



Ordinary and Extraordinary Shareholders' Meeting 20th April 2010

- **Directors' Reports and proposals concerning the items on the agenda**

AGENDA

Ordinary Part

1. Presentation of the financial statement as at 31 December 2009, accompanied with the Directors' and Auditing Company's Reports; Board of Statutory Auditors' Report. Presentation of the consolidated financial statement;
2. Allocation of the net profit of the year;
3. Appointment of the Statutory Auditors, for the financial years 2010-2012, with term in office expiring on the date of the Shareholders' Meeting called to approve the 2012 financial statements;
4. Determination of the remuneration for the Statutory Auditors, for each year in office, in accordance with Clause 30 of the UniCredit's Articles of Association;
5. Redefinition of the compensation for the Chairman of the Supervisory Body ex D.Lgs 231/01;
6. Remuneration policy for the Group;
7. UniCredit Group Employee Share Ownership Plan 2010;
8. UniCredit Group Long Term Incentive Plan 2010.

Extraordinary Part

1. Delegation to the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of one year starting from the date of the shareholders' resolution, to increase share capital, with the exclusion of subscription rights, as allowed by section 2441.8 of the Italian Civil Code, for a maximum nominal amount of € 64,000,000 to service the exercise of options to subscribe to up to 128,000,000 ordinary shares in UniCredit of par value € 0.50 each, to be reserved for the Personnel of the Holding Company and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the articles of association;
2. Delegation to the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of five years starting from the date of the shareholders' resolution, to carry out a free capita' increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of € 29,500,000 corresponding to up to 59,000,000 ordinary shares in UniCredit of par value € 0.50 each, to be granted to the Personnel of the Holding Company and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the articles of association.

Nota:

For reports concerning:

- Examination of the financial statements as at 31st December 2009 together with the Board of Directors', Auditing company's and Statutory Auditors' report;
- Allocation of annual net profit;

please refer to the Annual Report.

Appointment of the Board of Statutory Auditors;

Determination of the remuneration due to the Board of Statutory Auditors on a yearly basis.

Dear Shareholders,

As the current Board of Statutory Auditors is going to expire with the approval of the financial statement as at 31 December 2009, it is necessary to appoint a new Board of Statutory Auditors and fix the remuneration of its members.

We therefore invite you, according to Clause 30 of the Company's Articles of Association, to appoint the standing auditors, the Chairman and the substitute auditors.

We also invite you to fix the remuneration due to the members of the Board of Statutory Auditors on a yearly basis.

REDEFINITION OF THE REMUNERATION DUE TO THE CHAIRMAN OF THE SUPERVISORY BODY SET UP PURSUANT TO LEGISLATIVE DECREE 231/2001

Dear Shareholders,

As you probably know, the Ordinary Shareholders' Meeting held on 29 April 2009 set the remuneration for the Chairman of the Supervisory Body set up pursuant to Legislative Decree 231/2001 at € 25,000.

In addition, at the aforesaid meeting, it was resolved to give UniCredit's Board of Directors a total of € 3,200,000, including € 1,315,000 for members of the Board committees and an attendance fee of € 400 for every meeting of the Board of Directors and of the other Committees, even if these meetings were held on the same day. Following this resolution, the Board of Directors decided that an annual compensation fee of € 40,000 would be paid to every member of the Permanent Strategic Committee, the Remuneration Committee, the Internal Control & Risks Committee and the Corporate Governance, HR and Nomination Committee.

The Supervisory Body set up pursuant to Legislative Decree 231/2001 is entrusted with the particularly difficult and taxing task of supervising the functioning and compliance of the company's organization and management model (the Model), which was adopted in order to avoid the risk that UniCredit might be held responsible for certain crimes. The Body also has to oversee the constant updating of the aforesaid Model. In order to achieve these goals, the Body has carried out several key activities in recent years, including:

- overseeing activities or transactions identified in the areas of risk, in order to evaluate the compliance with and the functioning of the Model;
- examining the half-yearly reports so as to discover possible failures in the functioning and/or breaches of the Model;
- supervising the adequacy and updating of the crime-prevention protocols;

- promoting suitable initiatives aimed at disseminating knowledge and understanding of the Model;
- assessing reports of possible breaches and/or failures of the Model;
- verifying the compliance of specific transactions with Model.

In relation to what has been stated above and taking into account the increased responsibilities and commitments required of this Body due to the growing complexity of UniCredit, we are proposing that the annual remuneration of the Chairman of the Supervisory Body set up pursuant to Legislative Decree 231/2001 be brought into line with the compensation assigned to members of Board committees.

Dear Shareholders, in light of what has been stated above, you are invited to decide on the following remuneration for the Chairman of the Supervisory Body set up pursuant to Legislative Decree 231/2001: € 40,000 a year plus an attendance fee of € 400 for every meeting of the Supervisory Body.

ORDINARY SHAREHOLDERS' MEETING

DIRECTORS' REPORT

GROUP COMPENSATION POLICY 2010

Dear Shareholders,

We have called this Ordinary Meeting to request your approval of the *Group Compensation Policy*, in compliance with the provisions set by the "Supervisory Provisions concerning Banks Organization and Corporate Governance" issued by Bank of Italy which prescribe that the shareholders' meeting approve, amongst other items, the remuneration policies for directors, employees and external collaborators. The approval of remuneration policies and compensation schemes must evidence their conformity with prudent risk management and the company's long-term objectives; they must also ensure an appropriate balance between the fixed and variable components, including in the case of the latter, risk-weighting systems and mechanisms designed to ensure that compensation is linked to effective and lasting results. The shareholders' meeting must be provided with adequate information on the implementation of remuneration policies.

It is therefore proposed that this Shareholders' Meeting approves the annual revision of the *Group Compensation Policy* which defines the principles and standards which UniCredit applies to and are reflected in the design, implementation and monitoring of compensation practices across the entire UniCredit organization. Shareholders are also invited to consult the information regarding the implementation of remuneration policies approved by the Shareholders' Meeting on 29 April 2009.

Group Compensation Policy

The key principles of the *Group Compensation Policy* (the "Policy") are confirmed with respect to those approved by the Board of Directors on March 17th 2009 and by the Ordinary Shareholders' Meeting on April 29th 2009. These principles fully described in the "*Section I - Group Compensation Policy*" that has been made available to shareholders and the market and are summarized here below:

- (a) The UniCredit compensation approach is performance oriented, market aware and aligned with business strategy and stakeholder interests, ensuring remuneration competitiveness & effectiveness as well as internal and external equity & transparency by driving sustainable behaviors and performance.
- (b) Within our governance structure, rules and processes for delegation of authority and for compliance have been defined with the aim of assuring adequate control, coherence and compliance of remuneration practices across the Group.

- (c) The Group Compensation Policy is based upon the following principles:
- Clear and transparent governance;
 - Compliance with regulatory requirements & principles of conduct;
 - Continuous monitoring of market trends & practices;
 - Sustainable pay for sustainable performance and
 - Motivation & retention of all employees, with particular focus on talents and mission-critical resources.
- (d) On the basis of these principles, the Group Compensation Policy establishes the framework for a consistent approach and a homogeneous implementation of sustainable remuneration in UniCredit, with particular reference to the Executive population.

Annual Compensation Report

In line with national and international disclosure standards, the key implementation features and outcomes of Group compensation policy and incentive plans in 2009, as well as those approved or under approval for 2010 are described in the “*Section II - Annual Compensation Report*” that has been made available for information to shareholders and the market. The Annual Compensation Report contains information on governance, compliance, monitoring of market trends & practices, Group Incentive Programs, Share Ownership and anti-hedging requirements and Remuneration Tables, focusing primarily on Non-Executive Directors, Senior Executive and other employees with material impact on firm risk exposure.

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Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

"The ordinary Shareholders' Meeting of UniCredit S.p.A., having heard the directors' proposal,

RESOLVES

1. to approve the *Group Compensation Policy* which defines the principles and standards which UniCredit applies and are reflected in its design, implementation and monitoring of compensation practices across the entire organization."

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GROUP COMPENSATION POLICY 2010

Letter From The Chairman



Dear fellow Shareholders,

Compensation has been object of heightened attention across the entire financial sector in 2009. Regulatory recommendations, alignment of remuneration and risk, public opinion and the changed profitability scenario of the banking industry are amongst the key factors prompting a widespread re-examination of the effectiveness of existing policies and practices.

In this context, UniCredit has built on a sound consolidated approach while comprehensively reviewing compensation in line with business and people strategy. We have combined the strengths of our traditional pay for performance culture with innovative solutions capable of meeting new challenges in the wake of the financial crisis.

Last year for the first time, UniCredit submitted to shareholder approval the *Group Compensation Policy*, which defined the principles for a consistent and coherent design, implementation and monitoring of compensation practices across our entire organization. We confirm these key pillars as a continuing cornerstone of our responsible compensation, sound risk management and accountability to shareholders.

This year, we have further enhanced our transparency and accountability by bringing to the attention of our shareholders not only the approval of the *Group Compensation Policy* but also a detailed compensation discussion and analysis in the form of an *Annual Compensation Report* which aims to facilitate our stakeholders' understanding of the main compensation decisions, characteristics and practices of the past year and the year ahead.

This Report highlights the key implementation features and outcomes of our compensation policy and incentive plans in 2009, as well as those approved or under approval for the coming year.

Our commitment to generating sustainable value for our customers and all our stakeholders is embedded in our approach to compensation. Through our *Group Compensation Policy 2010* we review and renew this commitment to you.

A handwritten signature in black ink, which appears to read 'Dieter Rampl'. The signature is stylized and cursive.

Dieter Rampl
Chairman

SECTION I: GROUP COMPENSATION POLICY

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1. Introduction

1.1 Reflecting Our Mission and Values

We UniCredit people are committed to generating sustainable value for our customers. As a leading European bank, we are dedicated to the development of the communities in which we live, and to being a great place to work. We aim for excellence and we consistently strive to be easy to deal with.

These commitments will allow us to create sustainable value for our shareholders.

