

## PROSPECTUS FOR SOLICITATION OF PROXIES

the object of which is to seek powers of proxy to exercise the voting rights at the UniCredit S.p.A. Special Savings Shareholders' Meeting, which has been convened in Milan, in single call, on 4<sup>th</sup> December 2017 at 4 p.m. (or, if subsequent, at the end of the Ordinary and Extraordinary common Shareholders' Meeting of convened on the same place and day), in the Pavilion at 10 Piazza Gae Aulenti, to decide on the proposal for the mandatory conversion of the savings shares into ordinary shares.

### PROMOTER and ISSUER:

UniCredit S.p.A.



### PARTY ENGAGED TO SOLICIT AND COLLECT PROXIES AND CAST VOTES AT THE SPECIAL MEETING

Morrow Sodali S.p.A.

M O R R O W  
S O D A L I

For information, please contact the following courtesy number



or, for calls from abroad: **+39 06 45212832**

lines open on weekdays from 10.00 to 19.00

or visit the web sites [www.unicreditgroup.eu](http://www.unicreditgroup.eu); [www.sodali-transactions.com](http://www.sodali-transactions.com)

or send an e-mail to: [assemblearisparmio.unicredit@morrrowsodali.com](mailto:assemblearisparmio.unicredit@morrrowsodali.com)

*The rules on the solicitation of proxies are set out in Sections 136 et seq. of the Legislative Decree no. 58 of 24 February 1998 and Sections 135 et seq. of the Consob Regulation no. 11971 of 14 May 1999.*

This Prospectus is dated 27<sup>th</sup> October 2017

## FOREWORD

This solicitation of proxies is addressed to all owners of savings shares (**the "Savings Shareholders"**) in UniCredit S.p.A. ("**UniCredit**", the "**Company**" or the "**Issuer**"), and has been published preparatory to the Special Meeting of the same (the "**Special Meeting**"), which has been convened in Milan, in single call, on 4<sup>th</sup> December 2017 at 4 p.m. (or, if subsequent, at the end of the Ordinary and Extraordinary common Shareholders' Meetings convened on the same place and day), to be held in the Pavilion at 10 Piazza Gae Aulenti, to decide on the proposal for the mandatory conversion of the savings shares into ordinary shares.

This solicitation of proxies is being promoted by UniCredit, which has entrusted the task of collecting the proxies and exercising the associated voting rights to Morrow Sodali S.p.A.

The solicitation has been made pursuant to Sections 136 *et seq.* of the Legislative Decree no. 58 of 24 February 1998 (the "**Consolidated Law on Finance**"), as amended, and Sections 135 *et seq.* of the Consob Regulation no. 11971 of 14 May 1999 (**the "Issuers' Rules"**), as amended.

\* \* \*

## IMPORTANT NOTICE

To whom it may concern, be advised that the Issuer, in the manner and within the terms indicated in the call notice published on 26<sup>th</sup> September 2017, *inter alia*, on the Company's website, has convened a Ordinary and Extraordinary common Shareholders' Meeting on 4<sup>th</sup> December 2017, at 10:00 am in Milan, at the Pavilion, 10 Piazza Gae Aulenti, to resolve on, *inter alia*, the "*Mandatory conversion of the savings shares into ordinary shares. Amendment of articles 5, 7 and 32 of the Company's Articles of Association. Pertinent and consequent resolutions.*"

On the same day of 4<sup>th</sup> December 2017, the Special Savings Shareholders' Meeting to which this solicitation of proxies refers will be held after the aforementioned Meeting of common Shareholders.

Be advised that the form for the acceptance of the solicitation of proxies may be used to cast a vote on one Agenda item only of the mentioned Special Meeting convened, in single call, on 4<sup>th</sup> December 2017. The vote therefore refers exclusively to the proposal for a "*Mandatory conversion of the savings shares into ordinary shares. Amendment of articles 5, 7 and 32 of the Company's Articles of Association. Pertinent and consequent resolutions.*" Consequently, the solicitation may not be used as an instrument for the collection of proxies for voting on items on the Agenda of the Meeting of common Shareholders. Details on the terms, conditions and procedures for exercising voting rights at the Meeting of common Shareholders (to be held in joint ordinary and extraordinary session) of 4<sup>th</sup> December 2017 are to be found in the relevant call notice and in the documents relating to the items on the Meeting Agenda, which have been made publicly available pursuant to the law. The documents are available at the registered office and head office of the Company, on "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)), the authorised website run by Spafid Connect S.p.A. for the storage and safekeeping of issuers' documents, and on the Issuer's website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)) and, specifically, at [www.unicreditgroup.eu/specialmeetingdecember2017](http://www.unicreditgroup.eu/specialmeetingdecember2017). The means used for the publicity of the foregoing documents conform to the indications given in Chapter I, Title II, Part III of the Issuers' Rules.

## **SECTION I - INFORMATION ON THE ISSUER AND ON THE SPECIAL MEETING**

### **1. Name and registered office of the Issuer**

The Company that has issued the savings shares for which the solicitation of proxies is being made is named "UniCredit società per azioni", or "UniCredit S.p.A." for short.

As of the date of this prospectus (the "**Prospectus**"), the Issuer has registered office in Rome at 16 Via Alessandro Specchi and head office in Milan at 3 Piazza Gae Aulenti - Tower A. Its share capital, subscribed and fully paid up, is equal to Euro 20,880,549,801.81. Its fiscal code, registration no. in the National Companies Register and VAT number is 00348170101. It is enrolled in the National Register of Banks and is the Parent Company of the UniCredit Group, enrolled in the Register of Banking Groups. It is a member of the Interbank Deposit Guarantee Fund and of the National Compensation Fund.

### **2. Day, time and place of the Special General Meeting**

The Special Meeting has been convened on 4<sup>th</sup> December 2017 in Milan at 4 p.m. (or, if subsequent, at the end of the Ordinary and Extraordinary common Shareholders' Meeting convened in the same place and day) at the Pavilion, 10 Piazza Gae Aulenti.

### **3. Items on the Agenda**

The solicitation promoted by the Issuer refers to the Special Meeting, the only item on whose Agenda is as stated in the call notice, published, *inter alia*, on 26 September 2017 on the Issuer's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and, specifically, at the address, [www.unicreditgroup.eu/specialmeetingdecember2017](http://www.unicreditgroup.eu/specialmeetingdecember2017)), namely:

1. *"Mandatory conversion of the savings shares into ordinary shares. Amendment of articles 5, 7 and 32 of the Company's Articles of Association. Pertinent and consequent resolutions."*

### **4. List of documents prepared by the Issuer and indication of the website where the documents are available**

The Issuer has prepared the following documents in view of the Special Meeting:

- 1) call notice of the Special Meeting;
- 2) a form by which Savings Shareholders may delegate their voting rights;
- 3) a form by which Savings Shareholders may delegate their voting rights to a designated representative (the Designated Proxy Holder);
- 4) an explanatory report of the Board of Directors of the Issuer on the sole Agenda item to be discussed at the Special Meeting (see Attachment 2 to this Prospectus);
- 5) notice of the solicitation of proxies promoted by UniCredit;
- 6) this Prospectus on the solicitation of proxies;
- 7) a notice to the Company's Savings Shareholders on the liquidation value of the savings shares possibly subject to the right of withdrawal pursuant to Article 2437-ter of the Italian Civil Code and Section 84 of the Issuers' Rules. The value, which has already been indicated in the press release of 26 September 2017, will be published in accordance with law;
- 8) form for the solicitation of proxies (see Attachment 1 to this Prospectus).

As required by law, the foregoing documents are available to the public on the registered office and head office of the Issuer, on the Issuer's website, [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and, specifically,

[www.unicreditgroup.eu/specialmeetingdecember2017](http://www.unicreditgroup.eu/specialmeetingdecember2017) and, where required, also on the website of the authorized storage mechanism "eMarket STORAGE" run by Spafid Connect S.p.A., [www.emarketstorage.com](http://www.emarketstorage.com), as provided for by Chapter I, Title II, Part III of the Issuers' Rules. Under Section 130 of the Consolidated Law on Finance, Savings Shareholders, have the right to inspect all the documents held at the registered office of the Issuer and to make copies of the documents at their own expense.

Savings Shareholders of the Issuer who intend to participate in this solicitation of proxies must not use the general proxy forms available on the Issuer's website; they must use only the specifically indicated form attached to this Prospectus for participation in the solicitation of proxies, which is also available on the website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and, specifically, at [www.unicreditgroup.eu/specialmeetingdecember2017](http://www.unicreditgroup.eu/specialmeetingdecember2017), and on the website of Morrow Sodali [www.sodali-transactions.com](http://www.sodali-transactions.com).

Savings Shareholders who do not intend to participate in this solicitation but do intend to vote in favour of the proposal submitted by the Issuer's Board of Directors may do so:

- by personally attending the Special Meeting and voting in favour of the proposal;
- by conferring an appropriate proxy and giving instructions to a proxy holder to vote in favour of the proposal;
- by granting, free of charge, a proxy with voting instructions on the proposal to the Designated Proxy Holder as per Sec. 135-*undecies* of the Consolidated Law on Finance by filling out and signing the relevant form, which is available on the website of the Issuer, [www.unicreditgroup.eu](http://www.unicreditgroup.eu), and, specifically, [www.unicreditgroup.eu/specialmeetingdecember2017](http://www.unicreditgroup.eu/specialmeetingdecember2017).

## SECTION II - INFORMATION ON THE PROMOTER

### 1. Name and legal form of the Promoter

The party promoting the solicitation of proxies is the Issuing Company, UniCredit S.p.A. (also, the "**Promoter**").

For the collection of proxies and the casting of votes at the Special Meeting, the Promoter has engaged the assistance of Morrow Sodali S.p.A. ("**Morrow Sodali**" or the "**Appointed Representative**"), a company that provides shareholder communications services and proxy voting advice to listed companies, and specializes in proxy solicitation and shareholder representation at meetings. Morrow Sodali's registered offices are in Rome at 43 Via XXIV Maggio. Its share capital is Euro 200,000; it is enrolled under number 1071740/04 in the Rome Companies Register; its fiscal code and VAT number is 08082221006.

By responding favourably to the solicitation and appointing the Appointed Representative to act on their behalf, shareholders assign the Appointed Representative the right to represent them at the Special Meeting and to vote in accordance with instructions they impart.

The delegation of voting rights as per this solicitation may be conferred on the Appointed Representative either by retail shareholders or by institutional investors.

### 2. Registered Office of the Promoter

With regard to the information on the registered office of the Promoter (who is also the Company), please refer above in Section I, Paragraph 1.

### 3. Holders of significant equity interests in the Promoter and parties exercising control, including joint control, over the Promoter. Details of any shareholder agreements relating to the same

As of the date of this Prospectus, according to the evidence of the Shareholders Register, the communications received pursuant to law and the other information publicly available on the Consob website, the parties listed in the table below hold shareholding more than 3% of the UniCredit share capital.

Declarant	Direct Shareholder	% of ordinary share capital
<b>MUBADALA INVESTMENT COMPANY PJSC</b>	AABAR LUXEMBOURG SARL	5.038%
<b>CAPITAL RESEARCH AND MANAGEMENT COMPANY</b>	CAPITAL RESEARCH AND MANAGEMENT COMPANY ( <i>discretionary asset management</i> )	5.072%
<b>Market</b>		89.890%
<b>Total</b>		<b>100.000%</b>

Neither the disclosures made by UniCredit nor a search of the Consob website indicate the existence of any agreements among UniCredit shareholders with relevance under the meaning of Section 122 of the Consolidated Law on Finance.

As of the date of this Prospectus for the solicitation of proxies, no physical or legal person exercises control over the Company under the meaning of Section 93 of the Consolidated Law on Finance.

#### **4. Description of the business activities**

UniCredit is a bank that has issued ordinary shares (with ISIN code IT0005239360) and savings shares (bearer savings shares with ISIN code IT0005239378 and registered savings shares with ISIN code IT0005239386), listed on the *Mercato Telematico Azionario*, managed by Borsa Italiana S.p.A., the Italian stock exchange company (on the FTSEMib Index). The ordinary shares are also listed on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) and on the Warsaw Stock Exchange (Gielda Papier'ow Warto'sciowych w WarszawieSA - GPW).

The UniCredit Articles of Association state: *"The purpose of the Bank is to engage in deposit-taking and lending in its various forms, in Italy and abroad, operating wherever in accordance with prevailing norms and practice. It may execute, while complying with prevailing legal requirements, all permitted transactions and services of a banking and financial nature. In order to achieve its corporate purpose as efficiently as possible, the Bank may engage in any activity that is instrumental or in any case related to the above.*

*The Bank, in compliance with current legal provisions, may issue bonds and acquire shareholdings in Italy and abroad.*

*The Bank, in its role of parent to the Banking Group UniCredit, pursuant to the provisions of Clause 61 of Legislative Decree no. 385 dated September 1, 1993, issues – in undertaking its management and co-ordination activities – instructions to other members of the Group in respect of the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability."*

As a listed company, UniCredit fulfils the regulatory requirements relating to issuers of listed securities on regulated markets. As a bank, UniCredit is subject to current laws, regulations and supervisory provision for banks and banking groups. In compliance with the provisions contained in the Supervisory Regulations on bank's corporate governance, UniCredit is qualifiable as a bank of a major size and operational complexity, and is therefore subject to the direct prudential supervision of the European Central Bank. UniCredit is the parent of the eponymous banking group (Gruppo UniCredit).

#### **5. Indication of the quantity and of the categories of the Issuer's securities held by the Promoter and by the companies belonging to the Promoter's group (parent companies, subsidiaries and/or companies subject to common control), including specification of the type of security and the percentage it represents of the Issuer's total share capital. Indication of the voting rights inherent in the securities**

As of the date of this Prospectus, UniCredit holds 4,760 of its own ordinary shares. The voting rights associated with these shares have been suspended by law. The Company does not hold own savings shares.

