached.

Following the implementation of the CRD IV Package, Mediobanca utilised the clause referring to additional costs or expenses (“*Clausola costi aggiuntivi*”). Consequently, on 11 September 2014, UnipolSai and Mediobanca signed an agreement to amend the Mediobanca Loans. Such agreement provides for the amendment of certain financial terms, including payment, as a settlement, of annual remuneration of 71.5 basis points in addition to the previous spread (increasing the new spread from 1.80 to 2.515) as provided under the Mediobanca Loans. The additional loan cost of such amendment amounted to Euro 5 million.

Other financing agreements

- Tikal R.E. Fund (**Tikal**) entered into a loan agreement with certain financial institutions for a total amount of Euro 111.8 million. The loan agreement originally granted for Euro 119 million is aimed at financing the purchase of certain properties. The interest rate is the three-month EURIBOR rate plus a credit spread of 90 basis points. Since 2008, Tikal has entered into interest rate derivative instruments implementing a hedging policy for the risk of potential increase in interest rates on the loan; the loan becomes immediately repayable (cross-default event) in the event of early repayment or in case any other financial indebtedness of Tikal is not paid when due. Moreover, Tikal R.E. undertook to ensure that, at any calculation date, the loan to value does not exceed 80 per cent. and that the interest-service coverage ratio is equal to or greater than 1:10. No change of control provision has been included contractually.
- Banca Sai issued floating rate and fixed rate notes in 2009 and 2010 for a total amount of Euro 19.5 million having various maturities.
- The subsidiary Immobiliare Fondiaria-SAI s.r.l. incurred liabilities equal to Euro 53.6 million. These liabilities principally derive from the loan agreement entered into by Marina di Loano S.p.A. with Intesa Sanpaolo S.p.A. in its capacity as agent bank. Such loan is subject to an interest rate of three-month EURIBOR plus 300 basis points and will become due and payable on 17 March 2014. The company has resorted to an interest rate derivative instrument in implementing a hedging policy for the risk of potential increase in interest rates on the loan; the loan becomes immediately repayable (cross default event) in the event that any financial debt of Marina di Loano S.p.A. in an amount exceeding Euro 500,000 or of Immobiliare Fondiaria-Sai s.r.l. in excess of Euro 20 million becomes payable as a result of the occurrence of an event of default or any event having the same effect. Moreover, Marina di Loano S.p.A. undertook to ensure that, at any calculation date, the loan-to-value does not exceed 50 per cent. and that the interest-service coverage ratio is equal to or greater than 1:50 and to provide information regarding any change in ownership. The contract is currently being renegotiated with the lending banks.

EMPLOYEES

As at 31 December 2013, the UGF Group had 15,230 employees (including Premafin-Fondiaria SAI Group), whereas as at 30 June 2014 the UGF Group had 15,490 employees.

SHAREHOLDERS

Pursuant to the communication provided pursuant to Article 120 of Financial Services Act and available information as at the date hereof, shareholders holding more than 2 per cent. of UGF's voting capital were as follows:

Declarer	Direct Shareholder	Type of possession	Percentage of voting capital	Percentage of ordinary capital
Nova Coop Società Cooperativa	Nova Coop Società Cooperativa	Owner	2.308%	0.000%
	Total		2.308%	0.000%
Lima S.r.l.	Lima S.r.l.	Owner	4.550%	3.079%
	Total		4.550%	3.079%
Coop Adriatica S.c.r.l.	Coop Società Cooperativa	Owner	3.315%	0.506%
	Total		3.315%	0.506%
Coop Estense Società Cooperativa	Coop Estense Società Cooperativa	Owner	2.996%	0.000%
	Total		2.996%	0.000%

Norges Bank	Norges Bank	Owner	3.175%	1.167%
	Total		3.175%	1.167%
Finsoe S.p.A.	Finsoe S.p.A.	Owner	31.404%	50.746%
	Total		31.404%	50.746%

UGF is controlled within the meaning of Article 2359, paragraph 1, No. 1, of the Italian Civil Code by Finsoe S.p.A., which does not exercise direction and coordination over UGF pursuant to Article 2497 and following of the Italian Civil Code. UGF is not subject to the direction and coordination of any other company.

As at date of this Base Prospectus, there is no shareholders' agreement among UGF's shareholders.

CORPORATE GOVERNANCE

Corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange, such as UGF, are contained in the Italian Civil Code, in the Financial Services Act, CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No. 11971**) and the voluntary code of corporate governance issued by Borsa Italiana S.p.A.

UGF has adopted a "traditional" system of corporate governance, based on a conventional organisational model involving shareholders' meetings, a board of directors, a board of statutory auditors and independent auditors.

Pursuant to its by-laws, the management of UGF is entrusted to a collegial body made up of no fewer than 15 and no more than 25 members (including the independent directors in accordance with applicable law and regulations), appointed by the shareholders' meeting (collectively the **Board of Directors** and each member so appointed a **Director**).

Directors are appointed for a term of three years, or for a shorter period determined by the shareholders' meeting when appointing them, and they may be reappointed. UGF's by-laws provide for a voting list system for the appointment of all members of the Board of Directors.

The Board of Directors has the widest possible powers to perform the ordinary and extraordinary tasks involved in managing UGF. It is authorised to take all the steps that it deems appropriate in order to achieve UGF's aims and corporate objectives, with the sole exception of the powers expressly reserved by law and by UGF's by-laws to the shareholders' meeting. In addition, UGF's by-laws confer upon the Board of Directors the power to, *inter alia*, resolve upon the following matters: (a) mergers and demergers with subsidiaries, where permitted by applicable laws; (b) decrease of share capital, in case of shareholder withdrawal; (c) adjustments of the by-laws in order to comply with applicable regulations; and (d) issuance of non-convertible notes.

Pursuant to UGF's by-laws, the Board of Statutory Auditors (*collegio sindacale*) is composed of three auditors and two alternate auditors, each of which shall meet the requirements provided for by applicable law and UGF's by-laws (collectively, the **Board of Statutory Auditors**). All members of the Board of Statutory Auditors are appointed by the shareholders' meeting for three years and can be reappointed. UGF's by-laws provide for a voting list system for the appointment of all member of the Board of Statutory Auditors. The alternate auditors will automatically replace any statutory auditor who resigns or who is otherwise unable to serve as a statutory auditor.

The Board of Statutory Auditors is the corporate body which verifies that administrative matters are in good order and, in particular, whether the organisational, administrative and accounting structure adopted by the Board of Directors is appropriate and operating as it should.

UGF's by-laws are in compliance with applicable laws and regulations aimed at ensuring the gender balance within the Board of Directors and the Board of Statutory Auditors. In particular, the first time the Board of Directors and the Board of Statutory Auditors are re-elected following the date on which the provisions of Law No. 120 of July 2011 came into effect, one-fifth of the members must be of the gender that is in the minority, whilst during the two subsequent terms of office at least one-third of the members must be of the gender that is in the minority.

Management

Board of Directors

The shareholders' meeting held on 30 April 2013 appointed UGF's current Board of Directors for a period of three years financial years. Unless their term of office is terminated early, all the members will remain in office until the shareholders' meeting called to approve UGF's financial statements for the financial year ending 31 December 2015.

The following table sets out the current members of the UGF Board of Directors.

Name	Position
Pierluigi Stefanini	Chairman
Giovanni Antonelli	Deputy Chairman
Carlo Cimbri	Chief Executive Officer
Giovanni Battista Baratta	Director
Francesco Berardini	Director
Rocco Carannante ⁽¹⁾	Director
Paolo Cattabiani	Director
Piero Collina	Director
Sergio Costalli	Director
Ernesto Dalle Rive	Director
Guido Galardi	Director
Giuseppina Gualtieri	Director
Claudio Levorato	Director
Ivan Malavasi	Director
Paola Manes	Director
Pier Luigi Morara	Director
Milo Pacchioni	Director
Maria Antonietta Pasquariello ⁽²⁾	Director
Elisabetta Righini	Director
Francesco Saporito	Director
Adriano Turrini	Director
Marco Giuseppe Venturi	Director
Rossana Zambelli	Director
Carlo Zini ⁽³⁾	Director
Mario Zucchelli	Director

(1) Mr Rocco Carannante died on 25 February 2015.

(2) Ms Maria Antonietta Pasquariello was appointed as Director by the shareholders' meeting held on 25 February 2015. Ms Maria Antonietta Pasquariello was co-opted as a Director by the Board of Directors meeting held on 10 February 2015 following resignation of Ms Hilde Vernailen.

(3) Mr Carlo Zini was appointed as Director by the shareholders' meeting held on 25 February 2015. Mr Carlo Zini was co-opted as a Director by the Board of Directors meeting held on 13 November 2014 following resignation of Mr Vanes Galanti.

The business address of the members of the Board of Directors is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.

Other offices held by members of the Board of Directors

The table below lists the offices held by the members of UGF's Board of Directors on the board of directors, board of statutory auditors, supervisory committees or other positions other than within UGF.

Name	Position	Main positions held by Directors outside UGF
Pierluigi Stefanini	Chairman	Deputy Chairman of UnipolSai Assicurazioni S.p.A.; Director of Finsoe S.p.A.; Director of Unipol Banca S.p.A.; Member of the Board of the Bologna Chamber of Commerce Industry, Crafts and Agriculture;; Chairman of the Unipolis Foundation; Member of the Supervisory Board of Manutencoop Facility Management S.p.A.; Deputy Chairman of Euresa GEIE S.A.; Chairman of the Fondiaria-SAI Foundation.
Giovanni Antonelli	Director	Director of Cefla Capital Services S.p.A.; Deputy Chairman of Finsoe S.p.A.; Chairman and Chief Executive Officer of Holmo S.p.A.; Chairman of Cefla Finishing Do Brasil.
Carlo Cimbri	Chief Executive Officer	Chief Executive Officer of UnipolSai Assicurazioni S.p.A.; Director of Unipol Banca S.p.A.; Director of Euresa GEIE S.A.; Director of Euresa Holding S.A.; Director of Nomisma S.p.A.; Director of Censis Foundation ('Fondazione Centro Studi Investimenti Sociali'); Member of the Board of Directors of FeBAF (Federazione delle Banche; delle Assicurazioni e della Finanza – Banking; Insurance and Financial Federation).
Giovanni Battista Baratta	Director	Manager of CISL Confederale.
Francesco Berardini	Director	Director of UnipolSai Assicurazioni S.p.A.; Chairman of Coop Liguria Soc. Coop.; Chairman of Talea S.p.A.; Director of Coop Consorzio Nord Ovest S.c.a r.l.; Director of Finsoe S.p.A.; Deputy Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A.; Director of Distribuzione Roma S.r.l.; Director of Coop Italia S.c.a r.l.
Rocco Carannante ⁽⁴⁾	Director	Chairman of the Supervisory Committee of the Fondo Gestione Istituti Contrattuali Lavoratori Portuali; Treasurer of the National UIL; Chairman of UIL LABOR S.p.A.; Director of CAF – UIL S.p.A.; Deputy Chairman of the Associazione Nazionale Cooperazione Sociale S.c.a.r.l.; Member of the Advisory and Supervisory Committee of INPS (<i>Istituto Nazionale della Previdenza Sociale – National Social Security Institute</i>); Chief Executive Officer of Laborfin S.r.l.; Director of Euroservizi S.r.l.; Managing Director of Lavoro Italiano S.r.l.; Director of Style House S.r.l.; Director of Arcadia Concilia S.r.l.; Deputy Chairman of Unisalute S.p.A.
Paolo Cattabiani	Director	Director of QUA.DIR. S.r.l.; Director of Centrale Adriatica Soc. Coop.; Chairman of Coop Consumatori Nordest Soc. Coop.; Director of REFINCOOP S.p.A.; Director of PAR.CO S.p.A.; Director of Finsoe S.p.A.; Director of Spring 2 S.r.l.; Director of UnipolSai Assicurazioni S.p.A.; Chairman and Director of Immobiliare Nordest S.p.A.; Deputy Chairman of Aurora S.r.l.; Chairman of Comunicare S.p.A.; Director of Coop Italia Soc. Coop.
Piero Collina	Director	Chairman of the Consorzio Cooperative Costruzioni (Consortium of Building Cooperatives) – CCC Soc. Coop.; Director of Finsoe S.p.A.; Director of Holmo S.p.A.; Director of Spring 2 S.r.l.; Director of Holcoa S.p.A.; Director of MilanoSesto S.p.A.
Sergio Costalli	Director	Member of the Cassa di Risparmio di Livorno Foundation; Deputy Chairman of IGD SIIQ S.p.A.; Director of Finsoe S.p.A.; Deputy Chairman of Unipol Banca S.p.A.; Chairman of the Supervisory Board and the Management Committee of the Fondazione Memorie Cooperative; Sole Director of Centro Studi e Ricerche Azienda Speciale of the Chamber of Commerce of Livorno; Chairman of the