Our set of values is based on integrity as a condition to transform profit into value for our stakeholders: our leadership team and all our employees are fully committed to the Values embedded within the Group Integrity Charter. We aim to attract, retain and motivate a highly qualified, diverse, global workforce capable of creating a competitive advantage and to reward those who reflect our standards of consistently ethical behavior in conducting sustainable business.

By upholding the standards of sustainability behaviors and values which drive our Group mission, our compensation strategy represents a key enabler to enhance and protect our reputation and to create long-term value for all Group stakeholders.

These standards define the principles of a Group compensation policy which, relying on our governance model, sets the framework for a consistent and coherent design, implementation and monitoring of compensation practices across our entire organization. Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and our long-term strategy. In so doing, we most effectively meet the specific and evolving needs of our different businesses, market contexts and employee populations, and ensure that business and people strategies are always appropriately aligned with our remuneration approach.

1.2 The Pillars of Our Compensation Policy

The UniCredit compensation approach is performance-oriented, market-aware and aligned with business strategy and stakeholder interests. To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principles of sustainable

conduct and performance define the key pillars of our Group Compensation Policy.

The Pillars of Our Compensation Policy

Clear and transparent governance

Compliance with regulatory requirements & principles of good business conduct

Continuous monitoring of market trends & practices

Sustainable pay for sustainable performance

Motivation and retention of all employees, with particular focus on talents and mission-critical resources.

2. Governance

Efficient corporate and organizational governance structures are an essential prerequisite for the pursuit of our company's objectives. UniCredit has defined clear and rigorous governance and rules in order to establish coherence and transparency also with specific reference to compensation.

2.1 Corporate Governance

Our Compensation Governance Model aims to assure control of Group-wide remuneration practices by ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators.

The Board of Directors has established a *Delegation of Authority* system to appropriately regulate effective decision-making processes throughout the organisation.

The Remuneration Committee, instituted in 2000, is vested with the role of advising the Board of Directors on Group Remuneration Strategy. Availing itself also of the support of an independent external advisor, the Committee analyzes and monitors international market compensation trends, practices and pay levels to provide advice to the Board of Directors, with particular reference to Senior Executives. The Group Compensation Policy, as drawn up by the Group HR function with the involvement of the Group Risk function, is validated by the Group Compliance function for all compliance-related aspects. On an annual basis, the Group Compensation Policy, as proposed by the

Remuneration Committee, is submitted to the Board of Directors for approval. The policy is then presented to the shareholders' Annual General Meeting for approval, in line with regulatory requirements.

2.2 Organisational Governance

On the basis of our *Group Managerial Golden Rules*, our model of organizational governance aims to ensure coherent management across the entire Group within a common framework while allowing for sufficient flexibility in decision-making capability to meet business-specific needs and guarantee the respect of local laws, regulatory and governance requirements and processes.

Our governance model is based on the *Global Job Model* which, by defining comparable roles in transversal Bands across our different businesses and markets, allows the homogeneous identification across the entire Group of delegation levels and the coherent design, implementation and monitoring of programs and policies.

The principles of the Group Compensation Policy apply across the entire organization and shall be reflected in all remuneration practices applying to all employee categories across all businesses. With specific reference to the Group Executive population as defined by the *Global Job Model*, the Group HR function establishes guidelines and coordinates a centralized and consistent management at Group level of compensation and incentive programs. Below Group Executive level, as relevant and appropriate for each employee category, each Division and Competence Line is accountable for the respect of Group policy with reference to the remuneration programs and plans that are designed and implemented within the Legal Entities of their perimeter.

3. Compliance

Compliance with laws, rules and regulations and integrity in conduct and behaviors are essential elements of our way of doing business, which by its very nature is based on trust. By fully complying not just with the letter but also with the spirit of relevant legal and regulatory requirements, we protect and enhance our company reputation in the short and long term. Compliant compensation guarantees that all our remuneration policies, practices and programs avoid conflicts of interest between roles within the Group or vis-à-vis customers and are consistent with ethical codes of conduct, our company values and long-term business strategy.

At Group level, the Group Compliance function is vested with the role to “verify whether the company compensation system (specifically, employee remuneration and incentive systems) is consistent with the objective of complying with regulations, bylaws and any other code of ethics or standards of conduct applicable to the bank” (Bank of Italy, 10/07/2007). To comply with this requirement, the Group Compliance function defines, in conjunction with the Group HR function, a set of “compliance drivers” to support the design of incentive systems and has, moreover, the responsibility to validate, for all aspects that fall within its perimeter, the Policy on Group compensation and incentive systems as drawn up by the Group HR function. In accordance with our governance model, local Compliance functions are accountable for verifying, for the aspects that fall within its perimeter of competence, that compensation systems are compliant with local requirements in addition to the applicable Group-wide compensation policies and procedures.

In compliance with regulatory requirements and in the spirit of transparency and accountability which forms the basis of the trust placed in us by our stakeholders, UniCredit undertakes to guarantee proper disclosure of information with regard to the strategic approach and process by which our compensation policy is defined and by which compensation practices are designed. We support any law or regulatory initiative which implies an enhancement of transparency requirements and, subject to the limits set by privacy and data protection laws and by the opportunity of not eroding our competitive advantage, we wish to make clear to all our stakeholders what we do, how and why. Information about our compensation policy and remuneration approach is published in the Financial Statement, Annual Compensation Report, Corporate Governance Report and in other publications as required, which may be available for consultation also via our company website.

4. Continuous Monitoring of Market Trends and Practices

We strive to adopt remuneration practices capable of guaranteeing distinctive and effective compensation solutions that best drive our overall business and people strategies. Our continuous monitoring of market trends and awareness of international practices contributes to sound formulation of competitive compensation as well as transparency and internal equity.

At Group level, we analyze the overall compensation trends of the market in order to make informed decisions about our compensation approach. With specific reference to the Group Executive population, an independent external advisor supports the definition of a list of selected competitors that represent our Group-level peers with regards to whom compensation benchmarking analysis is performed. This Peer Group is defined by the Remuneration Committee considering our main European and international competitors in terms of market capitalization, total assets, business scope and dimension. On the basis of constant benchmarking, we aim to adopt competitive ranges in compensation levels, pay-mix and total reward structures for effective retention and motivation of our critical resources.

At Division level and as appropriate throughout the organization and businesses, benchmarking and trends analysis may be conducted considering relevant peer groups to assure competitive alignment with the market of reference. Salary and compensation structures defined on the basis of business or market-specific benchmarking must in any case be fully aligned with the general principles of the Group Compensation Policy, with particular reference to the pillars of compliance and sustainability.

5. Sustainability

Our Group's greatest strength is our solid and rigorous commitment to our customers, to our people, to our investors, to the communities we serve, to our core values and to sustainability in everything we do.

Our approach of *sustainable pay for sustainable performance* drives us to set coherent standards for the mechanisms by which we establish compensation levels and payouts (*sustainable pay*), as well as the results and behaviors we aim to incentivate (*sustainable performance*). All incentive systems at all organizational levels are required to contribute to the sustainability of the Group by aligning individual goals and behaviors to our common long term mission.

5.1 Sustainable pay

Pay is considered sustainable to the extent that a direct link is maintained between pay and performance and that rewards are consistent with long-term stakeholder value creation. The mechanisms by which we set compensation levels and payout should:

- **Formulate a balanced total compensation structure**
 - balance of fixed and variable compensation elements, avoiding disequilibrium towards variable compensation which may induce behaviours not aligned with the company's sustainable business results and risk appetite
 - appropriate pay mix between short and long-term variable compensation as applicable and relevant on the basis of market and business specifics and line of sight

- **Assure a direct link between pay and performance**
 - align incentive payout levels with overall company risk and cost-of-capital adjusted profitability
 - guarantee financial sustainability and affordability of bonus opportunity and program effectiveness, setting also caps on performance-related payouts as appropriate and consistent with market practice in the context of our specific businesses
 - maintain adequate flexibility and managerial discretion in incentive system design and performance/pay ranges, such as to manage payout levels in consideration of overall performance results and individual achievements
 - aim for appropriate differentiation of payout, adopting a meritocratic approach to selective performance-based reward
 - avoid guaranteed bonuses and design incentive systems to set minimum performance thresholds below which zero bonus will be paid. New contracts and agreements should be formulated accordingly and will in any case be managed in strict adherence to governance and delegation of authority rules. The opportunity will be sought, where possible, to renegotiate any existing contracts or agreements which effectively guarantee any portion of performance-related pay
 - any severance payouts which may be prescribed or suggested by the specific market of reference, must in any case take into consideration the long-term performance in terms of shareholder added-value
 - adopt a clear stance against so-called "Golden Parachutes" and "Change of Control" clauses. Such elements, as well as exposing the company to considerable reputation risk, are not in any way consistent with the effective pursuit of our strategic business objectives

▪ **Adopt a multi-year view of performance**

- ensure that pay moves over time in the same direction as sustainable profitability
- evaluate the opportunity to phase, as appropriate, performance-based incentive payout to coincide with the risk timeframe of such performance by subjecting where possible the payout of any deferred component of performance-based compensation to the actual sustainable performance demonstrated and maintained over the deferral timeframe
- include claw back clauses as legally enforceable on any performance-based incentive paid out on the basis of a pretext subsequently proven to be erroneous

▪ **Ensure incentive systems uphold compliance in their mechanisms, in organizational processes and in the behaviors and conduct rewarded**

- include clauses for zero bonus in circumstances of non-compliant behavior or qualified disciplinary action, subjecting payout to the absence of any proceeding undertaken by the company for irregular activities or misconduct of the employee with particular reference to risk underwriting, sales processes of banking and financial products and services, internal code of conduct or values breach
- incentive systems, plans and programs must be formalised in legally solid and technically precise terms such as to uphold their validity in all circumstances
- assure independence between front and back office functions in order to guarantee the effectiveness of cross-checks and avoid conflict of interest, with a particular focus on trading activities, as well as ensuring the independence and autonomy of Audit, Compliance and Risk functions in undertaking their control duties
- evaluations and appraisals linked to compensation must be, as far as possible, available for the scrutiny of independent checks and controls
- evaluate all incentive systems, programs and plans against the degree to which they enhance our overall company reputation which is one of the foundations of our sustainable competitiveness. Any potential reputation risk posed by any feature, consequence or implication of a remuneration practice must necessarily lead to its modification or elimination.

