

INTESA  SANPAOLO

SHAREHOLDERS' MEETING OF
30TH APRIL, 2ND AND 3RD MAY 2007

Intesa Sanpaolo S.p.A.

Shareholders' Meeting of 30th April,
2nd and 3rd May 2007

Agenda of the meeting

Ordinary part:

1. Proposal for the allocation of net income for the year in relation to the financial statements as at 31st December 2006 and the distribution of the dividend;
2. Authorisation for the purchase and sale of own shares to serve compensation plans for employees of the Company and of subsidiary companies;
3. Appointment of Members of the Supervisory Board and related resolutions;
4. Resolutions in respect of insurance of civil responsibility for the Members of the Supervisory Board;
5. Proposal to review remuneration of the Independent Auditors Reconta Ernst & Young S.p.A.

Extraordinary part:

1. Change of the following articles of the Articles of Association: 7 (Shareholders' Meeting), 17 (Powers of the Management Board), 18 (Chairman of the Management Board), 20 (Manager in charge of preparing the Company's financial reports), 22 (Supervisory Board), 23 (Election of the Supervisory Board), 25 (Competence of the Supervisory Board) and 30 (Accounting Control) to be adopted also in accordance with Law no. 262 of 28th December 2005 and Lgs. D. no. 303 of 29th December 2006.

Letter from the Chairmen

Distinguished Shareholders,

2006 was a year of great change, which marked a milestone not only from a business standpoint but also, and especially from a cultural and strategic standpoint: Banca Intesa and Sanpaolo IMI decided, with responsible conviction and determination, to join forces, combining professional energies, market shares and resources to give birth to a new protagonist in the Italian and in the European banking industry.

The realisation of this project was rendered possible by the dedication of over one hundred thousand people to whom, on this occasion, we wish to express our most heartfelt gratitude. Nonetheless, the merit also goes to You, our Shareholders, to Your support and the long-term view of your investment decisions and it is a privilege for us to sign this letter as Chairman of the Supervisory Board and as Chairman of the Management Board for all the Shareholders of the new Group at the time of approval of the financial statements generated by the two Groups in 2006 and, based on the Business Plan, reflecting together on the prospects which accompany them.

The concrete and tangible result of so much effort is Intesa Sanpaolo, leading bank in Italy and among the top four in the Euro Zone: it seems useful to underline that the occurred merger is – in itself – closely related to the results of the two original banks. Results which are the synthesis of an intense season of development in which Banca Intesa and Sanpaolo IMI were protagonists of an articulated series of mergers and acquisitions that involved total assets of approximately 200 billion euro and equal to approximately a third of assets involved in M&A transactions in the Italian banking system from 1999 to 2005. In these last few years, the two Groups more than doubled their consolidated assets and passed from a headcount of 24,000 to over 50,000 units for Sanpaolo IMI, and from 36,000 to over 58,000 units for Banca Intesa.

The path which led the two Groups to take, in full autonomy, this strategic decision was undertaken by both from a situation of excellence in terms of profitability and organisational efficiency, as well as for the positive results achieved in the integration processes and of organic growth.

With specific reference to performance in the last financial year. Banca Intesa and Sanpaolo IMI confirmed results of extraordinary importance, which outperformed the ambitious targets set in the respective business plans. The reports to the Annual Reports 2006, which for the last time the two Groups have prepared separately, indicate that Banca Intesa reached a net income of 2,559 million euro and Sanpaolo IMI generated a net income of 2,148 million euro. The profitability and operating efficiency of the two Groups remain on levels of absolute excellence, with a ROE exceeding 18% for Banca Intesa and equal to 17.6% for Sanpaolo IMI and a cost/income ratio respectively of 51.5% and 53.8%.

These results are the sound base on which poses the intense and shared efforts of the integration and are, also, the preconditions for the new Business Plan.

A confirmation of this comes, in fact, from aggregate pro forma 2006 figures: Intesa Sanpaolo produced an overall net income of 4,056 million euro, gross net interest and other banking income equalled 18,538 million euro. Lastly, capital soundness leads to solvency ratios equal to 7.4% for the core Tier I and 11.3% for the total capital ratio.