#### **6. Disclosure of the quantity of shares affected and the name of the party now holding the related voting rights for cases in which the Promoter has assigned beneficial interest on the Issuer's shares, used them as collateral or pledged them in connection with a loan or repurchase agreement**

As of the date of this Prospectus, the Promoter, who is also the Issuer, has not assigned beneficial interests on or pledged any of the shares in its portfolio.

**7. Financial positions held through derivative instruments or contracts based on the Issuer's shares**

As of the date of this Prospectus, neither the Promoter, who is also the Issuer, nor the companies belonging to its group hold any derivative instruments or have entered into derivative agreements based on its own ordinary or savings shares.

**8. Conflicts of interest under the meaning of Section 135-*decies* of the Consolidated Law on Finance, and any other potential direct or indirect conflicts of interest between the Promoter and the Issuer, specifying the relevant nature and scope**

The Promoter is also the Issuer of the shares for which an assignment of proxy has been requested.

As the Promoter and the Issuer are one and the same:

- Section 138.2, of the Issuers' Rules specifies that where the voting instructions of the party granting the proxy do not conform with the Promoter's proposal, the Promoter, through the Appointed Representative, must nonetheless uphold the shareholder's instructions, even if they are dissimilar to its proposal;
- even when significant circumstances should occur that were not known at the time the proxy was granted and cannot be disclosed to the delegating party, and it could be reasonably inferred that if the delegating party had known of these significant events it would have given its approval, or in the event of changes or additions to the resolution proposals, the Promoter - through the Appointed Representative - may not Appointed Representative express a different vote to the one indicated in the instructions imparted by the shareholder.

To the best knowledge of the Promoter, the Appointed Representative is not susceptible to any of the conflicts of interest referred to in Section 135-*decies* of the Consolidated Law on Finance.

**9. Reporting of any funding received for the promotion of the solicitation of proxies**

The Promoter has not received any funding for the promotion of this solicitation of proxies.

**10. Nomination of possible surrogates**

For the exercise of the voting rights to which the proxy refers, the Promoter is herewith accorded the right to be represented/replaced by one of the following parties, who are the authorized representatives of the Appointed Representative, and are not disqualified under Section 135-*decies* of the Consolidated Law on Finance:

- Fabio Bianconi, born in Urbino on 14/05/1980, fiscal code BNCFBA80E14L500I
- Renato Di Vizia, born in Capaccio (SA) on 08/26/1970, fiscal code DVZRNT70M26B644G
- Andrea Di Segni, born in Rome on 17/04/1966, fiscal code DSGNDR66D17H501N
- Matteo Gabriel Antoni, born in Caracas on 16/06/1984, fiscal code NTNMTG84H16Z614P

### SECTION III - VOTING

#### 1. Indication of any specific deliberative proposals, recommendations, declarations or other information to be attached to the proxy request

The Promoter intends to solicit proxies with reference exclusively to the single item on the Agenda of the Special Meeting of 4<sup>th</sup> December 2017, namely: "*Mandatory conversion of the savings shares into ordinary shares. Amendment of articles 5, 7 and 32 of the Company's Articles of Association. Pertinent and consequent resolutions.*" The Promoter recommends voting in favour of the proposed conversion, to which end it adopts the following resolution:

Proposal	Recommended vote
<p><i>"The Special Savings Shareholders' Meeting of UniCredit S.p.A.,</i></p> <ul style="list-style-type: none"><li><i>having examined the explanatory report of the Board of Directors drafted pursuant to Sec. 72 and in accordance with Annex 3A of the CONSOB Regulation no. 11971 of 14 May 1999, and the relevant proposal;</i></li><li><i>having acknowledged of the resolution of the Extraordinary Meeting of UniCredit S.p.A., which approved the mandatory conversion of the savings shares into ordinary shares and adoption of the consequent amendments of the Article of Association;</i></li></ul> <p><b>Resolves</b></p> <p><i>1) pursuant to Sec. 146, paragraph 1, lett. b) of the Legislative Decree no. 58 of 24 February 1998, to approve and proceed to the deliberation adopted by the extraordinary meeting of shareholders, acting within the scope of its competence, for the mandatory conversion of the outstanding savings shares into ordinary shares of the Company with regular economic rights and having the same features of the ordinary shares outstanding at the date of the transaction, at a conversion ratio, for each savings share, equal to no. 3.82 ordinary shares, assigning newly issued ordinary shares and/or own shares held by the Company itself and a cash payment in the amount of Euro 27.25, this latter to be allocated to the available reserve "Share premium Reserve" ("Sovraprezzi di emissione") as resulting from the financial situation as of 30 June 2017 of UniCredit S.p.A. included in the half year financial statement approved by the</i></p>	<p style="text-align: center;"><b><u>IN FAVOUR</u></b></p>



*Board of Directors on 2 August 2017;*

*2) to amend the current Clauses 5 and 32 of the Company's current Articles of Association, to eliminate Clause 7 of the Company's Articles of Association, and to renumber as new Clause 7 the first three paragraphs of current Clause 8 of the Company's Articles of Association and as new Clause 8 the fourth paragraph of the said current Clause 8, as follows:*

*"Clause 5*

*1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into x.xxx.xxx.xxx ordinary shares without nominal value.*

*2. Shares are registered shares.*

*3. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements.*

*4. The Special Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws."*

*"Clause 7*

*1. A General Meeting of Shareholders is convened at least one a year within 180 days of the end of the financial year, in order to resolve upon the issues that the prevailing laws and the Articles of Association make it responsible for.*

*2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees; (ii) equity-based compensation schemes; (iii) the criteria to determine the compensation to be granted in the event of early termination of employment or*

early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application. An adequate information shall be provided to the Shareholders about the enforcement of the remuneration policies.

3. Furthermore, the Ordinary Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved:

- with favorable vote of at least 2/3 of the company share capital represented in the Shareholders' Meeting, in case the Meeting itself is constituted with at least a half of the company share capital;

- with favorable vote of at least 3/4 of the company share capital represented in the Shareholders' Meeting, whatever is the company share capital constituting the Meeting."

"Clause 8

1. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws."

"Clause 32

1. The net profit reported in the accounts is allocated as follows:

a) no less than 10% to the reserve, until the reserve is at the maximum level foreseen by legal provisions;

b) for any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution further to a proposal from the Board of Directors, to ordinary shares as dividend;

c) the Meeting of Shareholders resolves upon

*the distribution of any undistributed earnings, further to a proposal from the Board of Directors.*

*2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the shareholders the right to require that the dividends are settled, in whole or in part, in cash or by delivery of ordinary shares, having the same entitlements of the shares outstanding at their time of assignment.*

*In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.*

*3. The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points b) and c) above.*

*4. The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.*

*5. The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.”*

**3)** *to grant powers and mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, also severally, to the extent permitted by the law, with power to sub delegate to the Personnel of the Company, to carry out actions deemed necessary or appropriate to fully implement the above resolutions, including without limitation, (i) to define any additional term and condition of the Mandatory Conversion, including, inter alia, the date on which such conversion will be effective*

<p><i>upon agreement with Borsa Italiana S.p.A.; (ii) to define the terms and modalities of the procedure relating to the exercise of the rights of withdrawal to which savings shareholders are entitled pursuant to Art. 2437, par. 1, lett. g. of the Italian Civil Code; (iii) to carry out the liquidation process of the savings shares which are the subject matter of the withdrawal process, also purchasing if necessary such shares using the available reserves; (iv) to include in the Company Articles of Association the exact number of ordinary shares at the end of the Mandatory Conversion and (v) to carry out any other formality to obtain the necessary authorizations for the above resolutions and, generally, any other authorization to fully implement the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to make any amendment and addition to the resolutions (not changing substantially the content of the same resolutions) which are deemed to be necessary and/or appropriate for the filing with the Companies' Register or for the implementation of the laws and regulations or which should be requested by any relevant Supervisory Authorities as well as to proceed with the deposit and the registration with the Companies' Register of the approved amendments of the Articles of Association."</i></p>	
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**2. Reasons underlying the Promoter's proposal for voting in the manner indicated in the Prospectus and in the proxy solicitation form. Any programmes being made on the Issuer in connection with the solicitation**

The proposal is submitted to the Special Meeting pursuant to Section 146.1b) of the Consolidated Law on Finance. The proposal is set out also in the explanatory Report of the Board of Directors, which is enclosed in this document as Attachment 1 (the "**Explanatory Report**"), to which reference should be made for further information. The proposal is for the mandatory conversion of issued and outstanding UniCredit savings shares into ordinary shares (the "**Mandatory Conversion**") as a transaction aimed at rationalizing and simplifying the structure of UniCredit share capital.

The Mandatory Conversion is also particularly aimed at simplifying the Company's corporate governance, as well as aligning the rights of all shareholders.

The simplification of the capital structure and the corporate organization of the Company consequent to the Mandatory Conversion carries out benefits for all the shareholders and, with specific reference to the current special savings shares, their holders will benefit from the significant increase of the liquidity of the shares held. Indeed, the conversion of relatively non liquid savings shares will lead them to hold ordinary shares having a significantly higher liquidity. In addition, the savings shareholders will also benefit from the conversion ratio, for each savings share, made up

partly of no. 3.82 UniCredit ordinary shares and a cash adjustment of Euro 27.25 (together defined as the "**Conversion Ratio**"). The Conversion Ratio is higher than the conversion ratios of the market ordinary and savings shares prices with reference to some historical averages prior to the date of 21 September 2017 (date on which this proposal for a mandatory conversion was announced to the market) and includes an implied premium of 40% compared to the savings shares price on the same day of 21 September 2017.

Furthermore, the proposal for a Mandatory Conversion is subordinated to the condition that such Mandatory Conversion will be approved with the *quorum* required under law by this Special savings shareholders' Meeting of the Company convened on a single call on 4<sup>th</sup> December 2017. For the purposes of implementing the Mandatory Conversion the Company may issue new shares and/or use its own shares (at the date of this report the number of own shares of the Company amount to no. 4,760 shares).

On the basis of the foregoing, UniCredit is seeking approval for the conversion of the outstanding savings shares into ordinary shares of the Company, with regular economic rights and having the same features of the ordinary shares outstanding at the date of the transaction, at a conversion ratio, for each savings share, equal to no. 3.82 ordinary shares, assigning newly issued ordinary shares and/or own shares held by the Company itself and a cash payment in the amount of Euro 27.25, this latter to be allocated to the available reserve "Share premium Reserve" ("*Sovrapprezzi di emissione*") as resulting from the financial situation as of 30 June 2017 of UniCredit S.p.A. included in the half year financial statement approved by the Board of Directors on 2 August 2017. The purpose of the transaction is to simplify the capital structure and the corporate governance of UniCredit to the benefit of all its shareholders.

### **3. Proxy voting dissimilar to the proposal set out in point 1 of this section**

Because the Company itself promoted the solicitation of proxies, it is required under Section 138.2 of the Issuers' Rules to exercise voting rights (through the Appointed Representative) even if they run counter to its proposal.

### **4. Any other information that might be needed to enable the solicited shareholder make an informed decision about granting the proxy**

The result of the execution of the Mandatory Conversion will be:

- (a) the owners of savings shares will lose the economic rights, privileges and the category protections set forth by the applicable laws and regulations and by the Articles of Association of UniCredit for that category of shares. As a result of the Mandatory Conversion, the holders of savings shares will lose the right to the aggregate privileged dividend relating to the financial years 2015 and 2016 (which in said financial years was not paid due to lack of profits of UniCredit S.p.A. at individual level);
- (b) if the Mandatory Conversion takes effect as planned, Savings Shareholders who did not take part in the approval of the resolution will be entitled to exercise their right of withdrawal pursuant to Article 2437, paragraph 1, lett. g) of the Italian Civil Code;
- (c) Savings Shareholders who will not exercise the right of withdrawal will receive ordinary shares of the Company and, therefore, will acquire the voting rights exercisable at any general shareholders' meetings of UniCredit (in ordinary and extraordinary session) and will also acquire all the rights and protections attached to the ordinary shares, benefiting *inter alia*, from the higher share liquidity of the market for such category of shares and from the greater float represented by the ordinary shares;
- (d) the voting rights of the ordinary shareholders will be diluted pro-rata to the amount of ordinary shares issued for the purposes of the Mandatory Conversion. The aggregate

- amount of ordinary shares issued before that date will represent about 99.96% of the share capital of the Company following the Mandatory Conversion, while the aggregate amount of ordinary shares at the service of the Mandatory Conversion will represent about 0.04% of the share capital of the Company following the Mandatory Conversion;
- (e) the holders of ordinary shares will benefit from the removal of privileges and administrative rights attached to the savings shares; shareholders will benefit from the simplification of the Company's capital structure and governance/organization structure; and the former savings shareholders will benefit from the acquisition of all the rights attached to ordinary shares, from the greater float and from the increased liquidity of their securities.

Taking into account that the shares have no par value, the conversion will not result in an increase of the share capital of UniCredit, which will, therefore, remain unchanged. The overall number of outstanding shares following the Mandatory Conversion will increase as a result of the issue of new ordinary shares to service the Mandatory Conversion.

The effective date of the Mandatory Conversion shall be agreed with Borsa Italiana S.p.A. (the Italian Stock Exchange) and made publicly available on the Company's website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu) and, specifically, at [www.unicreditgroup.eu/specialmeetingdecember2017](http://www.unicreditgroup.eu/specialmeetingdecember2017)), and in at least one national daily newspaper, as per Section 72, paragraph 5, of the Issuers' Rules. With same notice, the Company will provide details on the modalities of assignment of the ordinary shares and on the management of the fractions resulting from the conversion ratio. On the day of market trading before the date of the Mandatory Conversion, the savings shares shall be revoked from listing on the *Mercato Telematico Azionario*, organised and managed by Borsa Italiana S.p.A., the Italian Stock Exchange, and, on the effective date of the Mandatory Conversion, the ordinary shares deriving from the Mandatory Conversion shall be admitted to trading on the *Mercato Telematico Azionario*, organised and managed by Borsa Italiana S.p.A..