5.2 Sustainable performance

Performance is considered sustainable to the extent that it contributes to the achievement of our company mission over time, to the creation of long-term value for all stakeholders and to the enhancement of our reputation, in adherence to our Integrity Charter values. Sustainable performance refers to *actual results achieved* (the “what” of performance) and the *means by which they are achieved* (the “how” of performance”):

▪ **Align performance measures with shareholder interests and firm-wide risk-adjusted profitability**

- consider performance not on the sole basis of annual achievements but also on their impact over time
- establish coherence between annual objectives and sustainable, risk-adjusted value creation
- include reflection of the impact of individual’s/business units’ returns on the overall value of related business groups and organization as a whole
- base performance evaluation upon profitability and other drivers of sustainable business with particular reference to risk, cost of capital and efficiency
- consider the customer as the central focus of our Mission, placing customer satisfaction in the forefront of all incentive systems, at all levels, both internally and externally
- design forward-looking incentive plans which balance internal key value driver achievement with external measures of value creation relative to the market
- establish reward not on the sole basis of financially-based objectives and mechanisms but also on other performance measures as appropriate, for example risk management, adherence to Group values or other behaviours

▪ **Encourage sound risk-management practices**

- incentive systems must not in any way induce risk-taking behaviours in excess of the Group’s strategic risk appetite
- evaluate performance in terms of risk-adjusted profitability and provide for risk-weighted systems and mechanisms
- measure value-added capital allocation to base payout on cost-of-capital adjusted profit

- **Adopt a multi-perspective view of sustainable performance results and quality**

- maintain an adequate mix of quantitative and qualitative performance objectives
- use both absolute and relative performance achievement metrics as appropriate and relevant, where relative performance-based measures are based on comparison of achieved results to those of market peers
- reinforce sustainability of quality performance over time.

6. Motivation and Retention

We aim to attract, motivate and retain the best resources capable of achieving our company mission in adherence to our Group values. Effective compensation strategies represent a key driver to positively reinforce employee commitment, engagement and alignment with organisational goals. Our total compensation approach provides for a balanced package of fixed & variable, monetary and non-monetary elements, each designed to impact in a specific manner the motivation and retention of employees.

6.1 Base Salary and Pay-Mix

The fixed component of compensation remunerates the role covered and the scope of responsibilities, reflecting the experience and skills required for each position, as well as the level of excellence demonstrated and the overall quality of the contribution to business results. The relevance of fixed compensation weight within the overall package is such as to reduce the risk of excessively risk-oriented behaviors, to discourage initiatives focused on short-term results which might jeopardize mid and long-term business sustainability and value creation, and to allow a flexible bonus approach.

Specific pay-mix guidelines for the weight of fixed versus variable compensation are defined with respect to each target employee population and, with particular reference to the Group Executive population, the Remuneration Committee establishes at Group level:

- the criteria and guidelines to perform market benchmarking analysis for each position in terms of compensation levels and pay-mix structure, including the definition of specific peer groups at Group, Divisional and Regional level and the list of preferred external “executive compensation providers”

- the target policy positioning in terms of compensation value in line with relevant market’s competitive levels, defining operational guidelines to perform single compensation reviews as necessary
- the pay-mix structure for top positions, defining the mix of fixed and variable compensation elements, consistently with market trends and internal analyses performed.

Moreover, the Board of Directors annually approves the criteria and features of the Group Executive annual and long term incentive plans, ensuring the equilibrium of variable reward opportunities within the pay-mix structure.

6.2 Variable Compensation

Variable compensation aims to remunerate achievements by directly linking pay to performance outcomes in the short and long term. To strengthen the alignment of shareholders’ interest and the interests of management and employees, performance measurement reflects the actual results of the Company overall, the business unit of reference and, of course, the individual. As such, variable compensation constitutes a mechanism of meritocratic differentiation and selectivity. Adequate range and managerial flexibility in performance-based payouts are an inherent characteristic of well managed, accountable and sustainable variable compensation, which may be awarded via mechanisms differing by time horizon and typology of reward. Incentive systems are considered critical components of the sustainable pay for sustainable performance approach that supports our business mission each year and over time.

Annual incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment. An appropriately balanced performance-based compensation element is encouraged for all employee categories as a key driver of motivation and alignment with organisational goals, and is set as a policy requirement for all business roles. The design features, including performance measures and pay mechanisms, must avoid an excessive short-term focus by reflecting the principles of this policy, focusing on parameters linked to profitability and sound risk management, in order to guarantee sustainable performance in the medium and long term. In alignment with specific strategies that contribute to our overall mission, the characteristics of incentive systems also reflect the requirements of specialized businesses.

With particular reference to trading roles and activities, organizational governance and processes as well as risk-management practices provide the structure for a compliant and sound approach, whereby levels of risk assumed are defined (using specific indicators, for example Value at Risk) and monitored centrally by the competent Group functions. This structure reinforces our consistent remuneration approach which adopts performance measures based on profitability rather than revenues, and risk-adjusted rather than absolute indicators.

To support the design of employee remuneration and incentive systems, and with particular reference to network roles and governance functions, the following “compliance drivers” have been defined in conjunction with the Group Compliance function:

- maintainance of an adequate ratio between quantitative and qualitative goals
- promotion of a customer-centric approach which places customer interests and satisfaction at the forefront and which will not constitute an incentive to sell unsuitable products to clients
- avoidance of incentives with excessively short timeframes (e.g. three months)
- transparency in all rewarding system communications and reporting phases that the final evaluation of employee’s achievements will also be based on their compliance behavior in respect of external and internal rules and regulations (to also be evaluated on the basis of Compliance, Risk Management and Audit findings)
- limiting the weight of the variable compensation over fixed compensation with due regard to the role and the nature of the business being performed
- emphasizing and giving preference to qualitative objectives to encourage the spread of a true Compliance culture and compliant behaviors (e.g. application of MIFID principles, products sale quality, respect of the customer, Anti Money Laundering requirements fulfillment)
- setting individual goals for employees in control functions based on the performance of their own function (to minimise potential conflicts of interest)
- avoiding or limiting financial goals for control functions to maintain independence from the businesses they cover. Quantitative goals may be assigned with a limited weight within the overall objectives and on goals where the direct influence of the role is limited.

Commercial Campaigns may be organized, after the evaluation and authorization of the competent Product Committee. Commercial campaigns represent business actions aimed at providing guidance to the sales network towards the achievement of the period’s commercial targets (also intermediate, for instance on a half-year basis) and with a direct impact on the budget and related incentive systems. The grant of awards related to a Campaign will be subordinate to behaviors compliant with the observance of external and internal regulations and, in general, to the achievement of qualitative service results. Under no circumstances may the system of remuneration and evaluation of the sales network employees constitute an incentive to sell products unsuitable to the financial needs of the clients. In particular the following “compliance drivers” have been defined:

- setting-up of the incentive mechanisms using criteria which are consistent with the best interest of the client
- ensuring consistency between a Campaign’s objectives with the objectives set when defining the budget and when assigning targets to the sales network
- requiring that sales staff verify, when selling products, the suitability of the products for the client; the suitability must be assessed with respect to the client profile, considering:
 - time horizon
 - investment targets, and
 - portfolio concentration
- avoidance of “commercial campaigns” on a single financial or banking product / financial instrument
- avoidance of campaigns which may directly or indirectly lead to breaching the rules of conduct regarding clients
- avoidance of campaigns lacking a clear indication of the targets and of the maximum level of incentive to be granted for achieving those targets
- avoidance – in general – of campaigns that link incentives not only to the targets assigned to specific roles/structures (e.g. advisors, agencies) but also to the budget of the higher territorial structure.

6.3 Group Executive Incentive System

With particular reference to the Group Executive population, common and homogeneous compensation guidelines are defined at Group level. In line with international trends and our reputation imperative, the design features of

Group Executive incentive systems are aligned with shareholder interests and long-term, firm-wide profitability.

Recognizing the accountability of our leaders for Group business performance, incentives take into account overall risk and value-added capital allocation, do not induce risk-taking in excess of the Group risk appetite, and reflect the impact of business units' returns on the overall value of related business groups, the organization as a whole and the achievement of risk management and other sustainability goals. Payout is based on risk-adjusted and cost-of-capital-adjusted profit and phased to coincide with an appropriate time horizon. Reward is directly linked to performance, which is evaluated on the basis of results achieved and on our leadership model and values. The Executive Development Plan (EDP) as the Group-wide framework for Executive performance management is a cornerstone of fair and coherent appraisal across the organization.

The annual Group Executive Incentive System provides for the definition of a target bonus opportunity evaluated at the end of each performance year on the basis of an assessment of achieved results with regards to a sustainable Group profitability and other performance objectives.

A *Group Sustainable Profit Condition* ("Group Gate") is applied to the bonus opportunity level of Group Executives under the system, establishing a strong direct link between Group-wide risk-adjusted & cost-of-capital-adjusted profitability and reward levels. Full bonus opportunity will be confirmed only when the Group Gate is satisfied, whereas profitability and sustainability results falling below set thresholds will necessarily reduce the opportunity level which is then used for the calculation of actual bonus payout on the basis of an overall performance assessment.

A multi-perspective *Performance Screen* assessment is adopted to define performance objectives on business-specific operational & sustainability drivers. The maximum bonus is capped and performance is evaluated on both internal absolute goals and relative external goals based on peer comparisons and considering also risk-adjusted indicators. As appropriate for each role, indicators such as Economic Profit and Risk Weighted Assets are adopted to remunerate shareholders' investment at risk without exceeding the Group's strategic risk appetite. The Performance Screen assessment fosters a payout

range which appropriately differentiates to reward top performers.

In order to align incentives with long-term company results, a significant portion of the payout is deferred and phased over time. The *deferral* mechanism aims to incentivate continuous performance improvement without inducing excessive risk-taking or short-term focus. While representing an effective retention tool, deferral also promotes inherent equilibrium in the pay-mix structure by assuring that annual incentives are consistent with long-term performance sustainability.