Name	Position	Main positions held by Directors outside UGF
Ernesto Dalle Rive	Director	Foundation for Business, research and innovation Director of Consorzio Cooperativo Nord-Ovest S.c.a.r.l.; Chief Executive Officer and General Manager of Nova Coop Soc. Coop.; Director of Distribuzione Roma S.r.l.; Director of Finsoe S.p.A.; Director of Coop Italia Soc. Coop.; Director of UnipolSai Assicurazioni S.p.A.
Guido Galardi	Director	Chairman of the Milan Chamber of Commerce Industry, Crafts and Agriculture; Senior executive of ANCC and Legacoop; Chairman of Coop Lombardia; Director of Coop Italia Soc. Coop.; Director of Coop Consorzio Nord Ovest Soc. Coop.
Giuseppina Gualtieri	Director	Member of the Executive Board of Assaeroporti; Director of Gradiente SGR S.p.A.; Chairman of TPER S.p.A. – Trasporti Passeggeri Emilia Romagna; Member of the Managerial Committee of Astra (<i>Associazione Nazionale del trasporto Pubblico Locale</i> – National Association for Local Public Transport); Chairman of Omnibus S.c.a.r.l.; Chairman of SST – Società per i Servizi di Trasporto S.r.l.; Chairman of TPB S.c.a.r.l.; Chairman of TPF S.c.a.r.l.; Director of Holding Emilia Romagna Mobilità S.r.l.
Claudio Levorato	Director	Chairman of Manutencoop Soc. Coop.; Director of Holmo S.p.A.; Director of Archimede 1 S.p.A.; Managing Director and Chairman of the Board of Management of Manutencoop Facility Management S.p.A.; Director of Finsoe S.p.A.; Deputy Chairman of Centro Europa Ricerche S.r.l.
Ivan Malavasi	Director	CNA National Chairman; Chairman of EPASA CNA; Deputy Chairman of Agart S.p.A.; Chairman and Managing Director of MA.BO. S.r.l.; Director of the CNEL.
Paola Manes	Director	Associate professor of private law, Bologna University.
Pier Luigi Morara	Director	Member of the Supervisory Body of CAMST S.c.a.r.l.; Director of Alce Nero S.p.A.
Milo Pacchioni	Director	Chairman and Manager of FINPRO Soc. Coop.; Director of FINUBE S.p.A.; Chairman of Sofinco S.p.A.; Chairman and Chief Executive Officer of Assicoop Modena&Ferrara S.p.A.; Chairman of Finwelfare S.p.A.; Director of Pharmacoop S.p.A.; Director of CCFS S.c.a.r.l.; Director of Bilanciai International S.p.A.; Chairman of Farmacie di Sassuolo S.p.A.; Sole Director of Serena 2050 S.r.l.; Chairman of CB Seat Care S.p.A.; Director of CMB Servizi Tecnici S.r.l.; Chairman and Chief Executive Officer of Unibon S.p.A.; Deputy Chairman of Ospedale di Sassuolo S.p.A.; Director of Grandi Salumifici Italiani S.p.A.; Director of F.IM.PAR.CO. S.p.A.; Director of I.S. Holding S.p.A.; Chairman of Coimmgest S.p.A.; Chairman and Chief Executive Officer of Pegaso Finanziaria S.p.A.; Chairman of Cooperare S.p.A.; Director of Finanza Cooperativa S.c.p.A.; Sole Director of Modena Prima S.r.l.; Sole Director of Opera Prima S.r.l.; Member of the Board of Statutory Auditors of Farmacie Comunali di Modena S.p.A.; Deputy Chairman and Chief Executive Officer of Finsoe S.p.A.; Director of Aesculapio S.r.l.; Deputy Chairman of Spring 2 S.r.l.; Director of Assicoop Romagna Futura S.r.l.; Director of Assicoop Emilia Nord S.r.l.; Sole Director of Immobiliare Ovidio S.r.l.; Chairman of LCF C S.r.l.; Chairman of the Board of Auditors of Atrikè S.p.A.
Maria Antonietta Pasquariello	Director	Image and External Relations Manager of Camst S.c. a r.l.; Chairman and Director of Camst S.c. a.r.l.
Elisabetta Righini	Director	Member of the Ethics Committee of Coop Adriatica; Member of the

Name	Position	Main positions held by Directors outside UGF
Francesco Saporito	Director	editorial boards of the journals <i>Giurisprudenza Commerciale</i> ; <i>Banca</i> ; <i>borsa e titoli di credito</i> both published by Giuffrè; and <i>Giurisprudenza italiana</i> published by Utet; Professor in the Department of Law of Carlo Bo University, Urbino; Member of the Council of the Department of Law of Carlo Bo University, Urbino. Chairman of the Association of Unipol Agents; Chairman of the Management Committee of the Fondo Nazionale Cauzioni (National Bond Fund); Chairman of Assieme 2008 S.r.l.; Director of Unisind S.r.l.; Chairman of Uniarea S.r.l.
Adriano Turrini	Director	Member of the Board of Legacoop Bologna; Chairman and Director of Coop Adriatica S.c. a r.l.; Director of Centrale Adriatica Soc. Coop.; Director of Spring 2 S.r.l.; Director of Coop Italia Soc. Coop.; Deputy Chairman and Chief Executive Officer of Finsoe S.p.A.; Chairman of FICO.OP S.r.l.
Marco Giuseppe Venturi	Director	Member of Council of CNEL – National Council for Economics and Labour; Chairman of National Confesercenti.
Rossana Zambelli	Director	National Manager of the CIA; Sole Director of CAA-CIA S.r.l.; Director of Unipol Banca S.p.A.
Carlo Zini	Director	Chairman and Chief Executive Officer of C.M.B. of Carpi Soc. Cooperativa; Member of the National Board (<i>Direzione Nazionale</i>) of Legacoop; Member of the Board of Representatives of CAVET Consortium – <i>Consorzio Alta Velocità Emilia Toscana</i> ; Director of Sofinco S.p.A.; Director of Holmo S.p.A.; Chairman of Immobiliare Morbinina S.r.l.; Chairman of Immobiliare Sigonio S.r.l.; Chairman of La Corte Estense S.r.l.; Deputy Chairman of the Supervisory Board of CCC – Soc. Cooperativa; Director of Unipol Banca S.p.A.; Chairman of Associazione Nazionale delle Cooperative di Produzione e Lavoro (ANCPL – Legacoop); Member of the Executive Committee of Legacoop; Chairman of Insula S.r.l.; Director of Finsoe S.p.A.; Director of CCPL Consorzio Cooperativo di Produzione Lavoro; Chairman of Holcoa S.p.A.; Director of Società Autostrada Tirrenica S.p.A.; Director of SAT Lavori S.c. a r.l.; Member of the Executive Board of ACI – Alleanza delle Cooperative Italiane.
Mario Zucchelli	Director	Director of UnipolSai Assicurazioni S.p.A.; Chairman of the Board of Directors of Coop Estense Soc. Coop.; Deputy Chairman of Sofinco S.p.A.; Director of Centrale Adriatica Soc. Coop.; Director of Coop Italia Soc. Coop.; Director of Spring 2 S.r.l.; Director of Finsoe S.p.A.; Director of Atrikè S.p.A.; Chairman of Sviluppo Gestione Servizi S.r.l.; Chairman of Teleinformazione Modenese S.r.l.

(4) Mr Rocco Carannante died on 25 February 2015.

Committees of the Board of Directors

Under the authority conferred on it by UGF's by-laws, the Board of Directors has deemed it appropriate to set up specific committees consisting of some of its members in order to increase the efficiency and the effectiveness of its activities. Such committees have a consultative and advisory role.

As at the date of this Base Prospectus, the following committees have been created within the Board of Directors:

- the **Management Committee** (*Comitato di Presidenza*), exercising advisory functions. In particular it is involved in identifying the development policies and guidelines for the operational and strategic plan to be submitted to the Board of Directors as well as drafting the corporate governance code. The Management Committee is composed by the Chairman of the Board of Directors, the Deputy Chairman, the Chief Executive Officer and other Directors appointed by the Board of Directors;
- the **Appointments and Corporate Governance Committee**, in charge of ensuring that the members of the Board of Directors have an adequate level of independence from management and fulfilling an advisory and consultative role in determining the composition of the Board of Directors;
- the **Remuneration Committee**, having the task of formulating proposals to the Board of Directors for the remuneration of UGF's Chief Executive Officer and the UGF Group's key managers;
- the **Control and Risks Committee** (formerly the Internal Auditing Committee), performing advisory and informative functions for the Board of Directors and supporting the administrative body in relation to assessments and decisions relating, *inter alia*, to the internal control system and the approval of periodic accounting documents;
- the **Sustainability/Ethics Committee**, exercising informative and advisory functions; in particular, the Committee (i) scrutinises the drafting of, and the drafting methods for, the sustainability report, (ii) examines the guidelines and procedure for the drawing up of the sustainability plan as well as for the sustainability budgets, (iii) regularly updates the steps required to implement the Group's sustainability objectives, and (iv) monitors if information given in the sustainability plan are in line with the Group's business activities; and
- the **Committee for transactions with related parties**, having the task of providing advice to and holding discussions with the Board of Directors and the various corporate bodies of UGF and the operating companies on transactions with related parties, in accordance with CONSOB Regulation No. 17221 of 12 March 2010, as amended, and with the internal procedures used by UGF for carrying out related party transactions.

Top managers

The following table enlists the top managers of UGF each of which is vested with key function :

Name	Position
Pierluigi Stefanini	Chairman of Board of Directors
Carlo Cimbrì	Chief Executive Officer and General Manager
Andrea Alessandri	Head of Audit
Renzo Avesani	Chief of Risk Officer
Maurizio Castellina	Administration, Planning and Operations Area General Manager
Mario Bocca	Head of IT Division
Vittorio Corsano	Head of Compliance and Anti-Laundering
Gian Luca De Marchi	Head of Risk Management
Roberto Giay	Corporate Legal, Shareholdings and Institutional Relations Area General Manager
Matteo Laterza	Finance Area General Manager
Giuseppe Santella	Human Resources and Organisation Area General Manager
Gian Luca Santi	Real Estate and diversified Companies Area General Manager
Alfonso Galante	Head of Strategic Planning and Investor Relations Division
Luca Zaccherini	Head of Management and Financial Control Division

The business address of each of the above individuals is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.

There are no actual or potential conflicts of interest between the duties of any of the above top managers to UGF and their private interests or other duties.

The above individuals taken together do not constitute a management body within the meaning of Commission Regulation (EC) 809/2004.