The ordinary shares resulting from the Mandatory Conversion shall carry out the same regular economical rights and features as the ordinary shares outstanding on the conversion date.

#### SECTION IV - GRANTING AND REVOKING PROXIES

**Please, be advised that for the proxies to be valid, the appropriate form must be filled out, signed and dated by the party with the relevant voting rights.**

The proxy solicitation form must be received by the Promoter through Morrow Sodali by 23:59 on 1<sup>st</sup> December 2017, and must be delivered using one of the methods below:

- by fax to the following numbers: +39 06 45212861; +39 06 45212862; +39 06 485747;
- by email to: *assemblearisparmio.unicredit@morrrowsodali.com* ;

- by post or by hand delivery to the following address:

Morrow Sodali S.p.A.

Via XXIV Maggio, 43

00185 – Roma

*and addressed to Mr. Renato Di Vizia*

If the proxy is sent by fax or email, the sender is kindly asked to facilitate administrative work by posting or hand-delivering the original copy of the form or a digitally signed electronic version thereof, as per Section 21.2 of the Legislative Decree no. 82 of 7 March 2005. However, failure to do so will not invalidate the assignment of proxy.

The proxy form must be accompanied: (i) if referring to a physical person, by a photocopy of the person's identity document, or (ii) if referring to a legal person or other entity, by a photocopy of the certificate issued by the National Companies Register, or a photocopy of a special power of attorney, or a photocopy of another document attesting to the delegate powers of the person signing the proxy in the name and on behalf of the legal person or other entity.

The Promoter shall not be responsible for a failure to exercise voting rights for proxies received after the indicated deadline and/or for proxies received before the deadline but that are not wholly compliant with the law.

The proxy is revocable at any time by means of a written declaration that has been brought to the attention of the Promoter by the Appointed Representative in the same manner as indicated above and delivered by 23:59 on **3<sup>rd</sup> December 2017**.

Pursuant to Section 135-*novies* of the Consolidated Law on Finance, a shareholder whose shares are deposited in several share accounts may delegate a different representative for each account, or else may delegate a single representative for all accounts.

\* \* \*

**Please, be advised that persons with voting rights who grant a proxy must ask their intermediary to inform the Issuer, in accordance with and in the manner envisaged by law, of their right to attend the Special Meeting and to exercise their voting rights.**

With respect to participation and voting, the following should be borne in mind:

(a) pursuant to Section 83-*sexies* of the Consolidated Law on Finance, the legitimate attendance of the Special Meeting and the exercise of voting rights is confirmed by a statement to the issuer from an intermediary enrolled in the centralized system of Monte Titoli S.p.A. made on behalf of the person with voting rights, and made also on the basis of the evidence from to the end of the

seventh market trading day before the scheduled date of the meeting (**23<sup>rd</sup> November 2017 - Record date**);

(b) only those holding voting rights on that date (23<sup>rd</sup> November 2017) shall be entitled to attend and vote at the Special Meeting.

\* \* \*

### **Declarations of responsibility**

Without prejudice to the information contained in the Agenda item that, as required by law, the Issuer shall have made available, the Promoter declares that the information contained in this Prospectus and in the proxy form is sufficient to allow the solicited party to make an informed decision to grant proxy.

The Promoter is also responsible for ensuring the integrity of the information provided in the course of the solicitation.

\* \* \*

This Prospectus has been sent to Consob simultaneously with its circulation to the recipients of the solicitation.

### **LIST OF ATTACHMENTS**

Attachment 1 - Proxy solicitation form

Attachment 2 - Explanatory Report of the UniCredit Board of Directors on the only item on the Agenda of the Company's Special Savings Shareholders' Meeting of , called on 4<sup>th</sup> December 2017 in Milan at 16:00 (or, if subsequent, at the end of the Ordinary and Extraordinary common Shareholders' Meeting convened on the same place and day) at the Pavilion. 10 Piazza Gae Aulenti.

27 October 2017

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UniCredit S.p.A.



**ATTACHMENT 1**  
**PROXY SOLICITATION FORM**

## Proxy Solicitation Form

UniCredit S.p.A. (the "**Promoter**", "**UniCredit**" or the "**Issuer**"), acting through Morrow Sodali S.p.A. (the "**Appointed Representative**"), is seeking to solicit proxies (the "**Proxy Solicitation**") for the UniCredit Special Savings Shareholders' Meeting of that has been convened in Milan, in single call, on 4<sup>th</sup> December 2017 at 4 p.m. (or, if subsequent, at the end of the Ordinary and Extraordinary common Shareholders' Meeting convened on the same place and day), to be held at the Pavilion, 10 Piazza Gae Aulenti, with the manner and within the deadline highlighted in the call notice published, *inter alia*, on the Issuer's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and, specifically, at [www.unicreditgroup.eu/specialmeetingdecember2017](http://www.unicreditgroup.eu/specialmeetingdecember2017), on 26<sup>th</sup> September 2017.

The proxy is revocable at any time by means of a written declaration that has been brought to the attention of the Promoter by the Appointed Representative within the day preceding the Special Meeting (i.e. by 23:59 on 3<sup>rd</sup> December 2017). The declaration must be delivered:

- by fax to the following numbers: +39 06 45212861; +39 06 45212862; +39 06 485747; or,
- by email to: [assemblearisparmio.unicredit@morrowsodali.com](mailto:assemblearisparmio.unicredit@morrowsodali.com); or,
- by post or hand delivery to the following address:

Morrow Sodali S.p.A.  
Via XXIV Maggio, 43  
00185 – Roma  
*and addressed to Mr. Renato Di Vizia.*

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***The signing of this form does not entail any cost to the party granting the proxy***

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### Physical person granting the proxy

I, the undersigned, ..... (name and surname of the party with voting rights), born in ..... on the date of ....., resident in ..... (city/town) at .....(address), fiscal code ....., telephone ..... Email.....

### Legal person or other entity granting the proxy

..... (name of the legal person or other entity with voting rights), with registered office in ..... (city/town) at ..... (address), fiscal code/ VAT number ..... telephone ..... Email ....., in the person of our pro-tempore legal representative or special attorney authorized to sign this form (**attach documentation attesting to possession of voting rights**),

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and holder of voting rights at **23<sup>rd</sup> November 2017** (the "**Record date**") to which it is entitled as: ..... [owner of the shares, secured creditor, receiver of contango, usufructuary, custodian, manager, legal representative or attorney with power of sub-delegation, or other (specify)]

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Other information to be filled in at the discretion of the party granting the proxy:

- communication no. .... (reference for the communication provided by the intermediary)
  - identification codes, if any .....
- 

**NOTING** that, pursuant to Section 138.2 of the Consob Regulation no. 11971/1999 (the "**Issuers' Rules**"), the Promoter, being also the Issuer of the shares for which the proxy has been solicited, is bound to exercise all votes, including even those dissimilar to its own proposal;

**HAVING SEEN** the explanatory report of the Board of Directors of UniCredit;

**HAVING SEEN** the Prospectus for the Solicitation of Proxies, with particular regard to the potential presence of conflicts of interest;

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### DELEGATES

**Morrow Sodali S.p.A., with registered offices at 24 Via XXIV Maggio in Rome as the Appointed Representative of the Promoter, which shall be represented by one of the following persons who are not disqualified under Section 135-decies of the Consolidated Law on Finance:**

- Fabio Bianconi, born in Urbino on 14/05/1980, fiscal code BNCFBA80E14L500I
- Renato Di Vizia, born in Capaccio (SA) on 08/26/1970, fiscal code DVZRNT70M26B644G
- Andrea Di Segni, born in Rome on 17/04/1966, fiscal code DSGNDR66D17H501N
- Matteo Gabriel Antoni, born in Caracas on 16/06/1984, fiscal code NTNMTG84H16Z614P

to attend and vote at the aforementioned UniCredit Special Savings Shareholders' Meeting in accordance with the instructions set out below with reference to [number]..... bearer savings shares (ISIN code IT0005239378) and/or [number]..... registered savings shares (ISIN code IT0005239386) registered in the account(s) no(s). ..... held at (name of the intermediary depository bank) ..... ABI ..... CAB.

*(Pursuant to Section 135-novies of the Consolidated Law on Finance, a shareholder whose shares are deposited in several share accounts may delegate a different representative for each account, or else may delegate a single representative for all accounts).*

### A) RESOLUTIONS FOR WHICH PROXIES ARE SOLICITED

<p><i>"The Special Savings Shareholders' Meeting of UniCredit S.p.A.,</i></p> <ul style="list-style-type: none"><li>• <i>having examined the explanatory report of the Board of Directors drafted pursuant to Sec. 72 and in accordance with Annex 3A of the CONSOB Regulation no. 11971 of 14 May 1999, and the relevant proposal;</i></li><li>• <i>having acknowledged of the resolution of the Extraordinary Meeting of UniCredit S.p.A., which approved the mandatory conversion of savings shares into ordinary shares and adoption of the consequent amendments of the Article of Association;</i></li></ul> <p><b>Resolves</b></p> <p><b>1) pursuant to Sec. 146, paragraph .1, lett. b) of the Legislative Decree no. 58 of 24 February 1998, to approve and proceed to the deliberation adopted by the extraordinary meeting of shareholders, acting within the scope of its competence, for the mandatory conversion of the outstanding savings shares into ordinary shares of the Company with regular economic rights and having the same features of the ordinary shares outstanding at the date of the transaction, at a conversion ratio, for each savings share, equal to no. 3.82 ordinary shares, assigning newly issued ordinary shares and/or own shares held</b></p>	<input type="checkbox"/>	ASSIGNS THE PROXY FOR A VOTE IN FAVOUR
	<input type="checkbox"/>	ASSIGNS THE PROXY FOR A VOTE AGAINST
	<input type="checkbox"/>	ASSIGNS THE PROXY FOR AN ABSTENTION FROM THE VOTE

by the Company itself and a cash payment in the amount of Euro 27.25, this latter to be allocated to the available reserve "Share premium Reserve" ("Sovrapprezzi di emissione") as resulting from the financial situation as of 30 June 2017 of UniCredit S.p.A. included in the half year financial statement approved by the Board of Directors on 2 August 2017;

2) to amend the current Clauses 5 and 32 of the Company's current Articles of Association, to eliminate Clause 7 of the Company's Articles of Association, and to renumber as new Clause 7 the first three paragraphs of current Clause 8 of the Company's Articles of Association and as new Clause 8 the fourth paragraph of the said current Clause 8, as follows:

"Clause 5

1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into x.xxx.xxx.xxx ordinary shares without nominal value.

2. Shares are registered shares.

3. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements.

4. The Special Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws."

"Clause 7

1. A General Meeting of Shareholders is convened at least one a year within 180 days of the end of the financial year, in order to resolve upon the issues that the prevailing laws and the Articles of Association make it responsible for.

2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees; (ii) equity-based compensation schemes; (iii) the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application. An adequate information shall be provided to the Shareholders about the enforcement

of the remuneration policies.

3. Furthermore, the Ordinary Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved:

- with favorable vote of at least 2/3 of the company share capital represented in the Shareholders' Meeting, in case the Meeting itself is constituted with at least a half of the company share capital;

- with favorable vote of at least 3/4 of the company share capital represented in the Shareholders' Meeting, whatever is the company share capital constituting the Meeting."

"Clause 8

1. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws."

"Clause 32

1. The net profit reported in the accounts is allocated as follows:

a) no less than 10% to the reserve, until the reserve is at the maximum level foreseen by legal provisions;

b) for any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution further to a proposal from the Board of Directors, to ordinary shares as dividend;

c) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.

2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the shareholders the right to require that the dividends are settled, in whole or in part, in cash or by delivery of ordinary shares, having the same entitlements of the shares outstanding at their time of assignment.

In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.

<p>3. <i>The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points b) and c) above.</i></p> <p>4. <i>The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.</i></p> <p>5. <i>The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.”3) to grant powers and mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, also severally, to the extent permitted by the law, with power to sub delegate to the Personnel of the Company, to carry out actions deemed necessary or appropriate to fully implement the above resolutions, including without limitation, (i) to define any additional term and condition of the Mandatory Conversion, including, inter alia, the date on which such conversion will be effective upon agreement with Borsa Italiana S.p.A.; (ii) to define the terms and modalities of the procedure relating to the exercise of the rights of withdrawal to which savings shareholders are entitled pursuant to Art. 2437, par. 1, lett. g. of the Italian Civil Code; (iii) to carry out the liquidation process of the savings shares which are the subject matter of the withdrawal process, also purchasing if necessary such shares using the available reserves; (iv) to include in the Company Articles of Association the exact number of ordinary shares at the end of the Mandatory Conversion and (v) to carry out any other formality to obtain the necessary authorizations for the above resolutions and, generally, any other authorization to fully implement the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to make any amendment and addition to the resolutions (not changing substantially the content of the same resolutions) which are deemed to be necessary and/or appropriate for the filing with the Companies’ Register or for the implementation of the laws and regulations or which should be requested by any relevant Supervisory Authorities as well as to proceed with the deposit and the registration with the Companies’ Register of the approved amendments of the Articles of Association.”</i></p>	
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**If circumstances emerge that were unknown at the moment of the issuing of the proxy, the undersigned party, in respect of the vote to be cast on the proposed resolution:**

CONFIRMS THE PROXY INSTRUCTION ALREADY ISSUED

REVOKES THE PROXY INSTRUCTION ISSUED

---

CHANGES THE PROXY INSTRUCTION ISSUED TO:  IN FAVOUR  AGAINST  ABSTAIN

**If the Special Meeting is called to vote on amendments of or additions to the resolution proposal submitted to its approval, the undersigned party, in respect of the vote to be cast:**

CONFIRMS THE PROXY INSTRUCTION ALREADY ISSUED

REVOKES THE INSTRUCTION ISSUED

CHANGES THE PROXY INSTRUCTION ISSUED TO:  IN FAVOUR  AGAINST  ABSTAIN

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Section C) of the Consob model provided for under Attachment 5C of the Issuers' Rules is **omitted** because there are no resolutions to vote other than that for which the proxies are being solicited by the Promoter.