6.4 Long Term Incentives

To further reinforce alignment of shareholders and Senior Executives interests over time, our total compensation approach includes long term incentives which represent an additional tool to appropriately balance short and long term performance reward. Our experience testifies the value of long-term incentives and we implement programs, which may be cash-settled or equity-based, as the market, regulatory and organizational context suggest.

To demonstrate the depth of our long term commitment to mission critical resources and talents, beneficiaries of long-term incentives are selected on the basis of eligibility criteria defined to reflect fit with corporate values and consistent behaviors, the strategic relevance and impact of the position covered and performance achievements, as well as the retention imperative to focus on Group high potential talents who are particularly sought after by market competitors. Equilibrium is maintained in the total compensation structure by setting a balanced distribution between the remuneration components in terms of the relative target weight of base salary, annual and long-term incentives.

The final payout of long-term incentives is in all cases subordinate to value creation in a medium and long term perspective, remunerating performance achievements over time. The value of allocations is based on specific compensation benchmarking analysis and on the individual level of contribution to company results. In order to remunerate the achievement of long-term goals not incentivised under annual incentive systems, performance conditions linked to long term plans are based on multiple-year targets including Total Shareholders Return (TSR), as well as additional internal or market-related performance metrics such as Economic Profit.

6.5 Benefits

A range of various benefits completes the offer to employees as part of a total compensation package which aims to reflect internal equity and overall coherence of our remuneration systems, catering to the needs of different categories as appropriate and relevant. Our employees may enjoy welfare benefits that are supplementary to social security plans and are intended to provide substantial guarantees for the well-being of staff and their family members during their active career as well as their retirement. In addition, special terms and conditions of access to various banking products and other services may be offered to employees in order to support them during different stages of their lives. With reference to our governance framework and Global Job Model, benefits are aligned against common criteria for our Group Executive population and for each employee category, while guidelines to define benefits features are

established in line with local market practice and regulatory environments.

UniCredit affirms the value of share ownership as a valuable tool for enabling the engagement, affiliation and alignment of interests between shareholders, management and the general employee population. The Employee Share Ownership Plan rewards the continued support and commitment of our people throughout the organization who can make a difference by contributing to our success with day by day decisions, actions, efforts and behaviors. The possibility is therefore considered, from time to time and as appropriate in light of local legal and fiscal requirements, to offer employees the opportunity to invest and participate in the future achievements of the Group through share-based Plans whereby employees can purchase UniCredit shares at favorable conditions.

SECTION II: ANNUAL COMPENSATION REPORT

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1. Overview

We are committed to transparency and accountability towards our stakeholders regarding Group compensation policies, practices and outcomes.

In a moment when compensation is exposed to a high level of scrutiny from shareholders, regulators and public opinion, this Annual Compensation Report aims to provide clear and comprehensive disclosure to increase stakeholders' awareness of our compensation practices, demonstrating their coherence with business strategy and performance, responsible remuneration policy and sound risk management. The report's main focus is our Senior Executive population, including the Group CEO, Deputy CEOs and Senior Executive Vice Presidents.

Our 2009 remuneration governance, structures, and system designs have proved capable of meeting challenges faced by the entire industry. Following the dramatic turbulence of 2008 when Senior Executives received zero annual performance-related incentive, 2009 sees a stabilised alignment between company results and compensation outcomes, with performance-related incentives well below target opportunity levels, reflecting the subdued profitability scenario of the banking sector.

Looking forward to 2010, compensation solutions approved or under approval are set to further reinforce this effectiveness. Key compensation policy decisions for 2010 include a return to equity-based long-term incentives, full compliance of incentive system design with the most recent regulatory recommendations, a reinforced focus on risk alignment including different types of risk such as liquidity risk and the introduction of share ownership guidelines.

2. Governance

The Remuneration Committee performs an integral role in supporting Board oversight of Group Compensation Policy and plan design.

2.1 Remuneration Committee Composition

As elsewhere described in our Financial Statement, Corporate Governance Report and Group website, the Remuneration Committee consists of 7 members, the majority of whom are independent. Current members were nominated to office in 2009 after the previous term of office expired. The Chairman of the Board and Stand-in Chairman are members by right. Other members

are chosen based upon their expertise and willingness to accept the office. Both the Chairman and the Stand-in Chairman also serve on the Internal Control and Risks Committee. The independence of sitting members has been verified by the Board on the basis of criteria set forth in the Corporate Governance Code ("Code") issued by Borsa Italiana and pursuant to Section 148, paragraph 3 of Legislative Decree No. 58/98 ("TUF").

2.2 The Role of the Remuneration Committee

The role of the Remuneration Committee, instituted in 2000, is to provide the Board with opinions, advice and proposals concerning in particular:

- the remuneration of UniCredit Directors who hold specific duties, and especially the remuneration of the CEO
- the remuneration of UniCredit Managing Director, in the event that the Managing Director is also the CEO
- the remuneration structure of the Deputy CEOs
- the remuneration policy for other Senior Executives and Heads of Department reporting directly to the CEO
- design of Group incentive plans based on financial instruments
- the remuneration policy for corporate officers (members of the Board of Directors, Board of Statutory Auditors and Supervisory Board of Group Companies).

The Committee members about whose remuneration the Chairman must express his opinion in respect of their specific positions, do not attend the relevant scheduled meetings. The CEO is generally not present during Remuneration Committee meetings and did not participate in any of the 2009 sittings.

2.3 Remuneration Committee Activities

In 2009 the Remuneration Committee met 7 times and was supported in its role by Mercer, the independent external advisor who has collaborated with the committee since 2007 and who was reappointed by the Committee in November 2009 for the coming year. Key activities of the Remuneration Committee in 2009 included:

- drawing up the *Group Compensation Policy 2009*, supported by the Human Resources and Compliance functions, for submission to the Board and subsequent approval of the Annual General Meeting

- monitoring of external market trends, including benchmarking analysis provided by Mercer against a defined peer group, to formulate informed proposals to the Board with particular reference to the CEO and Deputy CEOs
- designing the Group Executive Incentive System in line with regulatory requirements which emerged and evolved over the year
- proposing the 2009 LTI Cash Plan features, on the basis of the Board decision of December 2008 to consider cash-settled long term incentives for the year 2009.

In 2010, the Remuneration Committee will continue to provide independent judgment on compensation policies and practices, also availing itself of collaboration from internal functions including Human Resources, Compliance, Risk and Finance.

3. Compliance

The Compliance function plays a primary role not only in the validation but also in the design and definition of compensation policies and processes, in conjunction with the Human Resources function.

3.1 The Role of the Compliance Function

The Compliance function operates in close co-ordination with the Human Resources function to support the formulation of compensation policy. Key contributions in 2009 included:

- validation of the Group Compensation Policy 2009 submitted to the Board for subsequent approval of the Annual General Meeting on April 29th 2009
- validation of the 2009 Group Executive Incentive System, including individual goals for the CEO, Deputy CEOs and Heads of Control functions
- validation of the 2009 Long Term Incentive Cash Plan
- validation of the approach for incentive plans of Control function employees
- review of Division guidelines for the design of incentive systems below Executive level
- specific review of Group compensation policies and plans, as requested by the Bank of Italy.

3.2 Compliance Review 2009

The Compliance function conducted and transmitted to the Board for subsequent communication to the Bank of Italy on December 23rd 2009, a preliminary assessment and evaluation of the consistency of Group

compensation policies and practices with the principles in force.

The assessment showed substantial consistency of Group compensation policies and practices with the Financial Stability Board (FSB) principles. The Compliance function also agreed on the executive compensation policy proposed by the Remuneration Committee for 2010 and subsequently submitted to the Board for approval, aimed at further enhancing alignment with the FSB principles and in particular:

- full involvement of the Risk Management function in the process of incentive system definition to ensure relevant regulatory principles and criteria
- introduction in the incentive system of a specific indicator connected to liquidity risk management to take into account risks, both current and future, of the liquidity needed for activities undertaken
- use of equity-based instruments in long-term incentive programs, duly supported by the introduction of share ownership guidelines promoting Senior Executive retention of a certain level of equity invested in UniCredit.

In 2010, the Compliance function will continue to play a primary role not only in the validation but also in the design and definition of compensation policy and processes.

4. Internal Audit of the 2009 Short Term Incentive System

The Internal Audit On Site Department performed the audit of the 2009 Short Term Incentive System of the Group. The objective of the audit was to review the short term incentive process, adopted practices of the Group Compensation Policy 2009 and its application to assess adherence to the relevant internal rules approved in the Group.

On 16 March 2010 the Board delegated to the Remuneration Committee to review the audit report on 2009 short term incentive system. The results of the audit were presented to the Remuneration Committee on 1^o April 2010.

The scope of the audit included the application of the short term incentive system designed for 2009 to the population of CEO, Deputy CEOs and the top hundred executive managers (Senior Executive Vice Presidents and Executive Vice Presidents) of the Group.

The executive short term incentive system was rated satisfactory as it showed a sound governance by relevant Group corporate bodies, overall coherence of defined goals with performance evaluation and integrity of the data used for calculation of key performance indicators.

Based on the results of reviewing the first period of application of the short term incentive system the audit recommended in particular:

- to evaluate the opportunity of implementing a specific IT tool to make the process more efficient
- to better formalize the criteria for individual performance evaluation
- to enhance goal setting and communication timing.

Overall the audit brought out the need to better specify the performance evaluation procedures formalizing the information flows, points of control and responsibilities.

The Internal Audit discussed their improvement recommendations with relevant process owners to enhance the compensation system in the future.

5. Continuous Monitoring of Market Trends and Practices

Decision-making and governance processes assure appropriate market awareness to allow the Remuneration Committee and Board of Directors to make informed decisions on compensation in line with business strategy.

2009 posed significant challenges for market monitoring in a context of volatility and uncertainty for the entire banking sector. Traditional compensation assumptions have been challenged, making it even more important to rely not just on quantitative analysis but to create a broader understanding of market trends and implications incorporating also qualitative and scenario analysis.