Board of Statutory Auditors

The current Board of Statutory Auditors consists of three auditors and two alternate auditors. The shareholders' meeting held on 30 April 2013 appointed UGF's Board of Statutory Auditors for a term of three financial years, until the shareholders' meeting called to approve UGF's financial statements for the financial year ending 31 December 2015.

The following table sets out the current members of the UGF's Board of Statutory Auditors:

Name	Position
Roberto Chiusoli	Chairman
Silvia Bocci	Member
Domenico Livio Trombone	Member
Carlo Cassamagnaghi	Alternate Auditor
Chiara Ragazzi	Alternate Auditor

The business address of the members of the Board of Statutory Auditors is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.

Board of Statutory Auditors' other offices

The principal business activities, experience and other principal directorships, if any, of each of the members of the Board of Statutory Auditors are summarised below.

Name	Position	Main positions held by Statutory Auditors outside UGF
Roberto Chiusoli	Chairman	<p>Chairman of the Board of Statutory Auditors of Granarolo S.p.A.</p> <p>Member of the Board of Statutory Auditors of SACMI Imola Soc. Coop.</p> <p>Member of the Board of Statutory Auditors of Immobiliare di Grande Distribuzione S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Camst S.c.a.r.l.</p> <p>Member of the Supervisory Board of Manutencoop Facility Management S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Unipol Banca S.p.A.</p> <p>Member of the Board of Statutory Auditors of De Toschi S.p.A.</p> <p>Member of the Board of Statutory Auditors of Linear Assicurazioni S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Linear Life S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Atahotels S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Casa di Cura Villa Donatello S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Unipol Finance S.r.l.</p> <p>Member of the Supervisory Board of Consorzio Cooperative Costruzioni (Consortium of Building Cooperatives) – CCC Soc. Coop</p> <p>Member of the Board of Statutory Auditors of SACMI Service S.p.A.</p> <p>Member of the Board of Statutory Auditors of Consorzio Castello</p> <p>Chairman of the Board of Statutory Auditors of CEFLA Soc. Coop.</p>
Silvia Bocci	Member	Chartered Accountant and Partner in the Biancalani professional practice

Name	Position	Main positions held by Statutory Auditors outside UGF
Domenico Livio Trombone	Member	Member of national and regional committees of the Board of Chartered Accountants
		Chairman of the Local Bodies' Committee of the Prato Association of Accountants
		Director of Ancrel's Prato Section
		Member of the Scientific Committee of ACBGroup S.p.A.
		Director of the Cassa di Risparmio di Prato Foundation
		Auditor of various companies and public and private bodies
		Consultant to the Civil and Criminal Court of Prato
		Chairman of the Board of Statutory Auditors of Cooperativa Immobiliare Modenese Soc. Coop.
		Sole Director of Vignoladue S.r.l.,
		Sole Director of Torre Guiducci S.r.l.
		Member of the Board of Statutory Auditors of Cooperare S.p.A.
		Member of the Board of Statutory Auditors of Coopsette Soc. Coop.
		Chairman of the Board of Statutory Auditors of Impresa di Investimenti Innovativi S.p.A.
		Member of the Board of Statutory Auditors di Popolare Vita S.p.A.
		Chairman of the Board of Statutory Auditors of Systema Compagnia di Assicurazioni S.p.A.
		Chairman of the Board of Statutory Auditors of Unipol Finance S.r.l.
		Director of Prelios Integra S.p.A.
		Member of the Board of Statutory Auditors of Acacia 2000 S.r.l.
		Chief Executive Officer of Carimonte Holding S.p.A.
		Member of the Board of Statutory Auditors of Arca Vita S.p.A.
Carlo Cassamagnaghi	Alternate Auditor	Member of the Board of Statutory Auditors of Arca Assicurazioni S.p.A.
		Sole Director of C.I.E.C. S.r.l.,
		Deputy Chairman of Gradiente S.G.R. S.p.A.
		Chairman of the Board of Directors of Società Gestioni Crediti Delta.
		Chairman of the Board of Statutory Auditors of Tenute del Cerro S.p.A.
		Director of La Centrale Finanziaria Generale S.p.A.
		Member of the Board of Statutory Auditors of CPL Concordia Soc. Coop.
		Chairman of the Board of Statutory Auditors of Centri Medici Unisalute S.r.l.
		Chairman of the Board of Statutory Auditors of Europa Tutela Giudiziaria S.p.A.
		Member of the Board of Statutory Auditors of Finitalia S.p.A.
		Chairman of the Board of Statutory Auditors of Fondiaria-SAI Servizi Tecnologici S.p.A.
		Chairman of the Board of Statutory Auditors of Liguria Società di Assicurazioni S.p.A.
		Chairman of the Board of Statutory Auditors of Liguria Vita S.p.A.
		Member of the Board of Statutory Auditors of Secretary Plus S.p.A.
Chiara Ragazzi	Alternate Auditor	Chairman of the Board of Statutory Auditors of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A.
		Member of the Board of Statutory Auditors of Unipol Banca S.p.A.
		Chairman of the Board of Statutory Auditors of Unisalute S.p.A.
		Member of the Board of Statutory Auditors of S-Plus S.p.A. in liquidation
		Director of Elabora S.c.a.r.l.
		Managing Director of UNICAF S.p.A.
		Member of the Board of Statutory Auditors of Agroenergia IZ S.p.A.
		Member of the Board of Statutory Auditors of Apo Conerpo Società Cooperativa Agricola S.c.a.r.l.

Name	Position	Main positions held by Statutory Auditors outside UGF
		Chairman of the Board of Statutory Auditors of BETA Società Italiana per la Ricerca e la Sperimentazione in Bieticoltura S.c.a.r.l.
		Member of the Board of Statutory Auditors of CO.PRO.B.-Cooperativa Produttori Bieticoli Soc. Coop.
		Chairman of the Board of Statutory Auditors of Conserve Italia Soc. Coop. Agricola
		Member of the Board of Statutory Auditors of Granarolo S.p.A.
		Member of the Board of Statutory Auditors of Italia Zuccheri Commerciali S.r.l.
		Chairman of the Board of Statutory Auditors of Unicooper S.c.a.r.l.

Surveillance Body/Model pursuant to Legislative Decree No. 231/2001

Legislative Decree No. 231 of 8 June 2001, as amended (**Legislative Decree No. 231/2001**) introduced into the Italian legal system a specific type of corporate liability for certain criminal offences committed in the interests or for the benefit of corporate and other legal entities. In accordance with the provisions of Legislative Decree No. 231/2001, UGF, as a part of its corporate reorganisation, has adopted appropriate measures aimed at preventing the commission of any offence by directors, auditors, management or employees.

On 19 March 2009, the Board of Directors of UGF approved the organisational and management model as per Legislative Decree No. 231/2001 (the **Model**). The Model, as subsequently updated, provides for, *inter alia*, the establishment of a surveillance body (the **Surveillance Body**).

The current Surveillance Body is composed of five members, being three members of the Control and Risks Committee, the head of Legal, Shareholding and Institutional Relations and the head of the internal audit.

Each company within the Group has adopted its own Model and appointed its own Surveillance Body, pursuant to the guidelines supplied by UGF.

Potential conflicts of interest

The Directors and the Statutory Auditors of UGF, may, from time, hold directorships or other significant interest with companies outside the Group, which may have business relationships with the Group. UGF has in place procedures aimed at identifying and managing any conflicts or potential conflicts of interests, to ensure where possible that no actual or potential conflicts of interest will arise.

There are no actual or potential conflicts of interest between the duties of the members of the Board of Directors and the Board of the Statutory Auditors to UGF and their private interests or other duties.

Transactions with related parties

On 11 November 2010, the Board of Directors approved a new procedure that regulates the approval and the execution of the transactions with related parties entered into by UGF, directly or through its subsidiaries, which was adopted in accordance with Article 2391-*bis* of the Italian Civil Code and the implementing CONSOB Regulation No. 17221 of 12 March 2010 (as subsequently amended by CONSOB Regulation No. 17389 of 23 June 2010). Such procedure was most recently amended, following the favourable opinion of the Committee of the Independent Directors, by the Board of Directors on 15 May 2014 and will be effective as from 1 June 2014.

For further information, see "*Procedure for related parties transactions*", available on the UGF's website at <http://www.unipol.it/int/en/corp/pagine/operazioniconparticorrelate.aspx>

Internal auditing

The internal audit's structure is aimed at achieving the strategic objectives of the Issuer and the UGF Group by, *inter alia*, (i) monitoring and evaluating the internal control system implemented within UGF and its subsidiaries, (ii) taking part in the process of value creation within the Group, (iii) supporting actions taken by Board of Directors and Senior Management in relation to the corporate governance and the control and management of risk, as well as (iv) carrying out the necessary activities to monitor the proper functioning of the business activities and the status of risks, as well as the functioning of the internal control system as a whole.

The internal audit structure periodically reports the results of the assessment to the Board of Directors, to the Control and Risks Committee to the Board of Statutory Auditors and to the Senior Management of the UGF Group.

Risk management

The solvency of the insurance business and its stability depend on solid corporate governance and on a properly functioning internal control and risk management system.

The Board of Directors establishes the guiding principles for the risk management system, ensuring that it provides for the identification, evaluation and control of the most significant risks, meaning those risks which could undermine the solvency of the business or represent a serious barrier to achieving the business objectives.

For this purpose, the Board of Directors has taken steps to establish a risk management function, which is aimed at, *inter alia*, (i) contributing the definition of risk measurement methodologies, (ii) verifying the information flows which are necessary to ensure timely control of exposure to risks and the immediate reporting of anomalies, (iii) establishing a mechanism for reporting to the Board of Directors, Senior Management and the managers of the operational entities concerning changes to risks and violations of established operating limits and (iv) verifying that the risk management models are consistent with UGF's operations, as well at implementing certain stress tests.

The risk management system is not subordinated to other operating functions and it reports the results of its activities directly to the Board of Directors.

Independent auditors

The independent auditors ascertain whether the accounting records are properly maintained and faithfully record the results of operations. They also determine whether the statutory financial statements and the consolidated financial statements are consistent with the data contained in the accounting records and the results of their audits and whether they comply with the requirements of the applicable statutes. They may also perform additional reviews required by industry regulations and provide additional services that the Board of Directors may ask them to perform, provided they are not incompatible with their audit assignment.

UGF's current independent auditors are PricewaterhouseCoopers S.p.A., with registered office at Via Monte Rosa, 91, 20149 Milan (**PwC**).

PwC, with registered office in Via Monte Rosa 91, Milan, is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) kept by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree no. 39 of 27 January 2010. PwC is also a member of the ASSIREVI (*Associazione Nazionale Revisori Contabili*), the Italian association of auditing firms.

PwC's current appointment was conferred for the period 2012 to 2020.

PwC audited, *inter alia*, the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012 and for the financial year ended 31 December 2013.

LITIGATION

As part of the ordinary course of business, companies within the New UGF Group are subject to a number of administrative, civil and tax proceedings relating to their activities. UGF has conducted a review of its ongoing

litigation and has made what it considers to be appropriate provisions in its consolidated financial statements when a loss is certain or probable and reasonably estimable, in accordance with applicable accounting principles. Notwithstanding the foregoing, it cannot be excluded that the occurrence of new developments that, as at the date of this Base Prospectus, are not predictable may result in such provisions being inadequate.

The following is a brief description of the most significant proceedings to which UGF or other members of the New UGF Group are currently subject.