Therefore, Intesa Sanpaolo, already before the realisation of the important cost and revenue synergies that will be generated, it will be among the top banking players in the Euro Zone with a market capitalisation of approximately 70 billion euro and is an undisputed leader in Italy, reaching over 12 million customers, with an approximately 20% market share in the main sectors of activity. The network of approximately 5,700 branches is grass-root and well-distributed over the Italian territory. A network which is not only the most widespread in Italy but, is unparalleled in any other large European market. The new Group, in particular, has a distinctive feature in conjugating, through the Banca dei Territori model, economies of scale and specialisation, linked to the size of the business of a European banking group, the flexibility, the extension and the connection of a local bank, capable of optimising all proximity economies: a large bank, attentive to local territories, but with a global scope.

Thus, expanding the horizon to Europe and the world, Intesa Sanpaolo may count on the most extensive international network among Italian banks. It is present in 43 Countries, with a strong concentration in Central-Eastern Europe, through a network of over 1,400 branches and 6 million customers which make it the sixth European player in terms of total assets. Thanks to the acquisition of Bank of Alexandria, with its approximately 190 branches and 1.5 million customers, perfected at the end of 2006 in Egypt, Intesa Sanpaolo has acquired an important platform for development in the Mediterranean Basin.

Such an extensive operating capacity leads to innovative and specifically-tailored governance solutions. As concerns the Bank's governance, we have agreed upon a new governance structure with respect to the consolidated domestic models, adopting a dual system that entails the separation between the control and strategic direction, which are delegated to the Supervisory Board, and those of management of the business, exercised by the Management Board.

The choice of the dual model – which, albeit with specific characteristics in the various legal systems, is widely applied in other Countries of the European Union in large companies and in companies with a widespread shareholder base – pursues the priority objectives of a more effective response, with respect to the traditional Italian model, to the needs of greater transparency and reduction of potential risks of conflicts of interest and of a clearer distinction in the roles and responsibilities of Company bodies, guaranteeing a safe and prudent management of the Bank.

The experience of these first few months confirms that the adopted system is in line with the Bank's challenging targets.

An analogous need of solutions tailored to the new Group led to the choice of a simple and streamlined organisational model, based on a Bank Parent Company with operational duties and responsibilities of managing the Group's integrated perimeter and the six Business Units dedicated to the diverse customer segments: Banca dei Territori, Corporate and Investment Banking, Public Finance, International Subsidiary Banks Division, Group's Finance and Eurizon Financial Group.

Intesa Sanpaolo's organisational structure was therefore operational from inception: all levels of responsibilities of the business units and the governance areas were defined within the end of last January.

All outlined above means that Intesa Sanpaolo is today Italy's largest company as well as the first private-sector employer in Italy with over 100,000 employees. Its total assets exceeded 40% of the Country's GDP. It has credit relations with over 80% of Italian companies with turnover over 2 million euro. 20% of its assets are abroad where it has over 24,000 staff. With these numbers Intesa Sanpaolo is a new sound reality whose resources and potential are not simply the sum of its parts. The merger has placed Italy in the limelight in Europe, providing concrete evidence that the divisions and particular needs – that all too often even in business have hindered and paralysed the most vital energies for Italy's competitive relaunch – may be overcome.

As of 1st January we are all working for a new reality, aware and proud that we have a tradition of history and values, a heritage of experiences and culture behind us and which we cannot afford to disperse. We are called to find new ways, to innovate, to follow new routes in banking, to adopt unprecedented formulas in managing relations with companies and interlocutors of civil society.

Intesa Sanpaolo is positioned, in terms of breadth of activities, at the centre of Italy's life with strong responsibilities with all stakeholders. The new Group will continue to express a consolidated capacity in creating value for You, our Shareholders, will produce significant benefits for customers, who will have access to improved products and services and at increasingly competitive terms, will strengthen its capacity of retaining and attracting talents, of capitalising to the full on all the competences of colleagues, who will be capable of seizing, also as a result of the merger, new professional opportunities. It will represent an important engine for growth for our economic and credit system, strengthening support to businesses in the important processes aimed at competitive positioning, technological renovation and international development and acting as credible partner of the public administration in the process of renewal and expansion of the infrastructural network.

The 2007-2009 Business Plan is the concrete declination of such commitments: Intesa Sanpaolo has set itself the objective of sustainable growth, to be achieved with the widest consensus and together with all its stakeholders, grounded on conservative economic scenario assumptions and pursuing three

fundamental lines of action:

- development of a base of recurring revenues
- maintenance of a low level of costs and risks
- investments in human resources and technologies.

A fundamental component of the Plan is the use of capital: management estimates assume a significant flow of dividends as part of a rigorous capital ratio compliance discipline.