Key highlights of total compensation policy defined this year with the support of continuing external benchmarking and trends analysis provided by the independent external advisor to the Remuneration Committee include:

- definition of executive compensation policy as the basis for consistent decisions in line with governance processes
- market benchmarking against our defined peer group to inform any decision

- target policy positioning and pay-mix maintained, with no increases made in 2009 to the compensation levels of the CEO or Deputy CEOs. The CEO's total target compensation package has not increased since 2007 with Base Salary stable since 2002
- consistency of UniCredit variable compensation as a percentage of net revenues compared to peers, on the basis of regular benchmarking reviews.

The peer group used at Group level to monitor compensation policy and practice is defined by the Remuneration Committee upon proposal of Mercer and on the basis of criteria including comparability of size, complexity and business model, presence in customer, talent and capital markets, risk and legal-socio-economical environment. The peer group is subject to annual review to assure its continuing relevance.

6. Group Incentive Programs

In 2009 we implemented annual and long-term Group incentive programs designed to motivate and reward in line with our business and people strategy and in accordance with the most recent national and international regulatory requirements. Our approach is further consolidated in 2010 to assure the continuing effectiveness of our performance-related variable compensation.

Group incentive programs have been designed for Senior Executives and for other employees with material impact on firm risk exposure within a consistent framework of Group policy and governance. Coherent principles and design features apply also to employees in our Investment Banking business at all organizational levels with particular focus on a strong overall alignment with risk-adjusted business profitability, a comprehensive view of performance and deferral of incentive payouts over certain amounts.

6.1 2009 Group Executive Incentive System

Our 2009 Group Executive Incentive System was introduced to further reinforce our compensation effectiveness in an evolving market and regulatory context. The system is built on 3 key pillars to embed the main elements of sustainable remuneration in terms of capital, pay structure and risk alignment.

<p style="text-align: center;">Group Sustainable Profit Condition ("Group Gate")</p> <p>Direct alignment between incentives and overall Group-wide profitability adjusted for risk and cost-of-capital</p> <p>On the basis of overall Group performance adjusted for risk and cost of capital, incentive opportunities may be confirmed, reduced or cancelled. The specific performance measures and thresholds are approved each year by the Board of Directors upon Remuneration Committee proposal. 2009 performance indicators include Adjusted ROE, Core Tier One Ratio and Net Profit.</p>
<p style="text-align: center;">Performance Screen</p> <p>Multi-perspective performance evaluation based on operational and sustainability goals, considering also relative performance compared to peers</p> <p>A balanced multi-perspective approach is adopted to evaluate performance achievements with a focus on operational and sustainability goals. Operational goals, weighing from 30% to 50% in the overall appraisal, measure our value generation capability and business viability and typically include indicators such as Economic Profit and relative performance vs peers (eg. Net Operating Profit on Tangible Assets). Sustainability goals, weighing from 50% to 70% in the overall appraisal, reflect a stakeholder view of long-term value creation and typically include indicators such as Customer Satisfaction (internal and external), credit quality and key strategic efficiency & effectiveness project implementation.</p>
<p style="text-align: center;">Deferral</p> <p>Payout of up to two thirds of annual incentives is deferred and subject to future performance achievements in the 2 years following the first year payout</p> <p>A core challenge for all banks emerging from the financial crisis is the ability to adequately measure and adjust performance for risk over time, also when defining the link to compensation. We apply deferral to incentive payouts based on both role scope and amounts. For the CEO, Deputy CEOs and Senior Executive Vice Presidents, two thirds of the annual incentive is subject to deferral. For other Executives under the System, incentive payouts exceeding €100.000 are subject to deferral. All deferred amounts are subject to future performance as measured by the Group Gate in the 2 years following the first year payout.</p>

6.2 2010 Group Executive Incentive System

In December 2009, the Remuneration Committee and Board of Directors assessed the effectiveness of the 2009 system in meeting our policy aims and confirmed its overall structure for 2010, while revising specific features to further reinforce alignment with the most recent regulatory and market evidence. The characteristics of the 2010 system are shown below and the changes from 2009 are highlighted.

<p style="text-align: center;">Group Sustainable Profit Condition ("Group Gate")</p> <p>Direct alignment between incentives and overall Group-wide profitability adjusted for risks and cost-of-capital</p> <p>With respect to 2009, a specific liquidity risk indicator was added to the measures of overall Group-wide sustainable profitability in order to fully capture not only capital and financial solidity but also liquidity risks, in line with our Group Risk Appetite Framework and regulatory recommendations. 2010 performance indicators include Adjusted ROE, Core Tier One Ratio, Net Profit and Cash Horizon (measure of the number of days the Company is no longer able to face up its liquidity obligations).</p>
<p style="text-align: center;">Performance Screen</p> <p>Multi-perspective performance evaluation based on operational and sustainability goals, considering also relative performance compared to peers</p> <p>The balanced multi-perspective approach is maintained to evaluate performance achievements with a focus on operational and sustainability goals consolidated from 2009.</p>
<p style="text-align: center;">Deferral</p> <p>Payout of up to 40% of annual incentives is deferred and subject to future performance achievements in the 2 years following the first year payout</p> <p>When revising the deferral levels defined in 2009, portions of deferred compensation - considering also long term incentives - were found to be excessive with respect to levels subsequently recommended by regulators from September 2009. For 2010, regulators and market evidence suggest a more balanced deferral within the total compensation structure. The new deferral defined for 2010 keeps our variable compensation structure fully in line with regulator recommendations. For Senior Executives 40% of incentives are deferred, while for other Executives under the System incentive amounts above €100,000 are subject to deferral. All deferred amounts are subject to future performance as measured by the Group Gate in the 2 years following the first year payout.</p>

6.3 2009 Group Long Term Incentive Cash Plan

Equity-based long term incentives (LTI) represent a consolidated pillar of our compensation policy, aligning managerial and shareholder interests. Since 2004, UniCredit equity plans have included a balanced mix of Stock Options & Performance Shares rewarding share price appreciation and company performance. In 2009 as a transition year, the Board of Directors approved a cash-based LTI with forward-looking multi-year performance conditions and a focus on retention of mission critical resources & key talents.

Eligibility and Selectivity

Aiming to motivate and retain mission critical resources and key talents

The Plan was offered to approx. 1,400 beneficiaries across the Group with a strong focus on key talents with outstanding performance and potential.

Vesting Period

In line with risk horizon & long term value creation, consistent with regulatory recommendations and market practice

Vesting is set at 3 years and a cliff-vesting approach is adopted with rewards determined and paid out on the basis of performance conditions as verified at the end of the 3-year performance period.

Performance Conditions

A comprehensive multi-year view of internal & external performance

Key performance indicators underlying the alignment of shareholder and management interests are adopted, including cost of capital & risk as well as share price appreciation. Performance conditions are verified over a 3-year period and include both Total Shareholder Return (TSR) and Economic Profit. TSR is considered both in absolute terms and relative to peers. Economic Profit is set at Group level or Business level as appropriate considering the role scope of beneficiaries. On the basis of performance achievements, actual payouts may range from 0 to 125% of target opportunities.

6.4 2010 Group Long Term Incentive Plan

In 2010, the Board of Directors deliberated on a proposal for a return to an equity-based long term incentive plan to be submitted to the approval of the Annual General Meeting. Recent regulatory consensus on the effectiveness of equity incentives, appropriately aligned with the time horizons of risk, further strengthens the case for confirmation of our consolidated practice. The proposed 2010 Plan is consistent with previous plans while further reinforcing shareholder alignment through key features of its design.

Eligibility and Selectivity

Aiming to motivate and retain mission critical resources and key talents

The Plan will be offered, subject to shareholder approval, to approx. 1,400 beneficiaries across the Group in line with previous plans.

Equity Vehicles and Vesting Period

Performance Stock Options and Performance Shares

Performance Stock Options and Performance Shares with an appropriate vesting period are adopted as equity vehicles to maximise alignment of management and shareholder interests. Subject to performance achievements, Performance Stock Options assigned in 2010 will vest in 2014 and expire in 2020, while the actual grant of Performance Shares promised in 2010 will be made in 2014. A cliff-vesting approach is adopted in line with previous practice.

Performance Conditions

A comprehensive multi-year view of internal & external performance

To further reinforce alignment of rewards and long-term company performance, performance conditions apply not only to Performance Shares (as in previous Group plans) but also to the vesting of Stock Options. Performance conditions are verified over a 3-year period and include both relative Total Shareholder Return (TSR) and Economic Profit. On the basis of achievements, equity incentives actually allocated may range from 0-150% of target grants. Company performance below threshold will result in zero grant while outstanding performance will lead to maximum grant capped at 150%.

7. Share Ownership

7.1 Employee Share Ownership Plan

In 2008, the first edition of “Let’s Share” – the UniCredit Group Employee Share Ownership Plan (ESOP) – was launched in 5 countries (Italy, Austria, Bulgaria, Germany and Hungary) and attracted around 3,800 participants (3.6% of total eligible population). Under the Plan, participants buy UniCredit ordinary shares (“Investment Shares”) and receive one free share (“Discount Share”) for each 20 Investment Shares as well as one further free share (“Matching Share”) for every 5 Investment and Discount Shares owned.

In 2009, the Plan in its second edition was extended to 10 countries (Czech Republic, Poland, Romania, Serbia and Slovak Republic, in addition to the existing 5 countries). The main characteristics and features of the Plan have been confirmed and a total of around 5,200 participants (4% of the total eligible population) signed up to the Plan.

In 2010, the third edition of the Plan will be launched, subject to Annual General Meeting approval, continuing to seek possibilities for increasing the number of participating countries, taking into account any local legal, fiscal and operational constraints.

7.2 Share Ownership Guidelines

Share ownership guidelines articulate minimum levels for company share ownership by covered Senior Executives, aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time. While share ownership guidelines have become increasingly common in US and UK companies over recent years, their adoption in Europe has been extremely limited. Key considerations leading UniCredit to address this issue in 2010 include:

- as part of our total compensation approach, we offer equity incentives that provide for opportunities of share ownership. Ownership of UniCredit shares by our Group leaders is a meaningful and visible way to show our investors, the public and the people we lead that we believe in our company
- a return to equity-based long term incentive plan in 2010 represents a timely opportunity to introduce guidelines in line with market practice as brought to our attention by the independent advisor to the Remuneration Committee and as suggested by the Compliance review of our 2009 compensation policy

- a new regulatory call for appropriate share retention policy creates the framework for wider spread adoption of such practices also across the European market.