Checks and/or inspections by the supervisory authorities

AGCM Proceeding

On 14 November 2012, the AGCM notified Unipol Assicurazioni, Fondiaria SAI, Assicurazioni Generali S.p.A. and INA Assitalia S.p.A. of the commencement of proceedings for the alleged breach of article 2 of law 287/1990 (the **Italian Antitrust Law**) and/or of article 101 (i.e. the prohibition of undertakings restricting or distorting competition), of the Treaty on the Functioning of the European Union (the **TFEU**). The AGCM proceedings are based on alleged collusion between the aforementioned insurance companies aimed at reducing competition in public tenders organised by local companies for the provision of motor insurance for public transport vehicles. UGF and UnipolSai deny such allegations and have jointly instructed their legal counsel to defend their position in such proceeding. The preliminary phase was completed on 28 January 2015 with the final hearing of the parties. The term for the completion of the proceeding has been postponed to 31 March 2015. In the event that AGCM ascertains the alleged breach, it will set the date by which such breach must be remedied and, considering the seriousness and duration of such breach, the AGCM may impose administrative pecuniary fines.

Complaints or actions by shareholders or former shareholders of Fondiaria SAI, Milano Assicurazioni and Premafin

Certain legal proceedings have been initiated and/or announced by some shareholders and former shareholders of Fondiaria SAI, Milano Assicurazioni and Premafin. As at the date of this Base Prospectus, based on a preliminary analysis, UGF considers such initiatives meritless. However, it cannot be excluded that a negative outcome of such proceedings may have a negative impact on the economic and financial conditions of UnipolSai and, as a consequence, UGF's economic and/or financial position may be materially adversely affected.

On 22 May 2012, Finleonardo S.p.A. (**Finleonardo**), in its capacity as Fondiaria SAI's shareholder, filed a complaint with the company's board of statutory auditors pursuant to Article 2408 of the Italian Civil Code, in connection with, *inter alia*, the financial statements of Fondiaria SAI for the period ended 31 December 2010 and with the adjustments made by the board of directors of Fondiaria SAI to the reserves for motor vehicle insurance.

Following various exchanges of correspondence, on 2 October 2013 Finleonardo requested that the board of statutory auditors provide several further clarifications. As at the date of this Base Prospectus, the board of statutory auditors of Fondiaria SAI (now UnipolSai) has not yet responded, reserving the right to consider the complaint in relation to the report to the shareholders. On 4 December 2013, Finleonardo joined the criminal proceedings before the Court of Turin as a civil party against certain previous senior executives and shareholders.

On 27 January 2015, Finleonardo summoned UnipolSai before the Court of Milan seeking the reimbursement of damages quantified in approximately Euro 15 million, allegedly suffered as a result of having been induced to subscribe for the capital increase of Fondiaria SAI on the basis of untrue information contained in the prospectus published on 22 June 2011. UnipolSai has instructed its legal counsel to defend its position in such proceeding. No hearing has yet taken place.

Transactions with related parties

Up until the acquisition of control over the group by UGF, the activities of the Premafin-Fondiaria SAI Group were characterised by a significant number of transactions with parties related to the reference shareholders, mostly involving the real estate sector.

In particular, receivables due from companies belonging to the group of companies held directly or indirectly by Sinergia Holding di Partecipazioni S.p.A. (in liquidation) (**Sinergia**), including the subsidiary Immobiliare Costruzioni IM.CO. S.p.A. (in liquidation) (**Im.Co.**), (both shareholders of Premafin with a total shareholding of about 3.86 per cent.) or from parties traceable to the same, were as follows:

- (i) advances paid by Fondiaria SAI and Milano Assicurazioni to Im.Co. or Sinergia, or to companies controlled by either company, under contracts for the purchase of future real estate assets (*acquisto di cosa futura*), amounting to: (a) Euro 101.7 million claimed by Milano Assicurazioni against Avvenimenti e Sviluppo Alberghiero S.r.l. (**ASA**), a company entirely controlled by Im.Co., relating to the purchase of a real estate complex in Rome at Via Fiorentini. The Balance Sheet value of the above receivable as at 31 December 2013 was Euro 52.9 million, by virtue of the write downs effected thereon; (b) Euro 77.4 million claimed by Milano Assicurazioni against Im.Co. relating to the purchase of a real estate complex in Milan at Via De Castillia. The balance sheet value of this receivable as at 31 December 2013 was Euro 25.5 million, by virtue of the write-downs effected; (c) Euro 23.3 million claimed by Immobiliare Fondiaria-Sai S.r.l. against Im.Co., relating to the purchase of a real estate complex in Parma in the district of San Pancrazio Parmense. As a result of write downs, the book value of such receivables as at 31 December 2013 was Euro 7.8 million;
- (ii) advances on design works in the amount of Euro 7.2 million, claimed by Nuove Iniziative Toscane S.p.A. from Europrogetti S.r.l. Such receivables have been written off in their entirety;
- (iii) receivables claimed by BancaSai against the Group Im.Co. – Sinergia in the amount of Euro 21.4 million, of which Euro 10.7 million are unsecured receivables. Such receivables have been written off in their entirety.

There is additional exposure amounting to Euro 5.3 million, net of the re-insurance effect deriving from policy loans securing commitments made by companies forming part of the Im.Co. – Sinergia group.

Im.Co. and Sinergia were declared bankrupt by decision of 14 June 2012 of the Court of Milan. Europrogetti S.r.l. was also declared bankrupt on 14 December 2012.

On 14 June 2012, in their communication to the market of their exposure to Sinergia and Im.Co. as creditors, Fondiaria SAI and Milano Assicurazioni (i) acknowledged the bankruptcy decision in relation to Im.Co. and Sinergia and expressed their intention to prove their debts as part of the liabilities of the bankruptcy proceeding and (ii) reserved the right to take such further actions, including officer liability action, which were necessary or appropriate, including with reference to the investigation requested by the board of statutory auditors of Fondiaria SAI following a complaint pursuant to Article 2408 of the Italian Civil Code filed by the shareholder Amber Capital Investment Management.

Applications have been made in connection with the receivables described above (except for the receivable of Euro 102 million due from ASA, which is currently *in bonis*) to have them proved as liabilities in the bankruptcies proceedings of Im.Co. and Sinergia for a total amount of Euro 151 million, and, as at 31 December 2013, liabilities totalling Euro 111.4 million have been proven to the court in the form of unsecured receivables. With reference to the liability actions subsequently proposed by Fondiaria SAI's special commissioner appointed by IVASS on 12 September 2012 (see "*Liability claims resolved upon by the ordinary general meetings of Fondiaria SAI and Milano Assicurazioni*" below), late applications were made to claim the receivables amounting to a total of Euro 392.7 million as part of the liabilities of the Im.Co. and Sinergia bankruptcies. These requests have been rejected by the bankruptcy court and, the interested companies have submitted an appeal.

Furthermore, on 19 June 2012, Premafin announced that, with reference to the bankruptcy decision of 14 June 2012 against Im.Co. and Sinergia, the only significant relationship between Premafin and the bankrupt companies was that relating to the indemnities granted by Im.Co. and its subsidiaries regarding any consequential charges and liabilities arising from an undertaking to assign areas of land located in the Municipality of Milan to third parties. In particular, so far as Premafin was concerned, on 23 January 2013, the company submitted an opposition to the statement of liabilities of Im.Co., whereby the bankruptcy judge rejected Premafin's application to prove its debt in

relation to the indemnities. Following a first hearing on 9 June 2013, the court was adjourned to 6 May 2014 and then postponed to 20 May 2014. In the context of such hearing, the receivers of the bankrupt companies informed the bankruptcy judge that an arrangement with creditors was about to be defined. Such arrangement provided, *inter alia*, for Premafin's waiver of the guarantee for which the bankrupt companies has been brought before the court. The bankruptcy judge deferred the hearing firstly on 3 December 2014 and then on 17 March 2015.

According to the information made available to the market, a company named Visconti S.r.l. has been set up by Unicredit S.p.A. and Banca Popolare di Milano (which are the main bank creditors of the bankrupt companies) for the purpose of presenting a draft bankruptcy arrangement with creditors for the settlement of the insolvency of Im.Co. and Sinergia.

On 3 October 2013, the UGF Group entered into an agreement with Visconti S.r.l. for the purpose of settling the credit positions of the companies that are part of the UGF Group against Im.Co. and Sinergia and the subsidiary ASA. The effectiveness of this agreement is subject to certain conditions precedent, among which the final approval of the arrangement with the creditors of Im.Co and Sinergia.

Visconti S.r.l. filed the appeals for the requests for an arrangement with the creditors of Im.Co. and Sinergia, respectively, on 7 and 31 October 2013. On 17 November 2014, the Court of Milan validated the Im.Co arrangement with creditors filed by Visconti S.r.l. On 5 December 2014, the Sinergia arrangement with creditors was also validated.

However, following the note of the Municipality of Milan dated 5 February 2014, announcing the integrated intervention programme relating to the construction and localisation of *Centro Europeo di Ricerca Biomedica Avanzata* Visconti S.r.l., , discussed with the creditors and the companies part of the New UGF Group, the possibility to enter into a new and different agreement. Following such discussions, on 16 May 2014, Visconti S.r.l. and the companies of the UGF Group entered into a new agreement which replaced the one entered into on 3 October 2013. Such new agreement provided, *inter alia*: (i) that all the assets and liabilities of the bankrupt companies (with the sole exception of the properties, which shall be transferred directly from the Im.Co. bankruptcy to Immobiliare Fondiaria Sai and to UnipolSai) shall be transferred to Visconti S.r.l.; (ii) a new composition of the creditor positions; (iii) the need for the banks involved to reduce their claims in respect of the bankrupt companies before such claims are assumed by Visconti. On the basis of the new agreement, Visconti S.r.l. filed the deeds amending the arrangement with the creditors of Im.Co. and Sinergia that are currently pending before the bankruptcy Court of Milan. As regards the receivables due to the Group from Im.Co. and Sinergia, deriving from advances paid in accordance with contracts for the purchase of future properties (totalling, net of write-downs effected, €86.2m and representing the bulk of receivables recorded in the financial statements), it should be noted that the amount of these receivables at 30 June 2014 was determined on the basis of an assessment of the recoverability of said receivables, carried out in 2012 by an independent expert, and reflects the present value of the underlying property initiatives. With regard to Premafin, the aim of the arrangements is to allow acquisition of all the real estate areas that are object of the litigation pending between the Municipality of Milan and Premafin, given the possible amicable settlement of the litigation.

The approval by a final court decision of the bankruptcy arrangements of Im.Co. and Sinergia could have the following impact on UnipolSai:

- with regard to receivables of the Premafin Fondiaria SAI Group from Im.Co. and Sinergia arising from advance payments under contracts for the purchase of future real estate assets (*acquisto di cosa futura*) (receivables which, net of write-downs amount to a total of Euro 86.2 million and represent the main part of the receivables recorded in financial statements), the value as at 31 December 2014 of such receivables was calculated on the basis of an assessment of their recoverability, as carried out in 2012 by an independent expert, and such value reflects the current value of the underlying real estate assets.
- with regard to the receivables of BancaSai S.p.A. from the Im.Co. - Sinergia group, amounting to approximately Euro 21.4 million and fully written off as a result of the possible approval of the arrangements with creditors and against the new finance disbursement of Euro 11 million, BancaSai S.p.A. would receive

units of real estate funds, the economic impact of which could be positive in relation to the market value of such units at the time of their assignment;

- in relation to guarantee policies issued mainly by Fondiaria SAI, and to a lesser extent by Milano Assicurazioni, to secure commitments made by companies belonging to the Im.Co. - Sinergia group for a total exposure, net of reinsurance, amounting to Euro 5.8 million, no significant impact is expected as a consequence of the approval of the bankruptcy arrangements as the risk associated with these policies should be considered immaterial, as at the date of this Base Prospectus;
- with regard to the relationship between Premafin and Im.Co., upon payment of a fee of Euro 1.7 million, plus V.A.T. and expenses, Premafin would acquire land located in the municipality of Milan and subject to an undertaking of transfer in favour of the municipality itself, in relation to which a dispute is pending between the municipality and Premafin. This acquisition is strictly conditional on the subsequent failure to transfer such areas to the municipality of Milan within the period of judicial conclusion or out-of-court settlement of the litigation. Should this transfer take place and allow the conclusion of the dispute with the municipality of Milan, UnipolSai may release the relevant provisions made (as at the date of this Base Prospectus amounting to approximately Euro 13 million), with a consequent positive economic impact of the same amount, net of any expenses incurred for the acquisition and the subsequent transfer of the areas in question.