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***To be completed only if the person signing is not the same as the holder of the shares***

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I, the undersigned (surname and name of the signatory, if different from the holders of the shares) ..... subscribe this Proxy Solicitation Form in my capacity as *(tick as appropriate)*

secured creditor

contango broker

usufructuary

custodian

administrator

legal representative or attorney with power of sub-delegation

other (please specify)

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DATE ..... SIGNATURE.....

## REGULATORY APPENDIX

### Provisions of the Legislative Decree no. 58 of 24 February 1998

#### Section 135-*novies*

##### (Representation at the shareholders' meeting)

1. Any person with the right to vote may indicate one representative for each shareholders' meeting, without prejudice to the right to specify one or more replacements.
2. As an exception to sub-section 1, any person with the right to vote may appoint a different representative for each account, used to record financial instrument transactions, valid where the communication envisaged in Section 83-*sexies* has been issued.
3. As a further exception to sub-section 1, if the person indicated as owner of the shares in the communication envisaged in Section 83-*sexies* acts alone or through registered trustees on behalf of his or her customers, the person in question may indicate others on whose behalf he/she acts, or one or more third parties indicated by such customers, as their representative.
4. If the proxy form envisages such an option, the proxy may arrange for personal substitution by another person of his or her choice, without prejudice to compliance with Section 135-*decies* sub-section 3 and to the right of the person represented to indicate one or more substitutes.
5. In place of the original, the representative may deliver or transmit a copy of the proxy, also in electronic format, confirming his or her liability in compliance of the proxy form to the original and the identity of the delegating party. The representative shall retain the original of the proxy form and keep track of any voting instructions received for a period of one year from closure of the shareholders' meetings concerned.
6. The appointment may be made with a document in an electronic format with a digital signature in accordance with Section 21, sub-section 2 of the Italian Legislative Decree no. 82 of 7 March 2005. The companies specify in the Articles of Association at least one way of electronic notification of the proxy.
7. Sub-sections 1, 2, 3 and 4 shall also apply to cases of share transfer by proxy.
8. All of the above without prejudice to the provisions of Article 2372 of the Italian Civil Code. As an exception to Article 2372, second sub-section of the Italian Civil Code, asset management companies, SICAVs, harmonized management companies and non-EU parties providing collective investment management services may grant representation for more than one shareholders' meeting.

#### Section 135-*decies*

##### (Conflict of interest of the representative and substitutes)

1. Conferring proxy upon a representative in conflict of interest is permitted provided that the representative informs the shareholder in writing of the circumstances giving rise to such conflict of interest and provided specific voting instructions are provided for each resolution in which the representative is expected to vote on behalf of the shareholder. The representative shall have the onus of proof regarding disclosure to the shareholder of the circumstances giving rise to the conflict of interest. Article 1711, second sub-section of the Italian Civil Code does not apply.
2. In any event, for the purposes of this section, conflict of interest exists where the representative or substitute:
  - a) has sole or joint control of the company, or is controlled or is subject to joint control by that company;
  - b) is associated with the company or exercises significant influence over that company or the latter exercises significant influence over the representative;
  - c) is a member of the board of directors or controlling body of the company or of the persons indicated in paragraphs a) and b);
  - d) is an employee or auditor of the company or of the persons indicated in paragraph a);



- e) is the spouse, close relative or is related by up to four times removed of the persons indicated in paragraphs a) to c);
- f) is bound to the company or to persons indicated in paragraphs a), b), c) and e) by independent or employee relations or other relations of a financial nature that compromise independence.

3. Replacement of the representative by a substitute in conflict of interest is permitted only if the substitute is indicated by the shareholder. In such cases, sub-section 1 shall apply. Disclosure obligations and related onus of proof in any event remain with the representative.

4. This section shall also apply in cases of share transfer by proxy.

#### Section 136

##### (Definitions)

1. For the purposes of this section, the following definitions shall apply:

- a) "proxy", means of representation conferred for the exercise of votes at shareholders' meetings;
- b) "solicitation", a request to more than two hundred shareholders for proxy to be conferred in relation to specific voting proposals, or accompanied by recommendations, statements or other indications capable of influencing the vote;
- c) "promoter", the person or persons, including the issuer, acting in concert to promote the solicitation.

#### Section 137

##### (General Provisions)

1. For the purposes of this section, Sections 135-novies and 135-decies shall apply to proxies.

2. The Articles of Association that in any way limit representation in shareholders' meetings shall not apply to proxies given pursuant to the provisions of this chapter.

3. The Articles of Association may contain rules aimed at facilitating voting by proxy by employee shareholders.

4. The provisions of this section shall not apply to *società cooperativa* [co-operative entities].

4-*bis*. The provisions of this section also apply to Italian companies with financial instruments other than shares admitted with the consent of the issuer to trading on regulated markets in Italy or other European Union Member States with regards to the conferral of representation to exercise voting rights in shareholders' meeting by the owners of the said financial instruments.

#### Section 138

##### (Solicitation)

1. Solicitation is performed by the promoter through dissemination of a statement and a proxy form.

2. The vote relating to shares for which proxy is conferred is exercised by the promoter. The promoter may be substituted only by a person specifically indicated in the proxy form and in the solicitation statement.

#### Section 139

##### (Requirements for promoters)

... section repealed by Legislative Decree 27/2010

#### Section 140

##### (Persons authorised to engage in solicitation)

... section repealed by Legislative Decree 27/2010

#### Section 142

##### (Proxies)

1. Proxies shall be signed by the givers, may be revoked and may be given only for one shareholders' meeting that has already been called, remaining effective for subsequent calls where applicable; they may not be given blank and shall show the date, the name of the appointee and the voting instructions.
2. Proxy may also be conferred for only a number of the voting proposals indicated in the proxy form or for only certain items on the Agenda. The representative shall vote on behalf of the person conferring proxy also on items of the Agenda for which he or she has received instructions, even if not included in the solicitation. Shares for which full or partial proxy is conferred are calculated for the purpose of determining due constitution of the shareholders' meeting.

#### Section 143

##### (Liability)

1. The information contained in the proxy statement or the proxy form and any sent out during a solicitation or collection of proxies must enable shareholders to make an informed decision; its suitability for this purpose shall be the liability of the promoter.
2. The promoter shall be liable for the completeness of information sent out during a solicitation.
3. In actions for damages arising from violation of the provisions of this section and the related regulations the burden of proof of having acted with the due diligence required shall be on the promoter.

#### Section 144

##### (Performance of solicitations and collections of proxies)

1. Consob shall issue a regulation on the transparency and correctness of solicitations and collections of proxies. In particular, the regulation shall lay down rules for:
  - a) the content of proxy statements and proxy forms and the procedures for their distribution;
  - b) the procedures for solicitation and the collection of proxies, and the conditions and procedures for casting proxy votes and revoking proxies;
  - c) the forms of cooperation between the promoter and the persons possessing the information on the identity of shareholders in order to permit the performance of solicitations.
2. Consob may;
  - a) request that the statement and proxy form include additional information to establish their specific dissemination methods;
  - b) suspend solicitation activities in the event of a grounded suspicion of breach of the provisions of this section or prohibit it in the event of ascertained breach of said provisions;
  - c) exercise the powers envisaged in Section 114 sub-section 5 and Section 115 sub-section 1 against the promoters.
3. ... section repealed by Legislative Decree 27/2010

4. In cases in which the law envisages forms of control over investments in company share capital, a copy of the statement and proxy form must be sent to the competent supervisory authority prior to solicitation. The authorities shall prohibit any solicitation that compromises the purpose of the control of capital investments.

Provisions of the Consob Regulation no. 11971/1999

Section 136

(Solicitation procedure)

1. Anyone intending to promote a proxy solicitation shall send a notice to the issuing company, that promptly publishes it on its Internet site, to Consob, to the stock exchange company and to the central depository company.

2. The notice shall include:

- a) the identity of the promoter and the company issuing the shares for which the proxies are sought;
- b) the date of the shareholders' meeting and the list of items at the Agenda;
- c) how the proxy statement and the proxy form are published as well as the Internet site that these documents are available on;
- d) the date beginning from which the party with the voting rights may request the prospectus and the delegation form from the promoter or view it at the stock exchange operator;
- e) the proposals for which the solicitation is to be carried out.

3. The proxy statement and the proxy form, containing at least the information provided under the schedules in Annexes 5B and 5C, will be published through the contextual transmission to the issuing company, Consob, the stock exchange company and the central depository, and made promptly available on the Internet site indicated by the promoter in accordance with sub-section 2, letter c). This Internet site may be the issuer's Internet site if the issuer so agrees. The central depository will promptly inform the intermediaries of the availability of the proxy statement and the proxy form.

4. ... *section repealed by resolution no. 17730/2011*

5. The promoter shall deliver the form along with the prospectus to whomever requests it.

6. Any change in the prospectus and form made necessary by circumstances that have arisen shall be immediately communicated with the procedures set forth in sub-section 3.

7. Upon request of the promoter:

- a) the central depository shall communicate the identification details of the participating intermediaries on the accounts of which the issuing company shares are registered, in addition to the relative quantity of shares, using computer support and within one business day of receiving the request;
- b) the intermediaries will communicate receipt of the request, using computer support and within three business days from receiving the request:
  - the identification details of the parties that have the voting rights, and that have not expressly prohibited communication of their details, in relation to which they operate as last intermediaries, in addition to the number of shares of the issuing company registered on the respective accounts;
  - the identification details of the parties that have opened accounts as intermediaries and the quantity of shares of the issuing company respectively registered on said accounts;
- c) the issuing company will make the identification details of the shareholders and the other records on the shareholders' register and the other disclosures received in accordance with the law or regulations available on computer support and within three business days from receipt of the request.

8. Starting from when the notice provided under sub-section 1 has been published, anyone who releases information that is pertinent to the solicitation will simultaneously notify the stock exchange company and Consob, who may request publication of more details or clarifications.

9. The promoter will bear the solicitation related costs.

10. The mere decision, by more than one party, to jointly promote a solicitation is irrelevant for the purposes of the duties provided under Section 122 of the Consolidated Law on Finance.

### Section 137

#### (Conduct of obligations)

1. The promoter will act with diligence, correctness and transparency.

2. In its contacts with the solicited parties, the promoter will abstain from carrying out its activity with persons who declare that they are not interested, provide comprehensible responses to requests for clarifications and explain the reasons for the solicitation, making clear in every case the implications resulting from business or shareholding relationships with it or persons belonging to its group, with the issuing company or entities belonging to its group.

3. If the promoter is different from the issuing company, it will note that, where expressly authorised by the solicited party, if significant events occur which were not known when the proxy was being issued, and cannot be communicated to the solicited party, and it could be reasonably inferred that if this party had known of these significant events it would have given its approval, the vote may be exercised differently from the way it was proposed.

4. The promoter will keep the results of the solicitation secret.

5. The promoter will announce how it voted with a press release, issued without delay in the manner indicated in Section 136, sub-section 3, in addition to the reasons behind any vote exercised differently to what had been proposed in accordance with sub-paragraph 3, and the result of the voting.

6. In accordance with Section 142.2 of the Consolidated Law on Finance, anyone who exercises the vote at shareholders' meetings must also vote on behalf of the delegating party for matters on the Agenda that the promoter has not made proposals on, in accordance with the wish expressed by the delegating party in the proxy form in accordance with Section 138.3.

7. The promoter may not acquire voting proxies in accordance with Article 2372 of the Italian Civil Code.

### Section 138

#### (Conferring and revoking proxies)

1. For the conferment of the delegate, the subject with the voting rights transmits to the promoter the delegation form, also as an electronic document signed in electronic mode, in accordance with Section 21, sub-section 2, of the Italian Legislative Decree no. 82 of 7 March 2005.

2. The promoter will decide whether to exercise the vote even in a way that does not reflect the actual proposal and will note this choice in the proxy statement. If the proxy solicitation has been promoted by the issuing company, it must exercise the vote, even if it does not reflect the actual proposals.

3. The party with voting rights who has given a full or partial proxy, may use the same proxy form to vote for the items on the Agenda for which the promoter has not requested the proxy. The promoter may not make recommendations, declarations or give other indications which could influence the vote regarding these items.

4. In the cases provided under sub-sections 2 and 3, the promoter, if different from the issuing company, may express, where expressly authorised by the delegating party, a different vote to the one indicated in the instructions if significant events should occur that were not known when issuing the proxy, and that cannot be communicated to the delegating party, and it could be reasonably inferred that if the delegating party had known of these significant events it would have given its approval, or in the event of changes or additions to the proposed motions submitted to the shareholders' meeting.

5. In the cases provided under sub-section 4, the promoter will state at the meeting:
- a) the number of votes expressed differently to the instructions received, or, in the event of additions to the proposed motions submitted to the shareholders' meeting, expressed without instructions, with respect to the total number of votes exercised, distinguishing between abstentions, votes against and votes in favour;
  - b) the reasons behind the vote expressed differently to the instructions received or in the absence of instructions.
6. In the cases provided in sub-sections 3 and 4, in relation to the proposals for motions for which voting instructions were not given and where authorisation was not provided to express a different vote to the one indicated in the instructions, the shares will in any case be used to calculate whether a quorum has been reached to form the shareholders' meeting; however these shares will not be used in order to calculate majorities and the capital quota required to approve resolutions.
7. The proxy will be revoked by written statement, issued as prescribed by sub-section 1, made known to the promoter at least the day before the shareholders' meeting.

#### Section 139

##### (Interruption of the solicitation)

1. In the case of the interruption, for any reason whatsoever, of the soliciting, the promoter discloses the same with the procedures contemplated by Section 136, sub-section 3.
2. Unless there is a provision to the contrary in the proxy statement, the promoter will exercise the vote pertaining to the shares that the proxy was given for prior to publication of the notice provided under sub-section 1. This provision is not applied if the interruption of the soliciting is provided for by Section 144, sub-section 2, letter b), of the Consolidated Law on Finance.