In December 2009 the Board of Directors, upon proposal of the Remuneration Committee, approved the adoption of share ownership guidelines for members of the Executive Management Committee (excluding the Head of Compliance) defining the expectation for the number of UniCredit shares that should be owned and retained, and the provisions and timeframe for reaching the established levels.

Covered Executives are also expected to refrain from entering into schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans. Since the aim of performance-based incentives is to align financial stake in our Group performance and any form of hedging transaction would defeat the purpose of the incentive at risk, involvement in such schemes shall be considered in breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures.

8. Remuneration tables

8.1 2010 Target Policy Pay-Mix

	TOTAL COMPENSATION	
	Fixed & other non-performance related pay	Variable performance-related pay
NON-EXECUTIVE DIRECTORS		
Chairman and Vice Chairmen	100%	0%
Directors	100%	0%
Statutory Auditors	100%	0%
GROUP EXECUTIVES		
CEO	26%	74%
Deputy CEOs	19%	81%
Senior Executive Vice Presidents ¹	26%	74%
Heads of Control Functions ²	27%	73%
Executive Vice Presidents	37%	63%
GROUP EMPLOYEE POPULATION		
Business Areas ³	84%	16%
Corporate Centres/ Support functions ⁴	83%	17%
Overall Group Total	84%	16%

Total compensation policy for Non-Executive Directors, Group Executives and for the overall Group employee population demonstrates in particular how:

- Non-Executive Directors do not receive variable performance-related pay
- Senior Executives and other employees with material impact on firm risk exposure are offered significant opportunities for variable compensation in line with their strategic role, regulatory requirements and our pay for performance culture
- the general employee population is offered a balanced pay-mix in line with the role, scope and business or market context of reference.

¹ Excluding Heads of Control functions (reported separately).

² Heads of Audit, Legal&Compliance, CRO and CFO.

³ Retail Strategic Business Area (SBA), Corporate & Investment Banking and Private Banking SBA, Asset Management, Central Eastern Europe and Poland's Markets divisions.

⁴ Corporate Centres Italy, Germany & Austria and Global Banking Services SBA.

8.2 2010 Variable Performance-related Pay Composition

	VARIABLE PERFORMANCE-RELATED PAY			
	Annual	Deferred	Forms of deferral	
			Cash	Equity
CEO	28%	72%	26%	74%
Deputy CEOs	33%	67%	33%	67%
Senior Executive Vice Presidents ¹	28%	72%	35%	65%
Heads of Control Functions ²	30%	70%	55%	45%
Executive Vice Presidents	35%	65%	35%	65%

Variable compensation policy for Senior Executives and other employees with material impact on firm risk exposure demonstrates alignment with regulatory recommendations, and in particular:

- a significant proportion of compensation is variable and performance-related
- a relevant part of variable performance-related compensation is paid under deferral arrangements over a period of years
- equity-based compensation represents a substantial portion of variable deferred compensation.

8.3 2009 Aggregate Compensation Amounts and Forms

(€ thousand)	AGGREGATE COMPENSATION AMOUNTS ⁵			
	Number of incumbents	Fixed & other non-performance related pay ⁶	Variable performance-related pay	
			Cash	Equity ⁷
CEO	1	3,617	651	0
Deputy CEOs	3	3,430	934	0
Senior Executive Vice Presidents ¹	14	16,814	3,599	1,073
Heads of Control Functions ²	4	4,191	1,707	0
Executive Vice Presidents	97	40,278	12,202	508

⁵ Considering pro-rata amounts for incumbents in office for part of the year.

⁶ Including amounts reported as 'Other compensation' in the table published - in conformity with Art. 78 of CONSOB Issuers' Regulation no. 11971 dated May 14, 1999 and later modifications - in UniCredit SpA Annual Report (Note to the accounts - Part H) for CEO, Deputy CEOs and Senior Executive Vice Presidents.

⁷ Amounts shown as equity compensation reflect the value of the shares at the date of actual grant or the difference between the market value of the shares and the strike price of the stock options at the date of exercise.

Fixed & other non-performance related pay includes also severance and sign-on payments totalling € 20,370,119 made during the financial year to 10 beneficiaries (the highest severance paid to a single person was equal to € 5,155,000). These payments were determined in line with the relevant contractual clauses and local legal framework and are consistent with our stance against so-called “Golden Parachutes”, reflecting the beneficiaries’ tenure as well as demonstrated individual and company performance by taking into consideration performance-related incentives.

Amounts shown for variable performance-related pay are inclusive of any deferred amounts paid out during the year, also reported in table 8.4 which focuses on deferred compensation.

Equity payments made for 2009 include performance shares allocated under Group LTI Plans to beneficiaries in business areas which achieved 3-year performance targets over the period 2006 - 2008 and reflect the value of the shares at the date of grant.

Amounts shown as outstanding deferred compensation represent the potential gain on deferred awards that remain subject to future performance. Amounts are not related to nor indicative of the benefit (if any) that may ultimately be realised on the cash award or the underlying stock options/performance shares that may become exercisable or be actually allocated.

The vested component refers to equity awards, under Group or local share-based plans, to which beneficiaries have already acquired the right but have not realized any actual gain.

The unvested component refers to cash and equity awards to which the right has not yet matured and for which any potential future gain has not been yet realized and remains subject to future performance.

All stock options granted under existing Group LTI plans are currently “under water” and represent zero gain for the beneficiaries as long as the exercise price of the stock options remains above the market price of the underlying shares.

8.4 Deferred Compensation Amounts and Forms

(€ thousand)	DEFERRED COMPENSATION				
	Paid out in 2009 ⁸ Based on multi-year performance achieved		Outstanding Based on future performance		
	Cash	Equity	Vested Equity ⁹	Unvested ¹⁰	
				Cash	Equity
CEO	0	0	0	6,302	3,501
Deputy CEOs	0	0	0	7,973	4,026
Senior Executive Vice Presidents ¹¹	542	1,073	210	9,630	4,493
Heads of Control Functions ¹²	88	0	0	5,681	1,495
Executive Vice Presidents	841	508	1,517	32,670	14,345

Deferred amounts paid out in 2009 include payouts based on demonstrated multi-year performance achievements.

⁸ Including that part of amounts already reported in table 8.3 which has been deferred from previous years and subsequently paid out in the financial year 2009. Amounts shown as equity compensation reflect the market value of the shares at the date of actual grant or the difference between the market value of the shares and the strike price of the stock options at the date of exercise.

⁹ Based on the “Hull&White” option pricing model, the fair value estimates of the equity instruments as at 01/01/2010 are (€ thousand): 4,481; 2,774; 1,625; 433 and 4,869 respectively, for each of the categories for which data is disclosed in the table.

¹⁰ Based on the “Hull&White” option pricing model, the fair value estimates of the equity instruments as at 01/01/2010 are (€ thousand): 9,596; 9,496; 8,411; 2,945 and 23,760 respectively, for each of the categories for which data is disclosed in the table.

¹¹ Excluding Heads of Control functions (reported separately).

¹² Heads of Audit, Legal&Compliance, CRO and CFO.

UNICREDIT GROUP EMPLOYEE SHARE OWNERSHIP PLAN 2010 (ESOP 2010)

Dear Shareholders,

We have called this Ordinary Meeting to request your approval of the “UniCredit Group Employee Share Ownership Plan 2010” (“ESOP 2010”) aiming at offering to employees of the Group the possibility to invest in UniCredit shares at favourable conditions, in compliance with the provisions of sect. 114-bis of Decree 58 dated 24 February 1998 and with “Supervisory Provisions concerning Banks Organization and Corporate Governance” issued by Bank of Italy, and according to the provisions set forth by Consob referring to incentive plans based on financial instruments assigned to corporate officers, employees and collaborators.

With this aim, a document has been drawn up pursuant to Section 84-bis of the Consob Regulation no. 11971/99 that has been made available to the public within the timeframe legally required.

As you will recall, your company was one of the first in Italy to understand that the reinforcement of a sense of employees’ belonging and commitment to achieve corporate goals is a relevant factor to maximize corporate value.

In light of the intervening changes in the tax and corporate accounting regulations and the enlargement of Group’s perimeter, the UniCredit Shareholders’ Meeting defined in 2008 a new incentive plan aiming at offering employees of the Group the possibility to invest in UniCredit shares at favourable conditions. Also in 2009 the UniCredit Shareholders’ Meeting approved a share ownership plan similar to the 2008 plan.

As in the past, it is proposed that this Shareholders' Meeting approve for the year 2010 a new share ownership plan offered to employees, the “UniCredit Group Employee Share Ownership Plan 2010”. This Plan is in line with the Group compensation policy defined in compliance with sound risk management and long term strategies, also providing for a correct balance between fixed and variable components of the remuneration and, with reference to the latter, risk weighted systems and mechanisms aiming at assuring the link between compensation and actual and sustainable results.

GOALS

The Plan aims at reinforcing employees’ sense of belonging and commitment to achieve corporate goals.

BENEFICIARIES

Considering that the Plan is addressed to the employees of the UniCredit Group, the potential Participants would be circa 170,000.