In 2009, 100 per cent. of the share capital of Atahotels, a company operating in the hotel sector and hence a non-core sector, was acquired by Fondiaria SAI and Milano Assicurazioni. The subsequent crisis in the hotel market meant that it was immediately necessary to intervene in the form of shareholder recapitalisation of the company. Subsequently, the Premafin Fondiaria SAI Group introduced initiatives intended to restructure Atahotels's management and debt situation. In particular, as at the date of this Base Prospectus, a lease review is currently ongoing with the aim of reducing the rent that Atahotels is required to pay to the companies owning the property used for the hotel business. The review is supported by valuations provided by independent experts, confirming the sustainability of the new reduced charges by Atahotels. Notwithstanding the above, as at the date of this Base Prospectus, Atahotels is burdened by debts incurred by the previous management. As a consequence, it will be necessary to carry out a recapitalisation of a sufficient amount for the repayment of the debts due to various creditors and to cover the losses generated in the first part of 2013, including losses due to the ongoing restructuring work.

While it is believed that the above initiatives, taken as a whole, are likely to generate sufficient profits for Atahotels to break even by 2015, as at the date of this Base Prospectus, it cannot be excluded that the time required for such value enhancement will be longer than expected as a consequence of future real estate industry and macro-economic trends. In such circumstances, further recapitalisation of the invested company will be required with further possible negative effects on the economic and financial conditions of UnipolSai and, as a consequence, UGF's economic and/or financial position may be materially adversely affected.

In relation to the risk profiles associated with relationships with parties related to UnipolSai, as at 31 December 2013 the exposure to Unipol Banca comprised bank accounts for an amount of Euro 299.4 million and bonds issued by Unipol Banca for an amount of Euro 39.5 million. These transactions expose UnipolSai to "*credit risk*" towards Unipol Banca, namely the risk posed by the possibility that Unipol Banca may default on its contracts and obligations.

Furthermore, with regard to the exposure in bonds issued by Unipol Banca, UnipolSai is exposed to the following risks:

- interest rate risk, *i.e.* the risk of a possible change in the value of the bonds in the portfolio as a result of adverse changes in interest rates;
- credit spread risk, *i.e.* the risk that the value of the bonds in the portfolio will suffer a decrease determined by the credit quality of the issuer.

Such circumstances could have negative effects on the economic, equity and/or financial position of UnipolSai.

Liability claims resolved upon by the ordinary general meetings of Fondiaria SAI and Milano Assicurazioni

On 17 October 2011, the board of statutory auditors of Fondiaria SAI received a complaint pursuant to Article 2408 of the Italian Civil Code from Amber Capital Investment Management (**Amber Capital**), the manager of Amber Global Opportunities Master Fund Ltd, in relation to numerous transactions entered into by Fondiaria SAI and by subsidiary companies with related parties traceable to the previous reference shareholders' family. The board of statutory auditors of Fondiaria SAI replied to Amber Capital's complaint in its reports of 16 March, 18 April and 25 June 2012, inviting the board of directors to carry out further enquiries in relation to the transactions forming the subject matter of the complaint, also sending its own reports to IVASS.

On 15 June 2012, following certain inspection activities initiated in 2010 by IVASS, IVASS identified – in relation to the transactions of greatest financial significance examined by the board of statutory auditors (the **Transactions**) – a number of breaches of directors' duties as defined in Article 238 of the Insurance Code and of the duties defined in Articles 2391, 2391-*bis* and 2392 of the Italian Civil Code, with prejudicial effects on the correct and prudent management of Fondiaria SAI and its subsidiaries. On 12 September 2012, IVASS appointed Prof. Matteo Caratozzolo as special commissioner (the **Commissioner**).

In particular, IVASS required the Commissioner to: (i) identify those responsible for the actions causing damage to Fondiaria SAI and to the companies belonging to the related group; (ii) calculate the damage suffered by the latter; (iii) take, and ensure the taking of, all judicial initiatives necessary to safeguard and restore the assets of the said companies; and (iv) exercise powers attributable to Fondiaria SAI as group holding company and shareholder in the general meetings of the subsidiary companies.

The Commissioner carried out investigations in relation to the transactions made by companies of the Fondiaria SAI Group, mostly involving real estate transactions, over the period from 2003 to 2011. Upon completion of his investigations, the Commissioner concluded that all the transactions had been carried out directly with members of the previous reference shareholders' family, or with companies in the form of special purpose vehicles traceable to that same family and that the activities of the Fondiaria SAI Group pertaining to such transactions had been under the control of said family which had benefited from them at the expense of the Fondiaria SAI Group. The Commissioner observed that such management activities had never been disclosed.

Furthermore, the Commissioner noted that the transactions concerned entailed substantive breaches of the duties set forth pursuant to Articles 2391 and 2391-*bis* of the Italian Civil Code and secondary legislation and, in any case, the breach of the duties contained in Articles 2392 and 2407 of the Italian Civil Code.

As a consequence, the Commissioner requested that the boards of directors of Fondiaria SAI and Milano Assicurazioni, together with of other Fondiaria SAI Group companies affected by the transactions, convene ordinary general meetings of the shareholders to resolve upon the initiation of liability claims against a number of parties, including a number of directors and statutory auditors holding office at Fondiaria SAI and Milano Assicurazioni during the 2003 to 2011 period, acting together with other parties.

On 14 March 2013, the ordinary general meetings of Fondiaria SAI and Milano Assicurazioni, at the adjourned meetings thereof, resolved to initiate a company liability claim pursuant to Articles 2392, 2393 and 2407 of the Italian Civil Code, and, so far as necessary and possible, pursuant to Articles 2043 and 2497 of the Italian Civil Code, against the parties identified in the report prepared for the general meetings and published in accordance with the applicable laws. On 7 March 2013, the general meetings of the other Fondiaria SAI Group companies affected by the above transactions passed similar resolutions.

The related claim form (*atto di citazione*) was subsequently served on the defendants and an application for seizure was made against the property of certain members of the previous reference shareholders' family.

Reserving the right to prove the actual loss and damage suffered as a consequence of the conduct described above, the Commissioner stated that the overall amount of the damages incurred was in the hundreds of millions of Euro.

As at the date of this Base Prospectus, interim damages have been claimed in the total amount of about Euro 220 million.

Following a specific request brought by the Fondiaria SAI group of companies, on 20 December 2013 the Court of Milan authorised the same plaintiffs to seize the assets of certain members of the previous reference shareholders' family of a total amount of approximately Euro 120 million. The seizure has been challenged by the counterparties and on 24 March 2014 the Court of Milan rejected all complaints filed by the counterparties.

With reference to the other transactions identified by Amber Capital, which are not covered by the Commissioner's mandate (the **Smaller Transactions**), in its concluding report of 26 October 2012, Fondiaria SAI's board of statutory auditors invited the board of directors to conduct in-depth investigations in relation to some of these Smaller Transactions and, for others, to initiate liability claims against previous directors of Fondiaria SAI.

The Fondiaria SAI board of directors, with the support of technical and legal advisors, analysed and assessed all such Smaller Transactions. Upon conclusion of such investigations, the Fondiaria SAI and Milano Assicurazioni boards of directors together with the subsidiary companies directly affected by the Smaller Transactions concluded that the previous directors, including *de facto* directors and the statutory auditors, were liable, assessing the total loss and damage suffered by the Fondiaria SAI group of companies in the amount of approximately Euro 32 million. The boards of directors resolved to convene their respective ordinary general meetings to resolve upon the initiation of liability claims against the parties concerned for a variety of breaches committed in the context of some of the Smaller Transactions, which had also been concluded, similarly to those examined by the Commissioner, with parties traceable to certain members of the previous reference shareholders' family.

The individuals with potential liability include members of the previous reference shareholders' family as well as previous executive directors and members of the control bodies and statutory auditors, on the basis of the breach of their duties of supervision and control. So far as the members of the previous reference shareholders' family are concerned, it is alleged that they exercised control over companies in the Fondiaria SAI group to pursue their personal interests at the expense of the companies concerned.

On 30 July 2013, still in relation to the Smaller Transactions, the ordinary general meetings of the shareholders of Fondiaria SAI and Milano Assicurazioni together with those of the other Fondiaria SAI group companies affected by such Smaller Transactions, resolved to bring liability claims pursuant to Articles 2392 and 2393 of the Italian Civil Code and, so far as necessary and possible, pursuant to Articles 2043 and 2497 of the Italian Civil Code against a number of former directors of Fondiaria SAI and Milano Assicurazioni and, pursuant to Article 2407 of the Italian Civil Code, against members of the board of statutory auditors.

As to the liability claims relating to the Smaller Transactions forming the subject matter of the shareholders' meeting resolutions of 30 July 2013, UnipolSai summoned former directors and statutory auditors before the Court of Milan seeking the reimbursement of damages resulting from such transactions. No hearing has yet taken place.

It is not possible either to estimate the impact, time required or outcome of such disputes, or the possible impact on the economic and/or financial situation of UnipolSai and, as a consequence, of UGF.

The above liability claims, both relating to the Transactions and to the Smaller Transactions, relate to conduct attributable to previous directors and statutory auditors of Fondiaria SAI and of subsidiary companies, as ascertained as at the date of this Base Prospectus. It cannot be excluded that further circumstances relevant for the bringing of further liability claims will emerge after the date of publication of this Base Prospectus.

For further information see *“Risk Factors – Risk relating to UGF's undertaking to keep directors and statutory auditors holding office at Premafin, Fondiaria SAI or Milano Assicurazioni fully indemnified against any damage suffered in the context of a liability claim”*.

On 11 December 2012 and 18 December 2012, CONSOB initiated two separate sets of administrative proceedings against members of the boards of statutory auditors of Fondiaria SAI and Milano Assicurazioni, charging each of

them with several breaches of the provisions regarding statutory auditors' duties. The charges refer, for the most part, to the above-described Transactions and Smaller Transactions.

CONSOB also charged Fondiaria SAI and Milano Assicurazioni with the same alleged breaches on the grounds that they are jointly and severally liable with the sanctioned parties for the payment of any pecuniary fine that the latter may be required to pay. Pursuant to the Financial Services Act, Fondiaria SAI and Milano Assicurazioni are required to exercise their right of recovery against the sanctioned parties.

CONSOB gave notice to Fondiaria SAI on 30 July 2013 and to Milano Assicurazioni on 5 September 2013 that it had begun the decision phase for both such proceedings.

With respect to the administrative proceedings initiated against the members of the board of statutory auditors of Fondiaria SAI, in December 2013 CONSOB imposed pecuniary fines of Euro 2,445,000 in aggregate. Fondiaria SAI was then required to pay the total amount of such fines, as a jointly and severally liable party, with the obligation to recover payment from the persons held responsible.

With respect to the administrative proceedings initiated against the members of the board of statutory auditors of Milano Assicurazioni, in December 2013 CONSOB imposed pecuniary fines of Euro 1,257,000 in aggregate. Milano Assicurazioni was then required to pay the total amount of such fines, as a jointly and severally liable party, with the obligation to recover payment from the persons held responsible.