**ATTACHMENT 2**

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF THE ISSUER ON THE SOLE  
AGENDA ITEM TO BE DISCUSSED AT THE SPECIAL MEETING OF 4<sup>TH</sup> DECEMBER 2017**



# **SPECIAL SAVINGS SHAREHOLDERS' MEETING**

## **BOARD OF DIRECTORS' REPORT**

- 1. MANDATORY CONVERSION OF THE SAVINGS SHARES INTO ORDINARY SHARES. AMENDMENT OF ARTICLES 5, 7 AND 32 OF THE COMPANY'S ARTICLES OF ASSOCIATION. PERTINENT AND CONSEQUENT RESOLUTIONS.**

**Milan, 4 December 2017**

## Board of Directors' Report

### **Mandatory conversion of the savings shares into ordinary shares. Amendment of articles 5, 7 and 32 of the Company's Articles of Association. Pertinent and consequent resolutions.**

Dear Savings Shareholders,

we submit to your approval - pursuant to Sec. 146, paragraph 1, lett. b), of the Legislative Decree n. 58 of 24 February 1998 as amended and supplemented ( "**TUF**") - the proposal concerning the mandatory conversion of the savings shares into ordinary shares of UniCredit S.p.A. (the "**Company**" or "**UniCredit**" or the "**Bank**") as well as the consequent amendments to the Company's Articles of Association and the connected and implementing resolutions.

This Report is designed to illustrate the reasons for these resolution proposals relating to the sole item on the Agenda, in accordance with Sec. 125-*ter* of the TUF and in compliance with the provisions of Sec. 72 and Annex 3A of the Issuers' Regulation – CONSOB resolution no. 11971 of 14 May 1999 as amended and supplemented (the "**Issuers Regulation**" or the "**Regulation**").

#### **1. Reasons underlying the proposal**

The proposal hereby submitted for your approval provides for the mandatory conversion of all issued and outstanding savings shares of UniCredit into ordinary shares (the "**Mandatory Conversion**"), as a transaction aimed at rationalizing and simplifying the capital structure of UniCredit.

In particular, the Mandatory Conversion is also aimed at simplifying the Company's corporate governance, aligning the rights of all shareholders.

The simplification of the capital structure and the corporate organization of the Company consequent to the Mandatory Conversion carries out benefits for all the shareholders and, with specific reference to the current special savings shares, their holders will benefit from the significant increase of the liquidity of the shares held. Indeed, the conversion of relatively non liquid savings shares will lead them to hold ordinary shares having a significantly higher liquidity.

In addition, the savings shareholders will also benefit from the conversion ratio, for each savings share, made up partly of no. 3.82 UniCredit ordinary shares and a cash adjustment of Euro 27.25 (together defined as the "**Conversion Ratio**"). The Conversion Ratio is higher than the conversion ratios of the market ordinary and savings shares prices with reference to some historical averages prior to the date of 21 September 2017 (date on which this proposal was announced to the market, at the closing of the market) and includes an implied premium of 40% compared to the savings shares price on the same day of 21 September 2017. For further information on the Conversion Ratio, historical averages of conversion ratios and implied premiums, see paragraphs 8 and 9 below.

Furthermore, the proposal for Mandatory Conversion is subordinated to the condition that such Mandatory Conversion will be approved with the *quorum* required under law by this Special savings shareholders' Meeting of the Company convened on a single call on 4 December 2017.

For the purposes of implementing the Mandatory Conversion the Company may issue new shares and/or use its own shares (at the date of this report the number of own shares of the Company amount to no. 4,760 shares).



## **2. Description of the rights or privileges attached to UniCredit savings shares**

As at the date of this report, the UniCredit share capital is equal to Euro 20,880,549,801.81, divided into no. 2,225,945,295 shares with no par value, of which no. 2,225,692,806 are ordinary shares, equal to approximately 99.99% of the entire share capital, and no. 252,489 are saving shares, equal to approximately 0.01% of the entire share capital of the Bank.

Based on the Company's Articles of Association provisions currently in force, savings shares do not bear any voting rights in the general shareholders meetings.

Any reduction of the share capital due to losses does not have any effect on savings shares, other than for the portion of any loss that eventually exceeds the overall amount of the capital represented by other shares. In the event of the Bank being wound up, savings shares enjoy the right of pre-emption in respect of the redemption of capital, up to Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the fixed numerical reference could be amended consequently. In the event of reserves being distributed, savings shares bear the same rights as other shares. A resolution of the Special Meeting of Shareholders may vest the holders of savings shares with the ability to convert said shares into ordinary shares in accordance with the procedures and by the deadlines determined.

Resolutions carried for the issuance of new savings shares with the same characteristics as those already outstanding, at the time of a capital increase or the conversion of shares of another class that have already been issued, do not require approval by a Special Meeting of savings shareholders. Whenever ordinary and/or savings shares are barred from trading, the holder of savings shares may ask for its shares to be converted into ordinary shares, in accordance with the procedures resolved upon by the Extraordinary Meeting of Shareholders, convened as and when the need arises within two months from the shares being barred from trading.

Pursuant to the current law provisions, a Common Representative of the savings shares is appointed. The Common Representative shall remain in office for a period of no more than three financial years and may be re-elected. The Common Representative is entitled to join and take the floor in the Shareholders' Meetings.

In order to ensure that adequate information on transactions that may influence the price of the savings shares are received by the Common Representative, the latter shall be duly informed in this regard in compliance with the time limits and procedures for disclosing information to the market.

On the basis of the Company's Articles of Association in force as at the date of this report, the net profit for the year is allocated as follow:

- a) no less than 10% to the reserve; when the reserve is at the maximum level foreseen by legal provisions, said profit is allocated with priority to the savings shares, at the level set out in point b) below;
- b) the savings shares are allocated up to five per cent of Euro 63 per share; when, in any given operating year, the savings shares are allocated a dividend of less than five per cent of Euro 63 per share, the difference is added to the preferential dividend for the next two years; any earnings that remain after allocating the above dividend to the savings shares are distributed among all shares, in such a way that the savings shares are assigned a higher global dividend than due to ordinary shares, at a level equal to three per cent of Euro 63 per share;
- c) whilst the above provisions regarding the higher overall dividend due to savings shares shall continue to be observed, the ordinary shares are allocated up to five per cent of Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of

shares outstanding, the fixed numerical reference referred to in points b) and c) hereunder, could be amended consequently;

- d) any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution, are distributed among shares in addition to the allocations referred to in points b) and c) above.

### **3. Specific criticalities and advantages of the Mandatory Conversion**

As a result of the Mandatory Conversion:

- (a) on the effective date of the Mandatory Conversion, the owners of savings shares will lose the economic rights, privileges and the category protections set forth by the applicable laws and regulations and by the Articles of Association of UniCredit for that category of shares. In any case, it has to be noted that the savings shareholders who will not exercise the right of withdrawal will receive ordinary shares of the Company and, therefore, will acquire the voting rights exercisable at any general shareholders' meetings of UniCredit (in ordinary and extraordinary session) and will acquire all the rights and protections attached to the ordinary shares, benefiting *inter alia*, from the higher share liquidity of the market for such category of shares and from the greater float represented by the ordinary shares;
- (b) on the effective date of the Mandatory Conversion, the voting rights of the ordinary shareholders will be diluted pro-rata to the amount of ordinary shares issued for the purposes of the Mandatory Conversion. The aggregate amount of ordinary shares issued before that date will represent about 99.96% of the share capital of the Company following the Mandatory Conversion, while the aggregate amount of ordinary shares at the service of the Mandatory Conversion will represent about 0.04% of the share capital of the Company following the Mandatory Conversion. The holders of ordinary shares will benefit from the removal of privileges and administrative rights attached to the savings shares; shareholders will benefit from the simplification of the Company's capital structure and governance/organization structure; and the former savings shareholders will benefit from the acquisition of all the rights attached to ordinary shares, from the greater float and from the increased liquidity of their securities;
- (c) as a result of the Mandatory Conversion, the holders of savings shares will lose the right to the aggregate privileged dividend relating to the financial years 2015 and 2016 (which in said financial years was not entirely paid due to lack of profits of UniCredit S.p.A. at individual level).

Taking into account that the shares have no par value, the conversion will not result in an increase of the share capital of UniCredit, which will, therefore, remain unchanged. The overall number of outstanding shares following the Mandatory Conversion will increase as a result of the issue of new ordinary shares to service the Mandatory Conversion.

### **4. Quantity of savings shares held by the controlling shareholder pursuant to Section 93 of the TUF**

As of the date of this report, no entity controls the Company pursuant to Section 93 of the TUF. Therefore, this section does not apply.

## 5. Intention of the controlling shareholder to buy and sell savings shares on the market.

As already pointed out, as of the date of this report, no entity controls the Company pursuant to Section 93 of the TUF. Therefore, this section does not apply.

## 6. Possible conversion commitments by savings shareholders, with particular regard to the controlling shareholder

Being a Mandatory Conversion, all savings shares will be automatically converted into ordinary shares. Therefore, this section does not apply.

For the sake of completeness, please note that, at the date of publication of this report, based on the information available to the Company and on the information available on the Consob website with respect to shareholders' agreements, no shareholder assumed any commitment to vote in favour of the proposed resolutions concerning the Mandatory Conversion.

## 7. Dividends distributed to savings shareholders during the past five years

The table hereunder shows dividends distributed by UniCredit to the savings shareholders, starting from the 2012 financial year:

Gross dividends	2012	2013	2014	2015	2016
per savings share	0.090	0.100	1.065*	0.120	-

\*Gross dividend per savings share €0.12 and preferred dividend per savings share €0.315 (2014), plus preferred dividend per savings share €0.630 (2012-2013).

It should be noted that ordinary shares servicing the Mandatory Conversion will bear regular dividend rights and such holders will participate to the distribution of dividend referable to the annual financial statements ending 31 December 2017, if any, as any other holder of ordinary shares.

## 8. Cash adjustment and relevant calculation criteria

The Company's Board of Directors resolved upon proposing a conversion of the Company savings shares into ordinary shares based on a Conversion Ratio made up of no. 3.82 UniCredit ordinary shares and a cash adjustment component of Euro 27.25 for each savings share.

The Conversion Ratio component represented by ordinary shares was determined on the basis of the ratio at par between the official market prices of ordinary and savings shares on 21 September 2017 (the announcement date of the proposal, at closing of the market).

As far as the Conversion Ratio component represented by cash is concerned, the Board of Directors intends to propose a cash adjustment that could be considered an appropriate incentive for savings shareholders to approve the Mandatory Conversion.

The cash adjustment component, for each savings share, equal to Euro 27.25, has been determined as follows.

- Also on the basis of an opinion of an independent advisor, the savings shares, due to the mechanism defined in the Articles of Association for determining the special dividends, may be deemed as basically equivalent to perpetual bonds. This comparison is based on the very high

probability for a savings shareholder to receive an annual dividend of at least € 3.15 per share (5% of € 63 per share, as provided for in Clause 32 of the Articles of Association). As a matter of fact, on the basis of such comparison, the Mandatory Conversion would change the risk class selected by the investor, from bond to mere equity. Based on current market price and above-said dividend defined in the Article of Association, investing in savings shares allows for a perpetual yield of about 5.38%, equal to the rate of return which makes the current value of the future expected dividends equal to the current market price. To evaluate this performance from the perspective of a retail investor, the above said yield can be compared to the yield of a 30-years BTP, at the date of 21 September 2017, equal to 3.32% (Source: Bloomberg).

- On the basis of the same perspective, the conversion forces the savings shareholders to switch from a segment comparable to a bond to a pure equity segment so changing their risk-profile or, alternatively, to sell the ordinary shares and to reinvest in a security with an equivalent risk-profile. In that respect, it is appropriate to offer a proper incentive to the savings shareholders.
- The measure of the cash adjustment was defined through an estimate of the theoretical value of a savings share as the present value of the expected dividends discounted at the 30-years risk-free yield plus the spread on UniCredit credit default swap. Looking at the spreads in the last 6 and 12 months, the overall yield result between 3.4% and 3.5%. Based on these parameters ( i.e. (i) the minimum dividend of € 3.15 per share per annum as defined in the Articles of Association and (ii) the discount rate equal to the 30-years risk-free yield plus the spread on UniCredit credit default swap (as described above)), the theoretical value of savings shares, obtained by updating the expected dividends to said reference rates, would lead to grant a maximum cash adjustment to savings shareholders not exceeding *circa* 50% with respect to the reference market price.
- Considering the objective interest of the Bank in carrying out the Mandatory Conversion and the limited amount of the premium in absolute terms, a 40% cash adjustment can be considered a proper measure and consistent with the defined aims.

The cash adjustment coincides with an implied premium in the Conversion Ratio which amounts to 40%, taking into account the fact that the financial instrument component of the Conversion Ratio was established at par on the basis of the ratio between the official market prices of ordinary and savings shares at 21 September 2017 (date of announcement of the proposal, at closing of the market).

The cash component will be paid by drawing on funds from the available reserve “Share premium Reserve” (“*Sovrapprezzi di emissione*”) as resulting from the financial situation as of 30 June 2017 of UniCredit S.p.A. included in the half-year financial statement approved by the Board of Directors on 2 August 2017.

This reserve as set out in the financial situation as of 30 June 2017 of UniCredit S.p.A. amounts to Euro 13,399,798,681 and is, therefore, sufficient.

## **9. Conversion ratio and relevant calculation criteria**

### *Introduction*

As already anticipated, the Company’s Board of Directors resolved upon proposing a conversion of the Company savings shares into ordinary shares based on a conversion ratio, for each savings share, represented by no. 3.82 UniCredit ordinary shares and by a cash adjustment component of Euro 27.25 per savings share.