PLAN ELEMENTS

- (a) Election Period: from October 2010 to January 2011 employees participating to the Plan (“Participants”), will choose the overall amount that they want to invest, up to a maximum contribution of 6.5% of their annual gross base salary with a cap of € 20,000 per annum. The minimum annual contribution amount is defined considering the peculiarities of each participating country;
- (b) Enrolment Period: from January 2011 to December 2011 the Participants will have the opportunity to buy shares by means of monthly debits on their current account or by payments in one or more instalments made in the months of March, May and/or October (“one-off” modality). In case during this Enrolment Period a Participant leaves the Plan, he will lose the right to receive any free shares as per the following points c) and d) at the end of the Enrolment Period;
- (c) “Discount Share”: at the end of the Enrolment Period (January 2012), each Participant will receive one free share for every 20 shares purchased; the Discount Shares will be locked up for 3 years;
- (d) “Matching Share”: furthermore, at the end of the Enrolment Period, the Participant will receive another free restricted share for every 5 shares acquired (considering both the shares purchased during the Enrolment Period and the Discount Shares); also this free share will be subject to lock-up for the next 3 years but, differently from the Discount Shares, the Participant will lose entitlement to the Matching Share if, during the 3-year holding period, he/she will no longer be an employee of a UniCredit Group Company, unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan. In some countries, for fiscal reasons, it will not be possible to grant the Matching Shares at the end of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Matching Shares at the end of the Holding Period (“Alternative” structure);
- (e) Holding Period: during the holding period (from January 2012 to January 2015), the Participants can sell the purchased shares at any moment, but by doing so they will lose the Matching Shares.
- (f) Diluting impact on Holding Company share capital: the ESOP 2010 provides for the use of shares to be purchased on the market, therefore it will not have any diluting impact on Holding Company share capital. To that end, the Group employees who decide to accept to join the ESOP 2010 will give a mandate to a broker, internal or external to UniCredit Group,

to purchase the shares and to deposit them in an account opened in their name. In case of substantial changes in the scenario of reference or if the actual participation rate would be higher than expected, it could be needed to change this implementation modality by asking, in the case, for the relevant authorizations needed.

- (g) Fiscal and social contribution: The fiscal and social contributions scheme applied will be in line with the applicable law in the country in which each employee is fiscally resident (with the exception of expatriate employees for whom the “tax equalisation” principle will be applied by which the employee taxation and the social security contributions applied will be the same of the reference home country) and, in particular, in Italy the ESOP 2010 respects the necessary conditions for the application of the tax relief, within the limits provided by the law, provided for the employees share ownership plans («sect. 51», «lit. g» TUIR).

* * *

Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

"The ordinary Shareholders' Meeting of UniCredit S.p.A., having heard the directors' proposal,

RESOLVES

1. to adopt a share ownership plan aiming at offering to all employees of the Group the possibility to invest in UniCredit shares at favourable conditions;
2. to give to the Chairman and/or to the Chief Executive Officer, respectively, any relevant power of attorney to enact today's resolution and to make all possible changes and integrations to the “UniCredit Group Employee Share Ownership Plan 2010” (not changing substantially the content of the decision) which should be necessary to carry out the realization of the decision, also in order to comply with every legal and regulatory provision of the countries in which the Group companies are based.

UNICREDIT GROUP LONG TERM INCENTIVE PLAN 2010

Dear Shareholders,

We have called this ordinary meeting to request your approval of the UniCredit Group Long Term Incentive Plan 2010 ("the Plan"), providing for the grant of *performance stock options* and *performance shares* subject to the achievement of specific performance conditions to a selected group of Group employees. This proposal has been formulated in compliance with the provisions of section 114-bis of Decree 58 dated February 24 1998, and according to the provisions set forth by Consob with reference to incentive plans based on financial instruments assigned to corporate officers, employees and collaborators.

For this purpose, a document prepared pursuant to Section 84-bis of the Consob Regulation no. 11971/99 that has been made available to the public within the terms of law.

As you will recall, your company was one of the first in Italy to understand that employee motivation, retention and commitment are important factors for maximising company value, and for developing a sense of affiliation with the bank to a group of talented and mission critical employees.

In this context, several incentive plans have been adopted in the past by the Company, the last of which approved by the UniCredit Shareholders' Meeting of May 8th 2008.

In line with the Group compensation policy and in coherence with the most recent national and international regulatory recommendations, it is hereby proposed for the year 2010 to implement a Long Term Incentive Plan as a tool to align shareholder and management interests, reward long term value creation and motivate and retain key Group resources.

Therefore, the proposed 2010 Long Term Incentive Plan (henceforth the "Plan") is submitted for the approval of this shareholders' meeting, providing for the allocation of a mixed "package" made of:

- *performance stock options*, exercisable as of the year following the 3 year performance period (2011-2013) and until December 31st 2020, subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference;
- *performance shares* represented by free UniCredit ordinary shares that the Company undertakes to grant in a one-time settlement in the financial year following the 3 year performance period (2011-2013) subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference.

GOALS

The Plan aims to align Management and shareholder interests, rewarding long term value creation and motivating and retaining selected key talents and mission critical resources.

BENEFICIARIES

Considering that the Plan is addressed to all companies of the Group, the beneficiaries will be circa 1,400 selected Group employees considered important for the achievement of Group strategic targets.

Therefore, 5 layers of beneficiaries have been identified:

- the first is composed of the CEO & Deputy CEOs of the Holding Company (4 people);
- the second is composed of Senior Executive Vice Presidents (12 people);
- the third is composed of beneficiaries that have a significant influence on the strategy of a Division / Competence Line / Department or otherwise on the results of a Legal Entity or of a business of great relevance (circa 90 selected Executive Vice Presidents);
- the fourth is composed of selected Senior Vice Presidents (circa 250 people);
- the fifth is composed of selected talents and mission critical resources (circa 1,050 people).

Beneficiaries and numbers of *performance stock options* and *performance shares* individually granted will be defined in relation to:

- fit with corporate values - awareness and consistent behaviour;
- relevance of the position held - strategic impact on business results and/or Group Governance;
- retention needs - need to retain within the Group high potential talents who are particularly sought after by market competitors;
- performance/potential - goals achievement, performance obtained and expected results.

PLAN ELEMENTS

- (a) the allocation of *performance stock options* and the promise to grant *performance shares* will be effected according to the Plan by May 2011;
- (b) it is intended to effect the allocation of a maximum number of 128,000,000 *performance stock options*, for the subscription of an equal number of UniCredit ordinary shares (representing about 0.66% of share capital) and the promise for the grant of a maximum number of 59,000,000 UniCredit ordinary shares (*performance shares*) to be actually allocated in a one-time settlement during the year 2014, following the verification of achievements on performance targets set in the Plan, representing about 0.31% of UniCredit share capital;
- (c) with specific reference to the *performance stock options*:

- The stock options will be exercisable as of the year following the 3 year performance period (2011-2013) and until December 31st 2020 - unless otherwise established by the Board of Directors itself in case of a public bid involving the purchase and exchange of UniCredit shares - subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference;
 - The Board of Directors shall determine the exercise price of the performance stock options which shall be given by the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution to execute the grant as well as one or more exercise periods for the *performance stock options*.
- (d) with specific reference to the *performance shares*:
- The *performance shares* will be represented by free UniCredit ordinary shares that the Company undertakes to grant in a one-time settlement in the financial year following the 3 year performance period (2011-2013) subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference;
- (e) The *performance stock options* and *performance shares* will be nominative 'titles' and not transferable: the terms and conditions under which the right to exercise the *performance stock options* or to receive the promised *performance shares* shall lapse, will be set by the Board of Directors in the resolution to execute the grant.

The issue of *performance stock options* and *performance shares* necessary for the execution of the Plan under the terms and conditions above explained shall be - as in the past - object of a delegation of authority to the Board of Directors, in compliance with sect. 2443 of the Civil Code.

Accordingly, the extraordinary session of today's shareholders' meeting will be asked to approve the proposal to delegate to the Board of Directors the authority:

- a) to resolve, on one or more occasions for a maximum period of one year, to increase share capital, with the exclusion of rights, as allowed by section 2441.8 of the Italian Civil Code, for a maximum nominal amount of € 64,000,000 to service the exercise of stock options to subscribe to up to 128,000,000 UniCredit ordinary shares, to be reserved for selected beneficiaries belonging to employees of the Holding Company and of Group banks and companies;
- b) to resolve, on one or more occasions for a maximum period of five years, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of € 29,500,000 corresponding to up to 59,000,000 UniCredit ordinary shares, to be granted to employees of the Holding Company and of Group banks and companies; such an increase in capital would be carried out using the special reserve known as "Provisions Linked to the Long Term Incentive System for Group Employees" set up for this purpose and reinstated or increased each year or in accordance with other methods dictated by applicable laws and regulations. In this regard, it is noted that the proposal - to be made in occasion of approval of the 2009 annual report - to destine €20.000.000 to the aforesaid special reserve shall, if approved, bring its total to € 48.296.534,05.

Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

"The ordinary shareholders' meeting of UniCredit S.p.A., having heard the directors' proposal,

RESOLVES

1. to adopt a long-term incentive plan involving the allocation of *performance stock options* and the promise to grant *performance shares*, by May 2011 at the latest, to selected Group employees, in the manner and terms described above;
2. to give to the Chairman and/or to the Chief Executive Officer, respectively, every opportune power of attorney to render any amendments and additions to the present deliberation and to the documents which represent an integral part of the same (not changing substantially the content of the resolutions) which should be necessary to enact the present deliberations.

UNICREDIT GROUP LONG TERM INCENTIVE PLAN 2010

- Delegation to the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of one year starting from the date of the shareholders' resolution, to increase share capital, with the exclusion of subscription rights, as allowed by section 2441.8 of the Italian Civil Code, for a maximum nominal amount of € 64,000,000 to service the exercise of options to subscribe to up to 128,000,000 ordinary shares in UniCredit of par value € 0.50 each, to be reserved for the Personnel of the Holding Company and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the articles of association.
- Delegation to the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of five years starting from the date of the shareholders' resolution, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of € 29,500,000 corresponding to up to 59,000,000 ordinary shares in UniCredit of par value € 0.50 each, to be granted to the Personnel of the Holding Company and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the articles of association.

Dear Shareholders,

We have called you in extraordinary session to submit for your approval the proposal to delegate authority to the Board of Directors, pursuant to section 2443 of the Italian Civil Code, to increase the share capital

- (i) under Sect. 2349 of the Civil Code (granting of free shares to employees of UniCredit Group) and consequent statutory changes
- (ii) under Sect. 2441, eight paragraph of the Civil Code (increase in capital with exclusion of option right, reserved to UniCredit Group employees) and consequent statutory changes

in implementation of the UniCredit Group Long Term Incentive Plan 2010 ("the Plan") approved by today's ordinary session of the shareholders' meeting. We are also submitting for your approval the consequent amendments required to the articles of association.