UnipolSai paid such pecuniary fines in order to avoid the increase provided by the applicable provisions of law should the payment have been made more than six months after the notification. With respect to those pecuniary fines imposed on the companies as jointly and severally liable parties, UnipolSai is seeking to recover payment from the individuals held responsible through the legal process.

At the same time, UnipolSai challenged such sanctions, filing an appeal with the Court of Appeal of Bologna.

Complaints by Fondiaria SAI's category "A" savings shareholders

The Fondiaria SAI extraordinary shareholders' meeting of 19 March 2012 – the decisions of which were confirmed at its extraordinary shareholders' meeting of 27 June 2012 – resolved to:

1. remove the indication of the nominal value of the Fondiaria SAI ordinary and savings shares;
2. group together the ordinary and savings shares in circulation on the basis of one new ordinary share for every 100 ordinary shares held and one new savings share for every 100 savings shares; and
3. increase the share capital to an amount, including any share premium, of maximum Euro 1,100 million through the issuance of ordinary shares and category "B" savings shares granting pre-emption rights, respectively, to holders of ordinary shares and holders of category "A" savings shares (the **Fondiaria SAI Share Capital Increase**).

The Fondiaria SAI Share Capital Increase was completed and registered with the relevant companies' register on 17 September 2012.

On 26 March 2013, the extraordinary meeting of the shareholders holding category "A" savings shares decided, *inter alia*, to grant their common representative the power to challenge the Fondiaria SAI Share Capital Increase.

On 18 June 2013, the common representative formally challenged the resolution concerning the Fondiaria SAI Share Capital Increase. The examining judge (*giudice istruttore*) scheduled the first hearing on 11 December 2013. At the hearing two additional shareholders (holding a non-material number of shares) joined the proceeding *ad adiuvandum*.

Fonditaria SAI, in its defence against the shareholders' common representative, argued that the complaints made about to the alleged damage that the decisions taken on 27 June 2012 had caused the shareholders of category "A" savings shares were unfounded and groundless from a legal standpoint, making it clear that the circumstances underlying the complaints of the common representative were legitimate consequences of the dilutive effect of any capital increase for shareholders who decide not to exercise their pre-emptive rights. As a result, and in the opinion of the board of directors of Fonditaria SAI, in the context of the Fonditaria SAI Share Capital Increase, the shareholders of category "A" savings shares have not suffered any prejudice.

The preliminary judge (*giudice istruttore*) rejected the requests of the claimant and granted the preliminary judgment motions filed by Fonditaria SAI scheduling a further hearing for the statement of the conclusion.

Notwithstanding the above, although Fonditaria SAI considers that the claims brought by the common representative are unfounded and without legal justification, as at the date of this Base Prospectus the outcome of such proceedings is uncertain.

Legal actions by shareholders of La Fonditaria Assicurazioni S.p.A. further to SAI Società Assicuratrice Industriale S.p.A.'s failure to launch a tender offer on the shares of La Fonditaria

From 2003, certain shareholders of La Fonditaria Assicurazioni S.p.A. (**La Fonditaria**), have initiated legal action aimed at seeking compensation for alleged losses and damages suffered as a consequence of SAI Società Assicuratrice Industriale S.p.A.'s failure to launch a mandatory tender offer on the shares of La Fonditaria in 2002.

As at the date of this Base Prospectus, thirteen proceedings involving Fonditaria SAI (today UnipolSai) and Mediobanca are currently pending. Premafin (today UnipolSai) is a defendant in nine such proceedings.

As at the date of this Base Prospectus, the status of the legal proceedings is as follows:

- three judgments are pending before the Court of Milan;
- with respect to one proceeding, the time limit for appeal to the Milan Court of Appeal is pending, following the decision issued in favour of UnipolSai
- four judgments are pending before the Milan Court of Appeal, three of which have been deferred;
- five cases are pending before the Italian Supreme Court; and

All decisions issued at first instance (with the exception of the decisions of (i) the Court of Florence, which found for the defendant companies; and (ii) the Court of Milan, which found that the relevant rights had become time-barred) have, on different grounds, accepted the claimants' demands, ordering the defendants to make payment of substantial amounts by way of compensation for loss and damage. In all cases where damages were awarded (except for two) it has been possible to obtain the suspension of enforcement on appeal.

As at the date of this Base Prospectus, the Milan Court of Appeal has granted the appeal requests made by Fonditaria SAI, Mediobanca and Premafin.

In three judgments issued in August 2012, as well as in a judgement issued in September 2013, the Italian Supreme Court ruled in favour of the appeals, quashing the second instance decisions, remitting the cases before the Milan Court of Appeal for the latter to reconsider the merits and decide on the award of costs incurred in the appeal to the Italian Supreme Court.

The four decisions of the Italian Supreme Court confirmed that, in case of a failure to comply with mandatory tender offer rules by a party holding an interest exceeding 30 per cent. of the share capital as a result of its own purchases, the shareholders to whom the offer should have been made are entitled to obtain compensation for loss and damage where they are able to show that they lost the possibility of making a profit.

Tirrena Assicurazioni S.p.A. in compulsory administrative liquidation against directors appointed by Fondiaria SAI and Milano Assicurazioni

In May 1997, Tirrena Assicurazioni S.p.A. (**Tirrena**), currently in compulsory administrative liquidation, initiated proceedings against its directors and statutory auditors holding office in the periods from 1987 through 1989 and from 1990 through 1992 before the Court of Rome, claiming that such persons were personally liable for losses suffered by Tirrena for more than Euro 372 million plus interest and monetary revaluation. Three of the defendants are former members of Tirrena's board of directors and board of statutory auditors, appointed by Fondiaria SAI.

Fondiaria SAI and Milano Assicurazioni are not formally defendants in these proceedings, but are involved because the defendants claimed to be contractually indemnified by Fondiaria SAI and Milano Assicurazioni.

The Court of Rome in its initial judgment, *inter alia*, confirmed the liability of two of the directors appointed by Fondiaria SAI, finding them jointly and severally liable with twelve other defendants for the payment of Euro 19 million, of Euro 15.2 million and of Euro 887,000, with accrued interest and costs. The third director was found not liable.

The defendants have appealed the judgment, seeking the dismissal of all claims against them. Tirrena for its part counter-appealed, requesting that the defendants be found liable for the payment of the full amount claimed at first instance of Euro 372,281,214.

An application was made to suspend the enforceability of the court's decision. The court granted the suspension upon the condition that the defendants paid a cautionary deposit of Euro 23 million by 30 September 2010. A number of directors who had been found liable submitted an application for the review of the suspension decision in connection with the amount of the cautionary deposit. Neither Fondiaria SAI, on behalf of the two directors appointed by it, nor any of the directors paid the cautionary deposit. As a result the judgment became enforceable. Following the service of injunctive orders upon the directors, the two directors appointed by Fondiaria SAI requested Fondiaria SAI to intervene pursuant to the national managers' collective agreement which provides for an indemnity for directors. Fondiaria SAI responded by indicating that it intends to wait for the final court decision to establish whether, on the basis of the judicial findings, the contractual indemnity applies given that it is excluded where the directors acted fraudulently or with gross negligence.

Proceedings relating to previous financial statements of some of the Premafin-Fondiaria SAI Group companies

As at the date of this Base Prospectus, certain administrative and criminal proceedings are pending in relation to acts attributable to previous senior executives and reference shareholders of the Premafin-Fondiaria SAI Group in connection with the previous financial statements of some of the Premafin-Fondiaria SAI Group companies. Below is a summary of these proceedings, divided into (i) administrative and (ii) criminal proceedings.

Administrative proceedings in relation to the financial statements of Fondiaria SAI, Premafin and Milano Assicurazioni

An administrative proceeding is pending before CONSOB in relation to acts allegedly committed by the previous management. More specifically, on the basis of the following events:

- (i) IVASS notice of 29 September 2011 by which, after carrying out inspection activities at the offices of Fondiaria SAI, the authority pointed out the deficiencies of the management and reserving procedures in the motor vehicle insurance division, together with irregularities in the calculation of the claims provisions in the same division for the 2010 accounting period (deemed insufficient by an amount of not less than Euro 314 million); and
- (ii) IVASS notice of 17 November 2011 in which the authority identified irregularities in the calculation of the accident provisions for the motor vehicle insurance division for the 2010 accounting period by Milano Assicurazioni (deemed insufficient by an amount of not less than Euro 203 million, which, added to the previous Euro 314 million under previous item (i), amount to a total of Euro 517 million),

CONSOB, in its communication dated 19 April 2013, informed Fondiaria SAI that the representation of said provisions within the 2010 consolidated financial statements was untrue and capable of giving investors misleading information in relation to the company's shares, amounting to the criminal offence of market manipulation.

In the abovementioned communication, CONSOB also made reference to its previous resolution no. 18430 of 21 December 2012, by which the authority, while declaring that Fondiaria SAI's 2011 consolidated financial statements did not comply with the applicable laws, ruled that the findings of IVASS could not be considered, as maintained by the company, as representing "new information" pursuant to which Fondiaria SAI had revised the valuation process for the claims provisions of the motor vehicle insurance division and, as a consequence, had set out a substantial restatement of the same in the 2011 financial statements.

According to CONSOB, Fondiaria SAI should have adopted all relevant procedures and organisational and control safeguards in order to ensure the reliability of the accounting information since the 2010 accounting period.

As highlighted by CONSOB, in the information published by it on 27 December 2012 (as requested by the authority with its above mentioned resolution no. 18430), Fondiaria SAI had, *inter alia*, rectified its 2010 consolidated financial statements for comparison purposes only in connection with the net worth, without any effect on the income statement, as would otherwise be required by the International Accounting Standards.

CONSOB noted that if Fondiaria SAI had re-valued the claims provisions for the motor vehicle division by Euro 517 million (i.e., as pointed out by IVASS) when approving the 2010 consolidated financial statements, this would have resulted in a net negative income amounting to Euro 339 million. Consequently, the 2010 consolidated results would have reported a loss of Euro 928.861 million instead of a loss of Euro 1,267.861 million, representing a decrease of 36.50 per cent. and thus causing significant variations in the company's 2010 consolidated financial statements in relation to net worth and net losses.

CONSOB concluded that the misrepresentation of the information contained in the financial statements had been capable of influencing investment decisions regarding the company's shares, in particular decisions as to whether or not to participate in the share capital increase resolved by the company in 2011.

As a result of these allegations, CONSOB charged two persons responsible for the financial accountancy within Fondiaria SAI with the infringement of the rules on market manipulation (Article 187-*ter* of the Financial Services Act). Fondiaria SAI was also charged as party with joint and several liability. Fondiaria SAI was also individually charged with the unlawful conduct defined by Article 187-*quinquies*, paragraph 1(a) of the Financial Services Act. Similar allegations were also made by CONSOB against Milano Assicurazioni.

Fondiaria SAI and Milano Assicurazioni, assisted by their lawyers, filed their defence with CONSOB claiming that the administrative sanctions pursuant to Articles 187-*ter* and 187-*quinquies* of the Financial Services Act should not be applied against the two companies. In particular, in addition to supporting the correctness of the procedure for the preparation of financial statements, it was emphasised, with the aim of excluding the charges under Article 187-*quinquies* of the Financial Services Act, that the companies did not benefit from the infringement of Article 187-*ter*.

In November 2013, CONSOB notified Fondiaria SAI and Milano Assicurazioni of the beginning of the decision phase of the administrative proceeding and informed the two companies that their defence arguments were not acceptable.

With the resolution notified on 27 March 2014 to Fondiaria SAI and Milano Assicurazioni (now UnipolSai), CONSOB imposed administrative sanctions on certain former directors of the companies pursuant to Article 187-*ter* and Article 187-*quater* of the Financial Services Act, as well as it imposed pecuniary fines on UnipolSai as a jointly and severally liable party pursuant to Article 6, paragraph 3 of the Italian Law of 24 November 1981 No. 689 and Article 187-*quinquies* of the Financial Services Act.