The Conversion Ratio has been determined by the Board of Directors, on the basis of several considerations, including an independent opinion. In particular, the following factors have been considered:

- (a) the reasons underlying the proposal for the Mandatory Conversion;

- (b) the specific economic and administrative features of the savings shares with respect to ordinary shares;
- (c) the performance of savings shares market prices with respect to ordinary shares market prices over different time periods, including long term historical periods, prior to the announcement of the conversion proposal;
- (d) the implied premium in the Conversion Ratio proposed, based on the analysis of the theoretical value of a savings share as the present value of the expected dividends discounted at the 30-years risk-free yield plus the spread on UniCredit credit default swap.

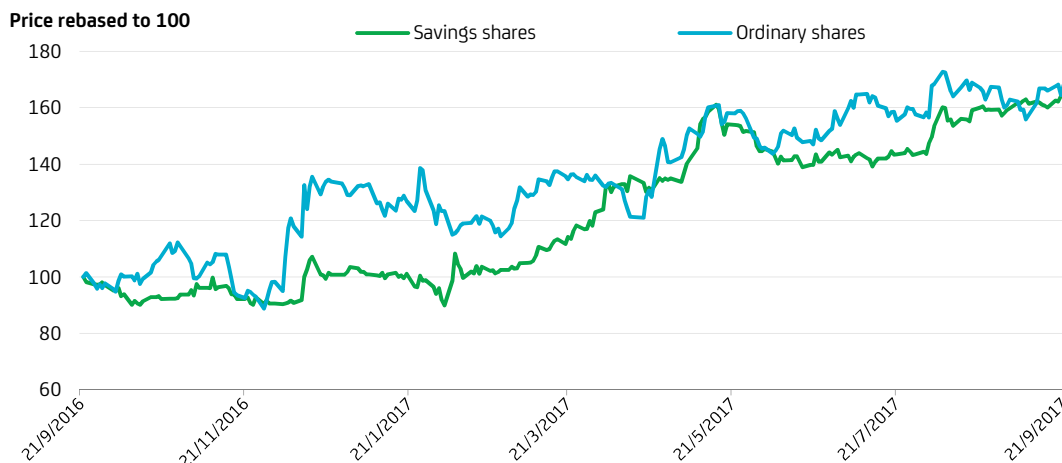
In the assessment of the Conversion Ratio, and in particular in the component made up of ordinary shares, the Board of Directors used the trading day closing on 21 September 2017, i.e. the day of the announcement of the conversion proposal, as last reference date for ordinary and savings share market prices.

Below please find additional details with respect to the mentioned items taken into consideration for purposes of the determination of the conversion ratio.

Market performance of the UniCredit ordinary and savings shares

The graph below shows the market performance of the share prices of each share class in the last 12 months starting from 21 September 2017.

**Graph – Market performance of prices of ordinary and savings shares**



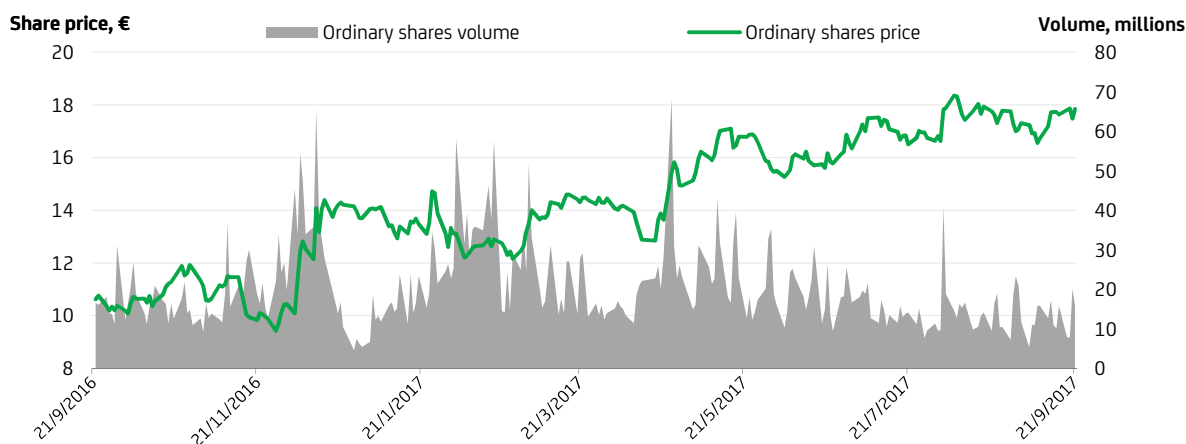
The table below shows the performance of the market prices of the shares of each class with reference to 21 September 2017 and certain historical averages:

**Table - Share price performance: last closing share price vs historical averages**

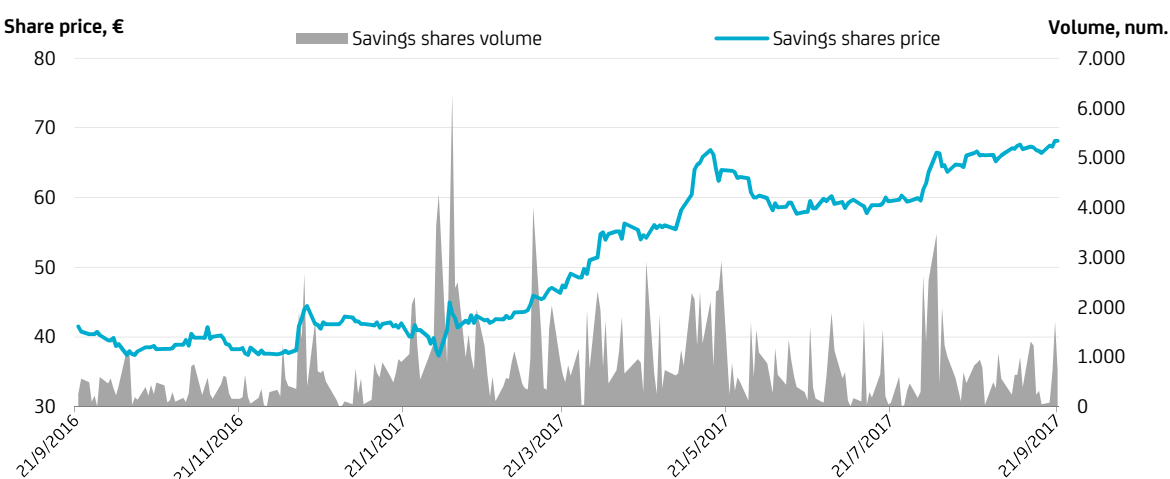
	Ordinary shares price, €	Delta spot price vs average, %	Savings shares price, €	Delta spot price vs average, %
<b>September 21, 2017</b>	<b>17.85</b>	<b>-</b>	<b>68.12</b>	<b>-</b>
Average last 3M	17.25	3.5%	63.04	8.1%
Average last 6M	16.30	9.4%	60.49	12.6%
Average last 9M	15.36	16.2%	54.55	24.9%
Average last 12M	14.30	24.8%	50.65	34.5%

The graphs below show the historical information on trading volumes and market prices for each category of shares:

**Graph - Ordinary shares: trading volumes and share prices**



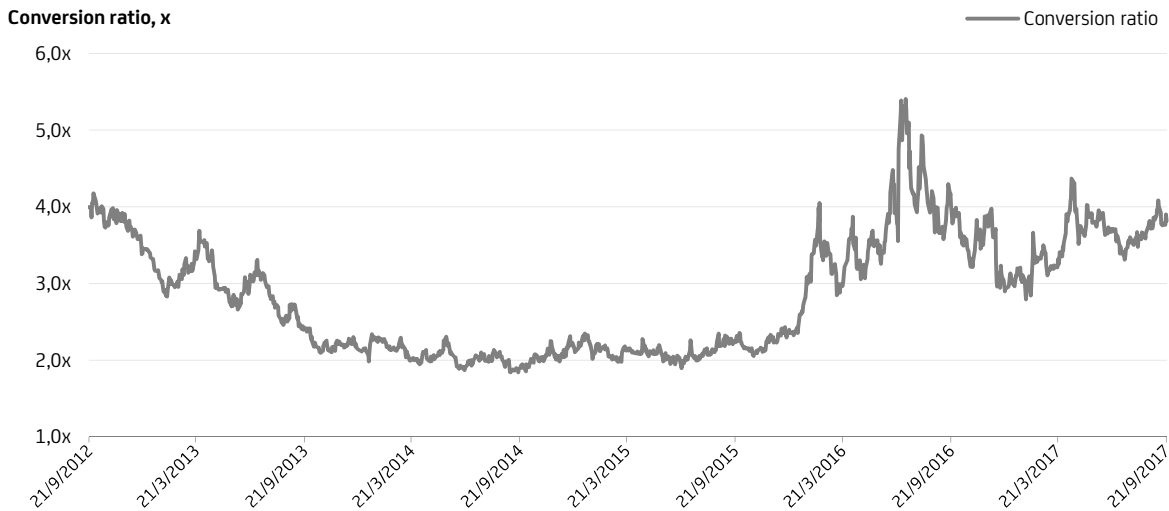
**Graph - Saving Shares: trading volumes and share prices**



Conversion Ratio proposed in the context of the Mandatory Conversion

The chart below shows the performance of the conversion ratio in the market prices of savings and ordinary shares of the Company over a 5 year period from 21 September 2012 to 21 September 2017.

**Graph - conversion ratios (Saving Share Price / Ordinary Share Price, x)**



The table below shows the performance of the conversion ratios relating to the market share prices of ordinary and savings shares with reference to 21 September 2017 and certain historical averages:

**Table -conversion ratios (Saving Share Price / Ordinary Share Price)**

	Ordinary shares price, €	Savings shares price, €	Conversion ratio, x
	(a)	(b)	(c) = (b) / (a)
<b>September 21, 2017</b>	<b>17.85</b>	<b>68.12</b>	<b>3.82x</b>
Average last 3M	17.25	63.04	3.66x
Average last 6M	16.30	60.49	3.71x
Average last 9M	15.36	54.55	3.55x
Average last 1Y	14.30	50.65	3.54x
Average last 2Y	16.25	52.57	3.24x
Average last 3Y	20.70	55.77	2.69x
Average last 4Y	22.88	57.27	2.50x
Average last 5Y	22.25	58.22	2.62x

### Conclusions

Based on the analysis above, the Board of Directors considers the proposed Conversion Ratio, also based on the support from an independent advisor, to be in the interest of the shareholders and of the Company.

### **10. Procedures for the exercise of the Mandatory Conversion**

The Mandatory Conversion will be carried out through Monte Titoli S.p.A., which will give instructions to the intermediaries adhering to the centralised management system, with which savings shares are deposited. All the necessary transactions for the completion of the Mandatory Conversion shall be carried out by the aforementioned intermediaries and by Monte Titoli S.p.A..

The Mandatory Conversion transactions shall be free of charges for the shareholders.

The intermediaries, keeping the accounts in name of each holder of savings shares, will assign to each holder the number of ordinary shares resulting from the conversion ratio.

For the purposes of managing the fractions of ordinary shares resulting from the conversion ratio of the Mandatory Conversion, the Company will appoint and ad-hoc, authorized intermediary.

The effective date of the Mandatory Conversion shall be agreed with Borsa Italiana S.p.A. and made publicly available on the website of the Company ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)) and in at least one national daily newspaper, in accordance with Section 72, paragraph 5, of the Issuers Regulation. With same notice, the Company will provide details on the modalities of assignment of the ordinary shares and on the management of the fractions resulting from the conversion ratio of the Mandatory Conversion. On the same date, the savings shares shall be revoked from listing on the *Mercato Telematico Azionario*, organised and managed by Borsa Italiana S.p.A., and the ordinary shares resulting from the Mandatory Conversion will be listed on the *Mercato Telematico Azionario*, organised and managed by Borsa Italiana S.p.A..

The cash adjustment component will be paid on the relevant shareholder's account used by the same to receive payments of dividends or the possible different account communicated by the same to the reference intermediary.

### **11. Conditions to the Mandatory Conversion**

The Mandatory Conversion, if approved by the Extraordinary Shareholders' Meeting convened on 4 December 2017, on a single call, as the third item on the Agenda of that Meeting, will be effective on condition that the Mandatory Conversion proposal is also approved by the Special savings shareholders' Meeting of the Company convened on a single call on 4 December 2017.

The Mandatory Conversion is also subordinate to the prior approval of the relevant Articles of Association amendments by *Banca di Italia*, in accordance with the applicable provisions of law.

The European Central Bank's preemptive authorization is also necessary to proceed with the reduction of the CET1 as a consequence of the exercise of the right of withdrawal by the holders of savings shares and the purchase of own shares by the Company at the end of the liquidation procedure, pursuant to EU Regulation no. 575/2013 (CRR).



## 12. Number of savings shares to be converted

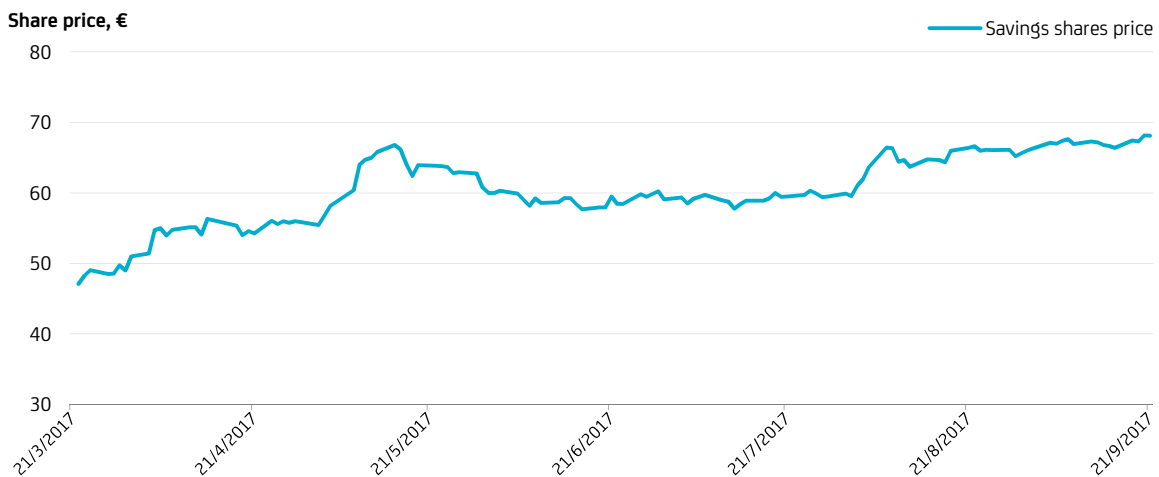
All savings shares (equal to no. 252,489) shall be converted into ordinary shares with the same features as the outstanding ordinary shares on the effective date of the Mandatory Conversion.