The Management Board and the Supervisory Board approved the proposal of destination of net income and distribution of dividend which, we hope will be favourably accepted by the Shareholders' Meeting. The proposal sets out an overall distribution of 4,867,268,552.07 euro, recognising a dividend of 0.130 euro for each ordinary share and of 0.141 euro for each saving share as an allocation of net income 2006 and a further distribution of 0.25 euro for each ordinary and saving share as a partial distribution of available reserves.

A tangible sign of an approach – credibility based on concrete facts – which we hope will be confirmed by the trust of Shareholders, essential for a serene and mutually satisfactory future.

Giovanni Bazoli
Chairman of the Supervisory Board

Enrico Salza
Chairman of the Management Board

Report of the Supervisory Board to the shareholders' meeting pursuant to art. 153 of Legislative Decree 58 of 24th February 1998, and art. 25.1, letter f), of the Articles of Association

Distinguished Shareholders,

first of all, we remind you that as of 1st January 2007 Intesa Sanpaolo S.p.A. (hereafter the "Bank" and/or the "Parent Company"), formerly Banca Intesa S.p.A. (hereafter "Intesa"), as a result of the merger by incorporation of Sanpaolo IMI S.p.A. (hereafter "Sanpaolo IMI") into Intesa adopted the dual corporate governance system. In particular, such system sets forth that the Supervisory Board exercises the control and strategic management functions of the Bank and that the Management Board exercises the management of the business in accordance with article 2409-octies and subsequent of the Italian Civil Code and with art. 147-ter and subsequent of Legislative Decree 58/1998 (hereafter "TUF", the Consolidated Law on Finance). In particular, we remind you that the aforementioned laws and the Company's Articles of Association attribute, among other competencies, to the Supervisory Board competencies as concerns the appointment of the members of the Management Board and the determination of the relevant remuneration, the approval of the Company's and the consolidated financial statements, the exercise of supervisory functions pursuant to art. 149 of TUF, as well as resolutions upon the Bank's and the Group's general strategic guidelines.

In the first meeting of the Supervisory Board, held on 2nd January 2007, the Board itself appointed the current members of the Management Board, its Chairman and Deputy Chairman and gave indications as concerns the appointment of the Managing Director by the Management Board. In the same meeting the Supervisory Board also established the three Committees set forth by the Articles of Association (Nomination Committee, Remuneration Committee and Control Committee) as well as, again in compliance with provisions of the Articles of Association, two further Technical Committees (Financial Statements Committee and Strategy Committee) with advisory functions to the Supervisory Board.

The Corporate Governance Report contains a more detailed representation of the composition and functions assigned to the Bank's Corporate Bodies and to the Committees established within the Supervisory Board. Please note that supervisory duties and control and inspection powers, which are now exercised by the Supervisory Board, prior to 31st December 2006, were exercised by the Boards of Statutory Auditors of Intesa and Sanpaolo IMI. The Supervisory Board must, therefore, also report on the activities performed until 31st December 2006 by the aforesaid Boards of Statutory Auditors on the basis of documentary evidence available.

Thus, the Supervisory Board:

- a) represents that the Boards of Statutory Auditors of Intesa and Sanpaolo IMI, during financial year ended as at 31st December 2006:
 - i. carried out the supervising activity set forth by law, pursuant to the recommended principles issued by the National Council of Dottori Commercialisti e Ragionieri (the Italian Accounting Profession), and in consideration of the recommendations issued by Consob (the Italian Securities Exchange Commission) via its Communications and in particular Communication 1025564 of 6th April 2001 and subsequent amendments;
 - ii. took part in the Shareholders' Meetings, in the Board of Directors' Meetings and Executive Committee Meetings of Intesa and Sanpaolo IMI held in 2006 and received from Directors, also in compliance with art. 150, par. 1, of TUF, periodic information regarding operations and the most significant transactions carried out by the two banks and by their subsidiaries;
 - iii. supervised over the respect of the principles of correct management via the participation in Board of Directors and Executive Committee Meetings of Intesa and Sanpaolo IMI, and also via i) direct investigations, ii) periodic meetings with the respective Managing Directors, iii) data and information gathering from the Heads of the main company functions, and from the Independent Auditors (respectively, Reconta Ernst & Young S.p.A. for Intesa and PricewaterhouseCoopers S.p.A. for Sanpaolo IMI);
 - iv. supervised over the adequacy of the organisational structure and of the internal controls system and of administration and accounting systems, as well as over the reliability of the latter for the fair