In particular, CONSOB imposed on (i) Fondiaria SAI, pecuniary fines of Euro 900,000 in aggregate (of which Euro 450,000 as a jointly and severally liable party based on the liability of certain former directors and Euro 450,000 pursuant to Article 187-*quinquies*, paragraph 1, letter a) of the Financial Services Act) and (ii) Milano

Assicurazioni, pecuniary fines of Euro 400,000 in aggregate (of which Euro 200,000 as a jointly and severally liable party based on the liability of certain former directors and Euro 200,000 pursuant to Article 187-*quinquies*, paragraph 1, letter a) of the Financial Services Act).

UnipolSai paid such pecuniary fines in order to avoid the increase provided by the applicable provisions of law should the payment have been made more than six months after the notification. With respect to those pecuniary fines imposed on the companies as jointly and severally liable parties, UnipolSai is seeking to recover in payment from the individuals held responsible through the legal process.

At the same time, UnipolSai challenged such sanctions, filing an appeal with the Court of Appeal of Bologna.

Criminal proceedings for alleged criminal conducts attributable to certain previous shareholders and senior executive of the Premafin-Fonditalia SAI Group in relation to, inter alia, the 2010 consolidated financial statements

As at the date of this Base Prospectus, criminal proceedings are pending before the public prosecutor of Turin in relation to actions allegedly carried out by certain previous senior executives and reference shareholders of the Premafin-Fonditalia SAI Group.

The abovementioned persons were put under investigation for the alleged commission of the criminal offences of, *inter alia*, false company communications and market manipulation. According to the preliminary investigating magistrate's order of 12 July 2013, the persons under investigation conspired with each other in their respective roles, with the intention of deceiving shareholders or the market and for the purposes of unjust enrichment for themselves or others, in connection with certain information and omissions relating to Fonditalia SAI's financial statements for the 2010 accounting period. In particular, the persons under investigation were alleged to have disclosed information required by law, relating to Fonditalia SAI's economic or financial situation, in a manner capable of misleading the recipients of such communications.

According to the preliminary investigating magistrate's order, the above persons are alleged to have caused economic losses and damages to, *inter alios*, the then-shareholders of Fonditalia SAI, in the amount of approximately Euro 300 million.

In 2012 and 2013, Fonditalia SAI was also served with a formal notice of investigation pursuant to article 57 of Legislative Decree 231/2001, regulating the administrative liability of legal entities, through which the public prosecutor of Turin informed the company that proceedings would be taken against it for unlawful administrative conduct, pursuant to article 25-*ter* of Legislative Decree No. 231/2001, in connection with the criminal offences of producing false financial statements committed within Fonditalia SAI in relation to the 2008-2011 accounting periods and the impeding of supervisory activities. Milano Assicurazioni received similar communications from the public prosecutor of Turin.

In August 2013, the preliminary investigating magistrate issued a decree ordering the seizure of property worth Euro 251.6 million. Such order was executed in part against real estate assets belonging to Fonditalia SAI and a company indirectly controlled by the latter, the aggregate value of such assets being Euro 215 million. A similar seizure order was issued directly against the persons under criminal investigation.

Following the challenge of the seizure by Fonditalia SAI, the reviewing magistrate at the Court of Turin revoked the preventive seizure decree (*decreto di sequestro preventivo*); against this decision, the public prosecutor of Turin lodged an appeal with the Italian Supreme Court (*Corte di Cassazione*). The Italian Supreme Court confirmed the revocation of the preventive seizure decree (*decreto di sequestro preventivo*).

On 4 December 2013, the first hearing of the criminal proceeding against the aforementioned previous shareholders and senior executive of the Premafin-Fonditalia SAI Group, charged with the crimes of false corporate statements and market manipulation, was held at the Court of Turin. In this context, Fonditalia SAI filed a petition to bring a civil action against the aforementioned defendants in order to obtain compensation for any damage suffered as a result of the falsification of financial statements and/or market manipulation, in case of conviction at the outcome of

the trial. In the same hearing, other stakeholders of the company, including a great number of small shareholders and CONSOB, formalised their civil action.

At the subsequent hearing held on 13 December 2013, the Court of Turin addressed the question of actions brought by civil parties and territorial jurisdiction. At this hearing, the civil parties requested to summon Fondiaria SAI and Milano Assicurazioni as civilly liable. The Court reserved the right to decide regarding: (i) the admission of civil parties; (ii) the request for summoning civilly liable defendants; and (iii) the plea of lack of territorial jurisdiction raised by the defence of the accused persons.

At the subsequent hearing held on 30 January 2014, the Court resolved upon the admission of civil parties, confirming that Fondiaria SAI may be included among the parties affected by the crimes in question. The Court also confirmed its territorial jurisdiction. The proceeding was adjourned to 10 April 2014 in order to allow any third party which might have suffered a damage from the crimes in question to file a petition to bring a civil action.

With reference to the crimes of false statements and market manipulation, as well as the administrative offenses pursuant to article 25-*sexies* of Legislative Decree No. 231/2001 (which Fondiaria SAI was charged with only in relation to the offense of market manipulation), the preliminary judge declared CONSOB, the Fondiaria SAI shareholders (other than the persons under investigation) and Fondiaria SAI as the parties offended by the said crimes. A number of hearings were held in January and February 2014 in the context of which several third parties (including UnipolSai), allegedly damaged by the crimes in question, filed petitions to bring civil actions. The proceeding was adjourned to 21 February 2014 to allow the defendants to reply to such petitions.

In addition, certain shareholders have addressed their compensation requests not only against the defendants, but also against UnipolSai, pursuant to the provisions of Legislative Decree No. 231/2001. UnipolSai intends to resist such requests.

UnipolSai is taking part in such proceeding as a consequence of having brought a civil action and also as defendant in a civil action brought against it by 2,700 third parties. These third parties are seeking compensation of damage allegedly suffered and have been authorized by the court to summon UnipolSai in the civil proceeding against the defendants in the criminal case.

In the vast majority of the civil action claims, damages have not been quantified and no criteria have been proposed to determine their amount.

UnipolSai was excluded from the proceeding as criminal defendant after the Court of Turin for the lack of territorial jurisdiction and moved to the Court of Milan. The proceeding is the preliminary phase.

UnipolSai has also been sued in another criminal proceeding before the Court of Milan against certain directors, who have been charged with the crimes provided for pursuant to Article 110 of the Italian Criminal Code (Conspiracy to Commit a Crime) and Article 185 of the Italian Financial Act (Market Abuse). Such proceeding is in the preliminary phase.

In the context of the criminal proceedings mentioned above, UnipolSai has been summoned as civil party responsible for the damages deriving from the criminal actions allegedly committed by the defendants. UGF and UnipolSai are closely following the developments of the abovementioned proceedings, particularly with the view of taking all initiatives most appropriate for the defence of their own and their shareholders' interests, including action seeking compensation against liable parties.

Castello area

In a criminal proceeding initiated in 2008 by the public prosecutor of Florence, Fondiaria SAI had been charged with the bribery of two public officers in connection with the urban development of the Castello area. Fondiaria SAI was charged pursuant to Italian Legislative Decree 231/2001, which provides for criminal liability of legal entities for crimes committed by their managers and employees. Pursuant to the allegations of the public prosecutor

Fonditaria SAI allegedly bribed, through its representatives, public officers to obtain building permits in breach of official duties.

A number of Fonditaria SAI's representatives, professional and public administrators were also charged with criminal offences.

The public prosecutor asked that the company be made to pay a fine of 400 units each having a value ranging from Euro 250 to Euro 1,549. The prosecutor also sought to ban the company from contracting with the public administration for two years and the confiscation of the sites in the Castello area for which the building permits had been granted.

On 6 March 2013, the Court of Florence found Fonditaria SAI not guilty and acquitted it from all charges against it in the criminal proceedings relating to the urban development of the Castello area (Florence).

The court also lifted the seizure order and authorized the return of the Castello area which had been subject to injunctive measures since November 2008.

The public prosecutor appealed against the decision of the court of first instance and the appeal is pending. The next hearing before the Court of Appeal of Florence will take place on 16 April 2015.

Unipol Assicurazioni against La Mutuelle du Mans Assurance IARD – Arbitration

On 11 November 2004, Navale Assicurazioni S.p.A. purchased the entire share capital of MMI Assicurazioni S.p.A. and MMI Danni S.p.A. (subsequently merged by way of incorporation in Navale Assicurazioni S.p.A.) from Mutuelle du Mans Assurances IARD (MMA).

In such context, Navale Assicurazioni and MMA entered into several agreements pursuant to which MMA undertook, *inter alia*, to pay Navale Assicurazioni S.p.A. (whose position was taken over by Unipol Assicurazioni on 1 January 2011) the full amount of any gap or shortfall in the net accident provisions as indicated in the final balance sheet of MMI Assicurazioni S.p.A. and MMI Danni S.p.A. in relation to the periods from 2004 to 2007. MMA set up an escrow account with Credit Agricole S.A. for a total value of Euro 10 million as guarantee for the above payment.

A report by an independent actuary, issued on 16 September 2011, calculated the amount of the net accident provisions of both MMI Assicurazioni S.p.A. and MMI Danni S.p.A. on 31 December 2007. It concluded that there was a total shortfall of such provisions of Euro 48.8 million, of which Euro 43.4 million related to differential accident provisions and Euro 5.4 million for the costs of the management of the accidents outsourced to third parties on request by MMA.

Pursuant to the terms of the escrow account, Unipol Assicurazioni obtained an amount of Euro 11.3 million from Credit Agricole S.A. and requested the payment of the residual amount of Euro 37.5 million from MMA.

Since MMA refused to comply with its obligations, on 28 October 2011 Unipol Assicurazioni commenced arbitration proceedings. The arbitration proceeding is currently suspended as the parties are negotiating to settle the dispute. On 3 November 2014 the parties executed a settlement agreement whereby MMA agreed to pay the difference between the net amount paid and the value of the reserves as at 31 December 2004 to UGF. The arbitration proceeding has been postponed to 20 April 2015 for an update of the settlement negotiations.

Litigation with the municipality of Milan

UnipolSai is involved in a claim entered into with the municipality of Milan in relation to a commitment to purchase areas of land at prices fixed in advance. For further information on such claim, see “*Transaction with related parties*” above. In May 2008, the Court of Appeal partially modified the decision of the court of first instance decision which had ordered Premafin to pay damages caused by its failure to purchase the areas and confirmed the criteria for the quantification of the loss and damage, to be calculated in separate proceedings. In this

regard, Premafin filed an appeal with the Italian Supreme Court within the required time limits. On 29 September 2014, the Italian Supreme Court confirmed the Court of Appeal's decision.

In this respect, in October 2012, the municipality of Milan commenced proceedings before the Court of Milan for the quantification and definition of the loss and damage suffered. Following the decision of the Italian Supreme Court, the proceeding before the Court of Milan for the quantification and definition of the loss and damage suffered has been adjourned on 5 June 2015.

SIAT

In January 2009, an order imposing a fine was served on SIAT, for omissions in the tax on insurance (*imposta sulle assicurazioni*) in for the 2007 financial year. The fine was applied with reference to the entire amount of tax on insurance identified in the relevant tax return amounting to Euro 5.2 million. The order was challenged before the Genoa provincial tax commission who reached its decision in September 2010, quashing the order. The first instance decision was confirmed by the Genoa regional tax commission. As at the date of this Base Prospectus, proceedings are pending before the Italian Supreme Court following the appeal against the decision by the Italian tax authority (*Agenzia delle Entrate*).

Tenute del Cerro S.p.a. (the former Saiagricola S.p.A.)