On the basis of the Conversion Ratio described above, the total number of ordinary shares to service the Mandatory Conversion will be equal to 964,507.

## 13. Performance of the prices of savings shares in the past semester

The chart below shows savings shares prices in the period between 21 March and 21 September 2017 (i.e. the date of announcement of the proposal for the Mandatory Conversion to be submitted to the Extraordinary Shareholders' Meeting and to the Special savings shareholders' Meeting).

*Graph – Saving share price over the last six months*



## 14. Incentives for the Mandatory Conversion

The Company's Board of Directors resolved to propose a conversion of the Company's savings shares into ordinary shares on the basis of a Conversion Ratio represented, for each savings share, by a component of 3.82 UniCredit ordinary shares and by a cash adjustment equal to Euro 27.25 per savings share.

The Conversion Ratio component represented by ordinary shares was determined on the basis of the ratio at par between the official market prices of ordinary and savings shares on 21 September 2017 (the announcement date of the proposal).

In addition, the Board of Directors intends to propose a cash adjustment that could be considered an appropriate incentive for savings shareholders to approve the Mandatory Conversion.

On the basis of the Conversion Ratio, the Mandatory Conversion is featured by an implied premium of 40% in relation to the market price of savings shares as of 21 September 2017. Please see also paragraphs 8 and 9 above on the determination criteria applied with respect to the conversion ratio and implied premium.

In any case, please note that possible different market conditions existing as the time of the execution of the conversion might also have an impact on, or exclude the existence of, a premium implied in the conversion ratio.

#### **15. Effects of the Mandatory Conversion on stock option plans relating to savings shares**

As of the date of this report, there are no stock option plans with underlying savings shares. Therefore, this section does not apply.

#### **16. Breakdown of the Company's capital before and after the Mandatory Conversion**

As at the date of this report, the UniCredit share capital is equal to Euro 20,880,549,801.81, divided into no. 2,225,945,295 shares with no par value, including no. 2,225,692,806 ordinary shares, equal to 99.99% of the entire share capital and no. 252,489 savings shares, equal to 0.01% of the entire share capital.

Following the Mandatory Conversion, the Company share capital shall be divided into no. 2,226,657,313 ordinary shares with no par value, assuming that own shares are not used to carry out the Mandatory Conversion.

#### **17. Significant changes in the ownership structure following the Mandatory Conversion**

Considering the limited amount of savings shares issued by the Bank and currently existing and the small percentage of the share capital they represent, the Mandatory Conversion will not determine any significant change in the ownership structure of the Company.

In case of effectiveness of the Mandatory Conversion, the ordinary share capital representing the existing company share capital will be diluted by almost nothing.

#### **18. Main uses to which the Company intends to put the net proceeds of the Mandatory Conversion**

The Mandatory Conversion does not envisage the payment of any conversion adjustment in favour of the Company. Therefore, there will be no proceeds in favour of the Company following the Mandatory Conversion.

#### **19. Right of Withdrawal**

Since the resolution approving the conversion of savings shares into ordinary shares implies an amendment to the Company's Articles of Association regarding voting and participation rights, the savings shareholders who do not take part in the approval of the related resolution of the Special savings shareholders' Meeting will be entitled to exercise the right of withdrawal pursuant to Article 2437, paragraph 1, (g), of the Italian Civil Code, as detailed below.

Pursuant to Sec. 127-*bis*, par. 2, of the TUF, shareholders who have been registered as holders of the shares following the record date pursuant to Sec. 83-*sexies*, par. 2, of the TUF (*i.e.*, 23 November 2017) but before the opening of the Meeting, will be considered as not having taken part to the adoption of the resolution for the purposes of exercising the right of withdrawal.

### 19.1 Liquidation value

The liquidation value of each savings share has been calculated in accordance with Article 2437-*ter* of the Italian Civil Code and set by the Board of Directors at Euro 61.10 (which is the arithmetic average of closing prices of the savings shares on the market in the six months before the date of publication (of the call notice of the Extraordinary Meeting (26 September 2017))). The Company's Articles of Association do not derogate from the above-mentioned legal criteria.

### 19.2 Modalities for exercising the right of withdrawal

The terms and procedures for the exercise of the right of withdrawal and the liquidation procedure for the shares for which the right of withdrawal has been exercised are hereby synthetically illustrated.

- A)** In accordance with Article 2437-*bis* of the Italian Civil Code, those who are entitled to the right of withdrawal may exercise such right, for all or part of the savings shares held, by means of a registered letter (the “**Withdrawal Statement**”) that shall be sent to the registered office of the Company within 15 calendar days from the date of registration in the Companies Register. Such registration shall be communicated to the public by means of a notice on at least one national daily newspaper and on the website of the Company at [www.unicreditgroup.eu](http://www.unicreditgroup.eu).

The Withdrawal Statement, in accordance with the modalities provided by the law, must be sent to the registered office of the Company by registered letter.

The Withdrawal Statement must contain the following information:

- the identification details, the tax identification number, the domicile address (and, where possible, a telephone number and email address) of the withdrawing shareholder for the communication concerning the right of withdrawal;
  - the number of savings shares for which the right of withdrawal is being exercised;
  - the details of the current account (including IBAN details) of the withdrawing shareholder to which the liquidation value of the shares shall be credited;
  - the indication of the intermediary with which the account, where the shares for which the right of withdrawal is exercised are registered, is opened, together with the details of the aforesaid account;
  - the declaration that such shares are free of pledges or other constraints in favour of third parties.
- B)** Save the provisions in item A) above, it should be reminded that, according to Section 23 of the Regulations of Banca d'Italia-Consob of 22 February 2008 as subsequently amended (the “**Banca d'Italia-Consob Regulation**”), the entitlement to exercise the right of withdrawal pursuant to Article 2437 of the Italian Civil Code is certified by a communication by the intermediary to the issuer. The savings shareholders who intend to exercise the right of withdrawal shall therefore require the intermediary, authorised to keep the accounts according to the law, to send the aforesaid communication to the Company, pursuant to Section 21 of the Banca d'Italia-Consob Regulation.

Such correspondence shall certify the following:

- the continuous ownership, of the withdrawing shareholder, of UniCredit savings shares in relation to which the withdrawal right is exercised, from the date of the Meeting whose resolution entitles the exercise of the right of withdrawal until to the date upon which such right is exercised, taking into account the requirements set forth by Section 127-*bis*, paragraph 2, of the TUF;
- the absence of pledges or other liens on UniCredit savings shares in relation to which the withdrawal right is being exercised; otherwise, the withdrawing shareholder shall send to the

Company, as a condition for the admissibility of the Withdrawal Statement, a specific declaration by the secured creditor or by such other person who has other liens on the shares, with which such person gives its irrevocable consent to carry out the liquidation of the shares in relation to which the right of the withdrawal is exercised, in accordance with the instructions given by the withdrawing shareholder.

- C) As provided for in Article 2437-*bis* of the Italian Civil Code and applicable regulations, the shares in relation to which the communication has been made under Section 23 of the Banca d'Italia-Consob Regulation (and therefore the savings shares for which the withdrawal right is exercised by the entitled person) are made unavailable by the intermediary, and therefore may not be subject to acts of disposal, until the time of their liquidation.
- D) If one or more shareholders exercise the withdrawal right, the liquidation procedure will be carried out in accordance with the provisions of Article 2437-*quater* of the Italian Civil Code, as explained below.

Article 2437-*quater* of the Italian Civil Code provides that:

- i. the directors of the Company offer for pre-emption (*diritto di opzione*) the shares of the withdrawing shareholders to the other shareholders; such pre-emption right may be exercised within a period of at least 30-days from filing of the pre-emption offer with the competent Companies Register; those shareholders who exercise the pre-emption right have a pre-emptive right (*diritto di prelazione*) to purchase the shares for which no pre-emption right has been exercised, provided that they make a concurrent request; in the event that any of the shares for which the withdrawal right has been exercised have not been acquired by the Company's shareholders, such shares can be offered by the directors of the Company on the market;
- ii. in the event any of the shares for which the right of withdrawal has been exercised are not being purchased, the Company shall purchase such shares using available reserve even in derogation of the quantitative limits set forth under paragraph 3 of Article 2357 of the Italian Civil Code.

Information on the terms and conditions for the exercise of the right of withdrawal that cannot be defined before the date of the Meeting, including the date of effective registration of the resolution at the Companies' Register, will be disclosed by the Company – together with the details on the terms and conditions for exercising the right - in accordance with the rules laid down by the current regulations, with the related notices published on the Company's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) as well as on at least one national newspaper.

Also the terms and conditions of the liquidation procedure (including the number of savings shares in relation to which the right of withdrawal was exercised, the offer with pre-emption and priority rights and the offer on the market) will be disclosed in accordance with the terms and modalities set forth in the current regulations, with the related notices published on the Company's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) as well as on at least one national newspaper.

## **20. Amendments to the Articles of Association**

In light of the above, it is necessary to amend Clauses 5 and 32 and to remove Clause 7 of the Company's Articles of Association, in order to reflect the Mandatory Conversion. After the removal of Clause 7, in order to keep unchanged the numeration of the following Clauses of the Articles of Association, we also propose to renumber as new Clause 7 the first three paragraphs of the current Clause 8 of the Company's Articles of Association and as new Clause 8 the fourth paragraph of the same current Clause 8. The table below shows the proposed amendments to the Articles of Association

connected to the Mandatory Conversion, assuming that the proposal resolution under item 2 on the Agenda of the Extraordinary Shareholders' Meeting is approved.

CURRENT WORDING	PROPOSED AMENDMENTS
<p style="text-align: center;"><b>SECTION III</b> <b>Regarding share capital and shares</b></p> <p style="text-align: center;"><u>Clause 5</u></p> <p>1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into 2,225,945,295 shares without nominal value, in turn made up of 2,225,692,806 ordinary shares and 252,489 savings shares.</p> <p>2. Ordinary shares are registered shares.</p> <p>3. No one entitled to vote may vote, for any reason whatsoever, for a number of Bank shares exceeding five per cent of share capital bearing voting rights, to this end, the global stake held by the controlling party, (be it a private individual, legal entity or company), all direct and indirect subsidiaries and affiliates has been taken into consideration; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates have not, on the other hand, been taken into consideration. Control, including with regard to parties other than companies, emerges in the situations provided for by Article 2359, first and second paragraph, of the Italian Civil Code. Control whereby significant influence is exercised is regarded to be present in the situations provided for by Clause 23, second paragraph, of Legislative Decree no. 385 dated September 1, 1993 (Consolidation Act for Laws Relating to Banking and Lending Activities). An affiliation emerges in the situations referred to in Article 2359, third paragraph, of the Italian Civil Code, for the purposes of computing the stake held, those shares held through custodian companies and/or intermediaries and/or those shares whose voting rights are assigned for any purpose or reason to a party other than their owner, are also taken into consideration. In the event of the above provisions being breached, any shareholders resolution carried may be impugned pursuant to the provisions of Article 2377 of the Italian Civil Code, where the majority required would not have been reached without this breach. Those shares whose voting rights may not be exercised are in any event computed in order for the Meeting to be properly formed.</p> <p>4. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements. Specifically, the Meeting may resolve upon the issuance of savings shares bearing the features and rights provided for by prevailing laws and by these Articles of Association.</p> <p>5. Resolutions carried for the issuance of new savings and/or ordinary shares at the time of a capital increase or the conversion of shares of another class that have already been issued, do not require the approval of a Special Meeting of Savings Shareholders.</p> <p>6. The Extraordinary Meeting of Shareholders may resolve upon the allocation of earnings to the employees of</p>	<p style="text-align: center;"><b>SECTION III</b> <b>Regarding share capital and shares</b></p> <p style="text-align: center;"><u>Clause 5</u></p> <p>1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into <del>2,225,945,295</del> <b>X.XXX.XXX.XXX</b> ordinary shares without nominal value, <del>in turn made up of 2,225,692,806 ordinary shares and 252,489 savings shares.</del></p> <p>2. <del>Ordinary S</del> shares are registered shares.</p> <p><del>3</del> <del>No one entitled to vote may vote, for any reason whatsoever, for a number of Bank shares exceeding five per cent of share capital bearing voting rights, to this end, the global stake held by the controlling party, (be it a private individual, legal entity or company), all direct and indirect subsidiaries and affiliates has been taken into consideration; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates have not, on the other hand, been taken into consideration. Control, including with regard to parties other than companies, emerges in the situations provided for by Article 2359, first and second paragraph, of the Italian Civil Code. Control whereby significant influence is exercised is regarded to be present in the situations provided for by Clause 23, second paragraph, of Legislative Decree no. 385 dated September 1, 1993 (Consolidation Act for Laws Relating to Banking and Lending Activities). An affiliation emerges in the situations referred to in Article 2359, third paragraph, of the Italian Civil Code, for the purposes of computing the stake held, those shares held through custodian companies and/or intermediaries and/or those shares whose voting rights are assigned for any purpose or reason to a party other than their owner, are also taken into consideration. In the event of the above provisions being breached, any shareholders resolution carried may be impugned pursuant to the provisions of Article 2377 of the Italian Civil Code, where the majority required would not have been reached without this breach. Those shares whose voting rights may not be exercised are in any event computed in order for the Meeting to be properly formed.</del></p> <p><del>4</del>3. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements. <del>Specifically, the Meeting may resolve upon the issuance of savings shares bearing the features and rights provided for by prevailing laws and by these Articles of Association.</del></p> <p><del>5</del>4. Resolutions carried for the issuance of new savings and/or ordinary shares at the time of a capital increase or the conversion of shares of another class that have already been issued, do not require the approval of a <del>Special Meeting of Savings Shareholders.</del></p> <p><del>6</del>5. The Extraordinary Meeting of Shareholders may resolve upon the allocation of earnings to the employees of</p>