In view of the interrelated nature of the above proposals, they will be discussed as a single topic even though two separate resolutions are being forwarded for approval.

As you will recall, your company was one of the first in Italy to understand that employee motivation, retention and commitment are important factors for maximising company value, and for developing a sense of affiliation with the bank to a group of talented and mission critical employees.

In this context, several incentive plans have been adopted in the past by the Company, the last of which approved by the UniCredit Shareholders' Meeting of May 8th 2008.

In line with the Group compensation policy and in coherence with the most recent national and international regulatory recommendations, it is hereby proposed for the year 2010 to implement a Long Term Incentive Plan as a tool to align shareholder and management interests, reward long term value creation and motivate and retain key Group resources.

The Plan involves the granting to selected beneficiaries, who are members of the Group's Personnel of a mixed "package" made of:

Performance Stock Options

- a) *the performance stock options* shall be exercisable as of the year following the 3 year performance period (2011-2013) and until December 31st 2020 - unless otherwise established by the Board of Directors itself in case of a public bid involving the purchase and exchange of UniCredit shares - subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference;
- b) The Board of Directors shall determine one or more exercise periods for the *performance stock options*.
- c) The Board of Directors shall determine the exercise price of the performance stock options which shall be given by the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution to execute the grant

Performance Shares

- The *performance shares* are represented by free UniCredit ordinary shares that the Company undertakes to grant in a one-time settlement in the financial year following the 3 year performance period (2011-2013) subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference.

The purpose and criteria for granting these financial instruments are as described in the directors' report on the Plan approved by today's shareholders' meeting in ordinary session. Please also be informed that for information purposes a document set up pursuant to Section 84-bis of the Consob Regulation no. 11971/99 has been published according to the terms of law.

The features of these financial instruments - whose selected beneficiaries number around 1,400 Group employees regarded as strategic for achieving the Group's goals - are summarised as follows:

▪ *performance stock options*

- (a) The *performance stock options* will be exercisable as of the year following the 3 year performance period (2011-2013) and until December 31st 2020, subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference;
- (b) The Board of Directors shall determine one or more exercise periods for the stock options;
- (c) The exercise price of the *performance stock options* will be fixed by the Board of Directors as the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution to execute the grant.

▪ *performance shares*

- (d) The *performance shares* are represented by free UniCredit ordinary shares that the Company undertakes to grant in a one-time settlement in the financial year following the 3 year performance period (2011-2013) subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference.

The *performance stock options* and *performance shares* will be nominative 'titles' and not transferable: the terms and conditions under which the right to exercise the *performance stock options* or to receive the promised *performance shares* lapses, will be set by the Board in the resolution to execute the grant.

Bearing in mind the number of beneficiaries and the overall quantity of financial instruments to be granted, the best way to implement the Plan is for the Board of Directors to resolve on one or more occasions, under the authority granted by this shareholders' meeting pursuant to section 2443 of the Italian Civil Code:

- 1) to increase share capital, with the exclusion of rights, as allowed by section 2441.8 of the Italian Civil Code, for a maximum period of one year starting from the date of the shareholders' resolution, to service the exercise of *performance stock options* by the Personnel of the Holding Company and of Group banks and companies to subscribe to a maximum number of 128,000,000 ordinary shares of par value € 0.50 each, corresponding to a maximum nominal amount of € 64,000,000;
- 2) to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, within five years of the date of the shareholders' resolution, for a

maximum nominal amount of € 29,500,000 through the issue of a maximum number of 59,000,000 ordinary shares of par value € 0.50 each to be allotted to the Personnel of the Holding Company and of Group banks and companies. Such an increase in capital will be carried out using the special reserve set up for this purpose and reinstated or increased each year or in accordance with other methods dictated by applicable laws and regulations. You will recall that, when approving the 2009 financial statements, today's ordinary shareholders' meeting allocated € 20,000,000 from Net Profit for the year to this special reserve, taking its current total to € 48,296,534.05.

If the above authority is exercised for its maximum amount, the newly issued shares would represent 0.97% of existing share capital, of which circa 0.66% considering the exercise of all *performance stock options* granted, this fact amongst others, allows this meeting to grant the authority in question, if deemed opportune, in accordance with the voting majorities required by current statutory and regulatory provisions (section 134.2 of Decree 58/98).

Dear Shareholders,

You are invited to approve the following resolutions relating to the matters described above:

- A) "Delegation to the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of one year starting from the date of the shareholders' resolution, to increase share capital, with the exclusion of rights, as allowed by section 2441.8 of the Italian Civil Code, for a maximum nominal amount of € 64,000,000 to service the exercise of options to subscribe to up to 128,000,000 ordinary shares in UniCredit of par value € 0.50 each, to be reserved for the Personnel of the Holding Company and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the articles of association."

Having heard the directors' report, the extraordinary shareholders' meeting of UniCredit S.p.A. resolves:

1. to grant the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, the authority to resolve, on one or more occasions for a maximum period of one year starting from the date of the shareholders' resolution, to increase share capital, with the exclusion of rights, as allowed by section 2441.8 of the Italian Civil Code, to service the exercise of options issued by the Board of Directors to subscribe to a maximum number of 128,000,000 ordinary shares, corresponding to a maximum nominal amount of € 64,000,000, to be reserved for the Personnel of UniCredit S.p.A. and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives. The resolutions of the Board of Directors shall specify that if the sole increase or individual partial increases approved are subscribed, then share capital

will be treated as having been increased by the amount corresponding to the respective subscriptions received. Since such capital increases serve to implement the long-term incentive plan for UniCredit Group employees approved by today's Ordinary Meeting, in turn designed to reward the achievement of current targets and incentives the attainment of future ones, the unit price of the shares being issued shall be equal to the mean price of UniCredit S.p.A. shares reported in the month before the related Board resolution, bearing in mind the rules on the taxation of employment income tax applying at that time. The *performance stock options* shall be registered, non-transferable securities; the Holding Company's Board of Directors shall establish the terms of forfeiture of the right to exercise *performance stock options* if the employee leaves the Group or dies.

The Board of Directors will be able to decide one or more periods in which the options may be exercised as of the year following the 3 year performance period (2011-2013) and until December 31st 2020, subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference

2. further to the resolution passed in paragraph 1, to insert the following paragraph as the new paragraph 15 of article 6 of the articles of association:

"15. The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve - including on one or more occasions for a maximum period of one year starting from the shareholders' resolution dated ____ 2010 - to increase share capital with the exclusion of rights, as allowed by section 2441.8 of the Italian Civil Code, to service the exercise of options issued by the Board of Directors to subscribe to a maximum number of 128,000,000 ordinary shares, corresponding to a maximum nominal amount of € 64,000,000, to be reserved for the Personnel of UniCredit S.p.A. and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives. The resolutions of the Board of Directors shall specify that if the sole increase or individual partial increases approved are subscribed, then share capital will be treated as having been increased by the amount corresponding to the subscriptions received. The unit price of the shares being issued shall be equal to the mean price of UniCredit S.p.A. shares reported in the month before the related Board resolution, bearing in mind the rules on the taxation of employment income tax applying at that time. The performance stock options shall be registered, non-transferable securities; the Holding Company's Board of Directors shall establish the terms of forfeiture of the right to exercise performance stock options if the employee leaves the Group or dies. The Board of Directors will be able to decide one or more periods in which the options may be exercised as of the year following the 3 year performance period (2011-2013) and until December 31st 2020, subject to the achievement of performance conditions set by the Board of Directors and subsequently verified at the end of the 3 year period of reference", with a consequent renumbering of the existing following paragraphs of article 6;

3. to delegate to the Board of Directors all the necessary powers for granting the options and subsequently issuing the new shares, and for making the related amendments to article 5 of the articles of association relating to the new amount of share capital;
 4. to give to the Chairman and/or to the Chief Executive Officer, respectively, every appropriate power to implement the above resolution in compliance with the law, to accept or make any amendments and additions to this resolution (without changing the substance of the matters approved) which might be required or for its registration at the Register of Companies, to file and register this resolution in accordance with legal requirements, giving explicit approval and ratification in advance, and to take any other measures that might be required to execute this resolution.
- B) "Delegation to the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of five years starting from the date of the shareholders' resolution, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of € 29,500,000 corresponding to up to 59,000,000 ordinary shares in UniCredit of par value € 0.50 each, to be granted to the Personnel of the Holding Company and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the articles of association."

Having heard the directors' report, the extraordinary shareholders' meeting of UniCredit S.p.A. resolves:

1. to grant the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, the authority to resolve - on one or more occasions for a maximum period of five years - to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of € 29,500,000 corresponding to up to 59,000,000 ordinary shares of par value € 0.50 each, to be granted to employees of UniCredit S.p.A. and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of the Long Term Incentive Plan for UniCredit Group employees approved by today's Ordinary Meeting. Such an increase in capital shall be carried out using the special reserve known as "Reserve for group personnel long-term incentive plans" set up for this purpose and reinstated or increased each year or in accordance with other methods dictated by applicable laws and regulations;
2. further to the resolution passed in paragraph 1, to insert the following paragraph as the new paragraph 16 of article 6 of the articles of association:

"16. The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated _____ 2010, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of € 29,500,000 corresponding to up to

59,000,000 ordinary shares of par value € 0.50 each, to be granted to employees of UniCredit S.p.A. and of Group banks and companies. Such an increase in capital shall be carried out using the special reserve known as "Reserve for group personnel long-term incentive plans" set up for this purpose and reinstated or increased each year or in accordance with other methods dictated by applicable laws and regulations.", with a consequent renumbering of the existing following paragraphs of article 6;

3. to delegate to the Board of Directors all the necessary powers for issuing the new shares, and for making the related amendments to article 5 of the articles of association relating to the new amount of share capital;
4. give to the Chairman and/or to the Chief Executive Officer, respectively, every opportune powers of attorney to make all the amendments and additions to the present deliberation and to the documents which represent an integral part of the same (not changing substantially the content of the resolutions) which should be necessary for registration at the Register of Companies with explicit and advanced approval and ratification and adopt any other measure that might be necessary to enact the present deliberations.