In October 2010, Saiagricola transferred the agricultural business called Cascina Veneria to AgriSai. The transfer, from a tax point of view, was effected on the basis of continuing tax value. Subsequently, Saiagricola assigned its entire shareholding in AgriSai to third parties by virtue of a transfer agreement subject to fixed rate registry tax.

On 19 December 2012, Saiagricola was served with a notice of rectification and liquidation by which the tax authority of the province of Novara (*Direzione Provinciale di Novara*) tax authority decided to treat all the transactions effected as if they were a single transfer of a business as a going concern (*cessione di ramo d'azienda*). It thus demanded the payment of registry, mortgage and cadastral tax applicable on the different components of the business in application of article 20 of Presidential Decree 131/1986. The overall tax due amounts to Euro 5.3 million, of which Euro 2.3 million are for the additional taxes and the residual amount is imposed as a fine.

The assessment of the tax authority has been appealed before the Novara tax commission which, however, in consideration of a recent interpretation of a decision of the Italian Supreme Court rejected the appeal in its decision no. 92/03/13. Saiagricola appealed the decision of the Novara tax commission to the regional tax commission, requesting the suspension of the judgment. The suspension of the judgment has been agreed by the court and the company is waiting for the scheduling of the hearing.

Tax litigation

UGF

In March 2014, an appeal was filed with the Italian Supreme Court against the decision of the regional tax commission of Milan (*Commissione Tributaria Regionale di Milano*) with respect to the dispute regarding the payment of IRES and IRAP taxes for the 2005 and 2006 tax periods of the former Aurora Assicurazioni S.p.A. (merged by way of incorporation into UGF in 2007), pertaining mostly to findings relating to specific insurance provisions. As a result of the adverse decision, the amounts due were paid by way of provisional collection; such amounts have been fully allocated in the preceding financial years. There is a similar dispute for the 2007 fiscal year, with favourable decision issued by the provincial tax commission of Bologna (*Commissione tributaria provinciale di Bologna*), against which the offices of the financial administration have filed an appeal.

UnipolSai (former Unipol Assicurazioni)

As a result of the transfer of the former Aurora Assicurazioni business unit to the Unipol Assicurazioni S.p.A., in 2013, an assessment notice, similar to those for the 2005-2007 periods notified to UGF, was received by Unipol Assicurazioni. In January 2014, an Ipec request for the deduction of previous tax losses available was presented

through Finsoe S.p.A.; at the same time the assessment notice was challenged through the filing of an appeal with the provincial tax commission of Bologna. Amounts deemed sufficient have been allocated to the financial statements reserves.

UnipolSai (former Fondiaria SAI)

The competent regional tax authority requested information on the 2009 to 2011 fiscal years with regard to (i) fees paid to certain individuals of the former Fondiaria SAI for consultancy assignments, (ii) fees paid to several directors, and (iii) some sponsorship costs. The investigations originated from the report of the Commissioner prepared in compliance with IVASS' request, from the Board of Statutory Auditors reports dated 18 April 2012, 26 October 2012 and 16 March 2013 and prepared pursuant to Article 2408 of the Civil Code, from CONSOB sanction resolution no. 12096145 of 11 December 2012 and from action taken by the Public Prosecutor's Office of the Court of Florence. UnipolSai has already defined the tax periods from 2004 to 2008 for similar cases. The cost estimated for the assessment risk has been specifically allocated.

Arca Assicurazioni

In the early 2014, the IRES tax relating to the year 2008, deriving from the report on findings issued by the Regional Department of Veneto as a result of the general audit for the years from 2008 through 2011, was defined by tax settlement proposal through Arca Vita. At the same time, a dispute in relation to the IRAP (and VAT) claims was commenced and Arca Assicurazioni has allocated comprehensive provisions including all possible costs.

Atahotels

On May 2014, was notified of report on findings questioning for IRES, IRAP and VAT purposes certain lease instalments. With respect to these claims, Atahotels filed a specific deposition pursuant to article 12 of the taxpayers' charter. Atahotels and UnipolSai allocated specific risk provisions deemed sufficient to meet the costs arising from these disputes.

Direct Taxes

La Fondiaria was subjected to a tax inspection in 1996 which led to the issue of assessment notices referring to the financial years from 1990 to 1992. The challenges of the tax administration were decided by courts or settled, with the exception of a finding relating to fictitious interposition (*interposizione fittizia*) in the 1991 financial year. With respect to such matter, the Italian Supreme Court remitted the dispute to a different section of the regional tax commission of Tuscany to assess of whether an abuse of law had occurred, and, in 2014 ruled that abus had taken place. As the decision was insufficiently motivated, on November 2014 UnipolSai decided to file a new appeal with the Supreme Court. The value of the claim is equal to Euro 7.6 million in additional tax, sanctions and interest. Euro 1.1 million has already been paid by way of provisional enforcement.

VAT on co-insurance

The tax authorities objected to the practice of insurance companies operating in the Italian market of not applying value added tax to management expense charges of co-insurance contracts in the context of relations between delegated and delegating companies in accordance with a practice complying with the Associazione Nazionale fra le Imprese Assicuratrici (ANIA) convention on co-insurance.

As at the date of this Base Prospectus, a number of assessment notices were served on the main companies of the Fondiaria SAI Group (Fondiaria SAI, Milano Assicurazioni, SIAT, Liguria Assicurazioni S.p.A.). The total amount of the figures set forth in the assessment notices for the years 2003 to 2009 currently stands at about Euro 30 million, comprising sanctions, of which 3 million have already been paid as pre-emptive collection. The same practice, which is being challenged for the 2003-2009 period, has been adopted in subsequent financial years. It is estimated that further challenges could add up to an additional Euro 20 million, comprising sanctions. All assessments issued by tax authorities have been appealed before tax courts and all outcomes have so far been in favour of the appealing insurance companies.

TAXATION

The following is a general description of certain Italian, EU and United States tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Taxation in the Republic of Italy

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the repayment amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian companies with shares traded in an EU or EEA regulated market. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer.

Italian resident Noteholders

Where the Italian resident Noteholder is: (a) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected (unless he has opted for the application of the *risparmio gestito* regime - see under "*Capital gains tax*", below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income taxation (and, in certain circumstances, depending on the status of the Noteholder, also to the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (Decree 351), as clarified by the Italian Revenue Agency (Agenzia delle Entrate) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premia or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 or to Italian real estate investment companies with fixed capital (**Real Estate SICAFs**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital) or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Notes are held by an authorised intermediary, interest, premium and other

income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (with certain adjustments for fiscal year 2014 as provided by Law No. 190 of 23 December 2014 (the **Finance Act 2015**)).

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must: (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either: (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

Please note that, according to the Law No. 244 of 24 December 2007 (**Budget Law 2008**), a Decree still to be issued will introduce a new white list system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-resident investors must be the beneficial owners of payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes, or the coupons with a bank or a SIM or a permanent establishment in Italy of a non-resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non-resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depositary, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, to be provided only once, until revoked or withdrawn, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

Atypical Securities

Interest payments relating to Notes that are not deemed to be bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership, or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the status of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is: (i) an individual not holding the Notes in connection with an entrepreneurial activity; (ii) a non-commercial partnership; or (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the relevant Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to: (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax (with certain adjustments for fiscal year 2014 pursuant to the Finance Act 2015).

Any capital gains realised by an Italian resident real estate fund or a Real Estate SICAF to which the provisions of Decree 351, as subsequently amended, apply will be subject to neither *imposta sostitutiva* nor to any other income tax at the level of the real estate fund.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are traded on regulated markets.

Capital gains realised by non-Italian resident Noteholders from the sale, early redemption or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

Please note that, according to the Budget Law 2008, a Decree still to be issued will introduce a new white list replacing the current system, so as to identify those countries which (a) allow for a satisfactory exchange of information; and (b) do not have a more favourable tax regime.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26 per cent. In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale, early redemption or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed €14,000; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as recently amended by Law No. 97 of 6 August 2013, individuals non-profit entities and certain partnerships (società semplici or similar partnerships in accordance with Article 5 of TUIR) resident in Italy who hold directly or indirectly investments abroad or have financial activities abroad (including the Notes) must disclose the aforesaid and related transactions to the Italian tax authorities.

Such obligation has recently been limited to the amount of securities held abroad at the end of each tax year with no obligation to report inbound and outbound transfers and other transfers occurring abroad in relation to securities and does not apply in the event that the assets held abroad are limited to deposits and/or bank accounts having an aggregate value not exceeding an €15,000 threshold throughout the year.

EU Savings tax Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Implementation in Italy of the EU Savings Directive

Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 (**Decree 84**). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information of the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **Participating Member States**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Luxembourg has abolished the withholding system with effect from 1 January 2015, in favour of automatic information exchange under Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**)) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the

tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 10 per cent.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA; and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which will be the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have signed an agreement (the **US-Italy IGA**) based largely on the Model 1 IGA. The US-Italy IGA shall be implemented by the Italian Parliament.

If the Issuer is treated as a Reporting FI pursuant to the US-Italy IGA, it would not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA; or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the common depositary or the common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-Italy IGA, all of which are subject to change or may be

implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 17 February 2014, as supplemented by the first supplemental programme agreement dated 6 March 2015 (the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable and will confirm whether the Issuer is Category 1 or Category 2 for the purposes of Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any **Relevant Member State** means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (**Regulation No. 16190**) pursuant to Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No.**

11971), implementing Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**); or

- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 16190 and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or other Italian authority.

The Grand Duchy of Luxembourg

In addition to the cases described in the Public Offer Selling Restriction under the Prospectus Directive in which the Dealers can make an offer of Notes to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Dealers can also make an offer of Notes to the public in the Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the Commission de surveillance du secteur financier as competent authority in Luxembourg in accordance with the Prospectus Directive.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus or any other document relating to the Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment and the update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 12 November 2009 and 11 February 2015, respectively. The issue of Notes under the Programme will be authorised prior to each relevant issue of Notes by the competent bodies of the Issuer in accordance with applicable laws and the relevant provisions of the Issuer's by-laws. Each issuance resolution (*delibera di emissione*) shall be passed in notarial form and registered in the competent Companies' Register (*Registro delle Imprese*).

Listing of Notes, admission to trading and approval

An application has been made to the CSSF to approve this document as a base prospectus. An application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the by-laws (*statuto*) (with an English translation thereof) of the Issuer;
- (b) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 31 December 2013 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;
- (c) the consolidated unaudited interim financial statements of the Issuer for the six months ended 30 June 2014 and the nine months ended 30 September 2014 (with an English translation thereof), together with any audit or review reports prepared in connection therewith;
- (d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated by reference herein or therein by reference.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Adverse Change

Save as disclosed in the section headed "*Description of the Issuer – Recent Developments*" above, there has been no significant change in the financial or trading position of the New UGF Group since 30 September 2014 and there has been no material adverse change in the financial position or prospects of the New UGF Group since 31 December 2013.

Litigation

Save as disclosed in the section headed "*Description of the Issuer – Litigation*", neither the Issuer nor any other member of the New UGF Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers S.p.A., who have audited the Issuer's consolidated accounts, without qualification, in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union for the financial year ended on 31 December 2013 and 31 December 2012, and reviewed the Issuer's consolidated half-yearly accounts, without qualification, for each of the two six-month periods ended on 30 June 2013 and 30 June 2014. The auditors of the Issuer have no material interest in the Issuer.

PricewaterhouseCoopers S.p.A., with registered office in Via Monte Rosa 91, Milan, is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) kept by the Italian Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the

purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term 'affiliates' also includes parent companies.

ISSUER

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ISSUING AND PRINCIPAL PAYING AGENT

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ARRANGERS

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United Kingdom

Mediobanca – Banca di Credito Finanziario S.p.A.

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To the Dealers as to English and Italian law
Allen & Overy

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