<p>the Bank or subsidiaries, in conformity to prevailing laws.</p>	<p>the Bank or subsidiaries, in conformity to prevailing laws.</p>
<p style="text-align: center;"><u>Clause 7</u></p> <p>1. Savings shares do not bear any voting rights. Any reduction of share capital due to losses does not have any effect on savings shares, other than for the portion of any loss that eventually exceed the overall amount of the capital represented by other shares; in the event of the Bank being wound up, savings shares enjoy the right of pre-emption in respect of the redemption of capital, up to Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the above fixed numerical reference could be amended consequently. In the event of reserves being distributed, savings shares bear the same rights as other shares.</p> <p>2. A resolution of the Special Meeting of Shareholders may vest the holders of savings shares with the ability to convert said shares into ordinary shares in accordance with the procedures and by the deadlines determined.</p> <p>3. Whenever the Bank's ordinary shares or savings shares are barred from trading, the holder of savings shares may ask for its shares to be converted into ordinary shares, in accordance with the procedures resolved upon by the Shareholders' Meeting, convened as and when the need arises within two months from shares being barred from trading.</p> <p>4. Savings shares, when fully paid-up, are bearer shares, unless provided for otherwise by law. At the request and expense of the Shareholder, they may be transformed into registered savings shares and vice versa.</p> <p>5. Pursuant to the current law provisions a Common Representative of the saving shares bearers is appointed. The Common Representative shall remain in office for a period of no more than three financial years and may be re-elected. The Common Representative is entitled to join and take the floor in the Shareholders' Meetings.</p> <p>6. In order to ensure that adequate information on transactions that may influence the price of the saving shares are received by the Common Representative, the latter shall be duly informed in this regard in compliance with the time limits and procedures for disclosing information to the market.</p>	<p style="text-align: center;"><u>Clause 7</u></p> <p><del>1. Savings shares do not bear any voting rights. Any reduction of share capital due to losses does not have any effect on savings shares, other than for the portion of any loss that eventually exceed the overall amount of the capital represented by other shares; in the event of the Bank being wound up, savings shares enjoy the right of pre-emption in respect of the redemption of capital, up to Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the above fixed numerical reference could be amended consequently. In the event of reserves being distributed, savings shares bear the same rights as other shares.</del></p> <p><del>2. A resolution of the Special Meeting of Shareholders may vest the holders of savings shares with the ability to convert said shares into ordinary shares in accordance with the procedures and by the deadlines determined.</del></p> <p><del>3. Whenever the Bank's ordinary shares or savings shares are barred from trading, the holder of savings shares may ask for its shares to be converted into ordinary shares, in accordance with the procedures resolved upon by the Shareholders' Meeting, convened as and when the need arises within two months from shares being barred from trading.</del></p> <p><del>4. Savings shares, when fully paid-up, are bearer shares, unless provided for otherwise by law. At the request and expense of the Shareholder, they may be transformed into registered savings shares and vice versa.</del></p> <p><del>5. Pursuant to the current law provisions a Common Representative of the saving shares bearers is appointed. The Common Representative shall remain in office for a period of no more than three financial years and may be re-elected. The Common Representative is entitled to join and take the floor in the Shareholders' Meetings.</del></p> <p><del>6. In order to ensure that adequate information on transactions that may influence the price of the saving shares are received by the Common Representative, the latter shall be duly informed in this regard in compliance with the time limits and procedures for disclosing information to the market.</del></p>
<p style="text-align: center;"><b>SECTION IV</b> <b>Regarding Meetings of Shareholders</b></p> <p style="text-align: center;"><u>Clause 8</u></p> <p>1. A General Meeting of Shareholders is convened at least one a year within 180 days of the end of the financial year, in order to resolve upon the issues that the prevailing laws and the Articles of Association make it responsible for.</p> <p>2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees; (ii) equity-based compensation schemes; (iii) the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms</p>	<p style="text-align: center;"><b>SECTION IV</b> <b>Regarding Meetings of Shareholders</b></p> <p style="text-align: center;"><u>Clause <del>8</del> 7</u></p> <p>1. UNCHANGED</p> <p>2. UNCHANGED</p>

<p>of number of years of fixed remuneration as well as the maximum amount deriving from their application. An adequate information shall be provided to the Shareholders about the enforcement of the remuneration policies.</p> <p>3. Furthermore, the Ordinary Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved:</p> <ul style="list-style-type: none"> <li>- with favorable vote of at least 2/3 of the company share capital represented in the Shareholders' Meeting, in case the Meeting itself is constituted with at least a half of the company share capital;</li> <li>- with favorable vote of at least 3/4 of the company share capital represented in the Shareholders' Meeting, whatever is the company share capital constituting the Meeting.</li> </ul> <p>4. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws.</p>	<p>3. UNCHANGED</p> <p style="text-align: center;"><b>Clause 8</b></p> <p>4.1. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws.</p>
<p style="text-align: center;"><b>SECTION IX</b> <b>Regarding the accounts, dividend and reserve fund</b></p> <p style="text-align: center;"><u>Clause 32</u></p> <p>1. The net profit reported in the accounts is allocated as follows:</p> <p>a) no less than 10% to the reserve; when the reserve is at the maximum level foreseen by legal provisions, said profit is allocated with priority to the savings shares, at the level set out in point b) below;</p> <p>b) the savings shares are allocated up to five per cent of Euro 63 per share; when, in any given operating year, the savings shares are allocated a dividend of less than five per cent of Euro 63 per share, the difference is added to the preferential dividend for the next two years; any earnings that remain after allocating the above dividend to the savings shares are distributed among all shares, in such a way that the savings shares are assigned a higher global dividend that due to ordinary shares, at a level equal to three per cent of Euro 63 per share;</p> <p>c) whilst the above provisions regarding the higher overall dividend due to savings shares shall continue to be observed, the ordinary shares are allocated up to five per cent of Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the fixed numerical reference referred to in points b) and c) of this paragraph 1, could be amended consequently;</p> <p>d) any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution, are distributed among shares in addition to the allocations referred to in points b) and c) above;</p> <p>e) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.</p> <p>2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the ordinary and savings shareholders the right to require that the dividends</p>	<p style="text-align: center;"><b>SECTION IX</b> <b>Regarding the accounts, dividend and reserve fund</b></p> <p style="text-align: center;"><u>Clause 32</u></p> <p>1. The net profit reported in the accounts is allocated as follows:</p> <p>a) no less than 10% to the reserve, <b>when until</b> the reserve is at the maximum level foreseen by legal provisions, <del>said profit is allocated with priority to the savings shares, at the level set out in point b) below;</del></p> <p><b>b) the savings shares are allocated up to five per cent of Euro 63 per share; when, in any given operating year, the savings shares are allocated a dividend of less than five per cent of Euro 63 per share, the difference is added to the preferential dividend for the next two years; any earnings that remain after allocating the above dividend to the savings shares are distributed among all shares, in such a way that the savings shares are assigned a higher global dividend that due to ordinary shares, at a level equal to three per cent of Euro 63 per share;</b></p> <p><del>c) whilst the above provisions regarding the higher overall dividend due to savings shares shall continue to be observed, the ordinary shares are allocated up to five per cent of Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the fixed numerical reference referred to in points b) and c) of this paragraph 1, could be amended consequently;</del></p> <p><b>d) b) for</b> any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution <b>further to a proposal from the Board of Directors, to ordinary shares as dividend, are distributed among shares in addition to the allocations referred to in points b) and c) above;</b></p> <p><del>e) c) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.</del></p> <p>2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the <del>ordinary and savings</del> shareholders the right to require that the dividends</p>

referred to in points b), c) and d) above are settled, in whole or in part, in cash or by delivery of ordinary and/or savings shares, having the same entitlements of the shares outstanding at their time of assignment.

In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.

Provided that the privilege on the dividend pertaining to the saving shares in accordance with the preceding letter b) will be paid in cash, except that the shareholder elects otherwise.

3. The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points b) and c), d) above.

4. The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.

5. The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.

~~referred to in points b), c) and d) above~~ are settled, in whole or in part, in cash or by delivery of ordinary ~~and/or savings~~ shares, having the same entitlements of the shares outstanding at their time of assignment.

In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.

~~Provided that the privilege on the dividend pertaining to the saving shares in accordance with the preceding letter b) will be paid in cash, except that the shareholder elects otherwise.~~

3. The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points **b) and c), ~~d) and e)~~** above.

4. The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.

5. The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.

## Disclosure of information

This report is made available to the public in accordance with the law on the website of the Company at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and on the website of the authorised storage mechanism eMarket STORAGE managed by Spafid Connect S.p.A. at [www.emarketstorage.com](http://www.emarketstorage.com) as well as at the Company's Registered Office and its Head Office and on the website of the market management company Borsa Italiana S.p.A. at [www.borsaitaliana.it](http://www.borsaitaliana.it).

## Resolution proposal

Now, therefore, the Board of Directors submits for your approval the following proposal .

*“The Special savings shareholders’ Meeting of UniCredit S.p.A.*

*having examined the explanatory report of the Board of Directors drafted pursuant to Sec. 72 and in accordance with Annex 3A of the CONSOB Regulation no. 11971 of 14 May 1999, and the relevant proposal,*

*having acknowledged of the resolution of the Extraordinary Meeting of UniCredit S.p.A., which approved the mandatory conversion of savings shares into ordinary shares and adoption of the consequent amendments of the Articles of Association*

## Resolves

**(1)** *subject to the approval of the competent Special savings shareholders’ Meeting pursuant to Sec. 146, paragraph 1, lett. b) of the Legislative Decree no. 58 of 24 February 1998, to approve and proceed to*



the mandatory conversion of the outstanding savings shares into ordinary shares of the Company with regular economic rights and having the same features of the ordinary shares outstanding at the date of the transaction, at a conversion ratio, for each savings share, equal to no. 3.82 ordinary shares, assigning newly issued ordinary shares and/or own shares held by the Company itself and a cash payment in the amount of Euro 27.25, this latter to be allocated to the available reserve "Share premium Reserve" ("Sovrapprezzi di emissione") as resulting from the financial situation as of 30 June 2017 of UniCredit S.p.A. included in the half year financial statement approved by the Board of Directors on 2 August 2017;

- (2) to amend the current Clauses 5 and 32 of the Company's Articles of Association, to eliminate Clause 7 of the Company's Articles of Association, and to renumber as new Clause 7 the first three paragraphs of current Clause 8 of the Company's Articles of Association and as new Clause 8 the fourth paragraph of the said current Clause 8, as follows:

"Clause 5

1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into x.xxx.xxx.xxx ordinary shares without nominal value.
2. Shares are registered shares.
3. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements.
4. The Special Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws."

"Clause 7

1. A General Meeting of Shareholders is convened at least one a year within 180 days of the end of the financial year, in order to resolve upon the issues that the prevailing laws and the Articles of Association make it responsible for.
2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees; (ii) equity-based compensation schemes; (iii) the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application. An adequate information shall be provided to the Shareholders about the enforcement of the remuneration policies.
3. Furthermore, the Ordinary Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved:
  - with favorable vote of at least 2/3 of the company share capital represented in the Shareholders' Meeting, in case the Meeting itself is constituted with at least a half of the company share capital;
  - with favorable vote of at least 3/4 of the company share capital represented in the Shareholders' Meeting, whatever is the company share capital constituting the Meeting."

"Clause 8

1. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws."

"Clause 32

1. The net profit reported in the accounts is allocated as follows:
  - a) no less than 10% to the reserve, until the reserve is at the maximum level foreseen by legal provisions;
  - b) for any earnings that remain, and in respect of whose distribution the Meeting of Shareholders

carries a resolution further to a proposal from the Board of Directors, to ordinary shares as dividend;  
c) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.

2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the shareholders the right to require that the dividends are settled, in whole or in part, in cash or by delivery of ordinary shares, having the same entitlements of the shares outstanding at their time of assignment.

In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.

3. The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points b) and c) above.

4. The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.

5. The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.”

- (3) to grant powers and mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, also severally, to the extent permitted by the law, with power to sub delegate to the Personnel of the Company, to carry out actions deemed necessary or appropriate to fully implement the above resolutions, including without limitation, (i) to define any additional term and condition of the Mandatory Conversion, including, *inter alia*, the date on which such conversion will be effective upon agreement with Borsa Italiana S.p.A.; (ii) to define the terms and modalities of the procedure relating to the exercise of the rights of withdrawal to which savings shareholders are entitled pursuant to Art. 2437, par. 1, lett. g. of the Italian Civil Code; (iii) to carry out the liquidation process of the savings shares which are the subject matter of the withdrawal process, also purchasing if necessary such shares using the available reserves; (iv) to include in the Company Articles of Association the exact number of ordinary shares at the end of the Mandatory Conversion and (v) to carry out any other formality to obtain the necessary authorizations for the above resolutions and, generally, any other authorization to fully implement the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to make any amendment and addition to the resolutions (not changing substantially the content of the same resolutions) which are deemed to be necessary and/or appropriate for the filing with the Companies’ Register or for the implementation of the laws and regulations or which should be requested by any relevant Supervisory Authorities as well as to proceed with the deposit and the registration with the Companies’ Register of the approved amendments of the Articles of Association.”