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- representation of operating activities;
 - v. supervised over the concrete means of implementation of the corporate governance rules provided for by the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A.;
 - b. points out, also in relation to the specific competence attributed by law and by the Articles of Association as concerns the approval of the Parent Company's and consolidated financial statements that:
 - i. the Management Board, considering that the merger of Sanpaolo IMI with and into Intesa came into effects as of 1st January 2007, prepared separate draft Parent Company's and consolidated financial statements as at 31st December 2006 relative to Intesa and Sanpaolo IMI, to be submitted to the approval of the Supervisory Board on 14th April 2007;
 - ii. it verified the compliance to laws and regulations regarding the preparation, the definition and the compulsory forms of such financial statements as well as relevant documentation attached, via direct controls and through specific information obtained from the Independent Auditors;
 - iii. it received the draft financial statements within the term set by the Supervisory Board, in derogation to that provided for by art. 2429, par. 1, of the Italian Civil Code;
 - iv. it verified that the Reports on operations for 2006, which accompany the aforementioned draft financial statements conform to laws and regulations in force and illustrate exhaustively and clearly the statement of income, balance sheet and financial situations of Intesa and Sanpaolo IMI as well as the respective Groups and the characteristics of operations in the financial year.

Lastly, as of 1st January 2007 the Supervisory Board commenced, also through the Control Committee, supervisory activities attributed by law to the Board itself, with particular reference to the verification of respect of the principles of correct management and to the functioning of the organisational structure and of the internal controls system and the administration and accounting system, for the purpose of assessing its adequacy to the size and needs of the Company.

Given all mentioned above – on the basis of documentary evidence available relative to institutional control activities performed in 2006 by the Boards of Statutory Auditors of Intesa and Sanpaolo IMI – the specific indications to be provided with the present Report pursuant to art. 153 of TUF, according to the order of presentation set forth by the aforementioned Consob Communication 1025564 of 6th April 2001 are listed below.

1. The Boards of Statutory Auditors of Intesa and Sanpaolo IMI gathered information on the most significant transactions in statement of income, financial and balance sheet terms carried out by the two banks or by their subsidiaries and carried out surveillance activities over compliance with requirements set forth for such transactions.

Based on the information gathered, such transactions have occurred according to law and the Articles of Association respectively, of Intesa and Sanpaolo IMI and are not manifestly imprudent, hazardous, in conflict of interest, in contrast with resolutions taken by the Shareholders' Meeting, or in any case such as to compromise the integrity of the company's shareholders' equity.

With reference to the aforementioned transactions, we remind you that the merger between Intesa and Sanpaolo IMI also led to a redefinition of relations between Intesa and Crédit Agricole S.A. (hereafter "CA"), shareholder of Intesa and member of the relative Voting Syndicate. For this purpose, an agreement was signed on 11th October 2006, which set forth:

- the sale by the Bank to CA of its entire equity stakes in Cassa di Risparmio di Parma e Piacenza (representing 100% of the share capital), for a consideration of 3.8 billion euro and in Banca Popolare FriulAdria S.p.A. (representing 76.05% of the share capital) for a consideration of 836.5 million euro;
- the contribution of 202 branches of the former Intesa network to Cassa di Risparmio di Parma e Piacenza S.p.A. and Banca Popolare FriulAdria S.p.A., for a consideration of 1,330 million euro;
- if the project of the setting up of the pan-European joint-venture in asset management is not feasible, the unwinding of the analogous domestic joint venture in CAAM SGR S.p.A.; through the exercise of a call option for the Bank and a put option for the Crédit Agricole Group on the activities attributable to the 65% stake of Nextra Investment Management SGR sold by Intesa to the Crédit Agricole Group in December 2005; the consideration be the same price paid for such sale in December 2005 less the dividends received in the meantime by the Crédit Agricole Group plus the cost of equity accrued in the period;
- the continuation of the existing consumer credit arrangements – relating to pre-merger Gruppo Intesa network – that will remain in force for a three-year period at the end of which the parties will reconsider the ownership structure of Agos S.p.A., joint venture between Intesa and CA in the consumer credit sector. A Put&Call option shall become exercisable for the sale to CA of the Bank's 49% interest in Agos S.p.A..

The valuation of Cassa di Risparmio di Parma e Piacenza S.p.A., of Banca Popolare FriulAdria S.p.A. and of the 202 branches was in line with market multiples of comparable transactions and was confirmed by analyses carried out by an independent expert nominated by Intesa.

The sale of Cassa di Risparmio di Parma e Piacenza S.p.A. and Banca Popolare FriulAdria S.p.A. came into effects on 1st March 2007, while the sale of all the branches will occur within 1st July 2007.

As concerns the agreement in the asset management sector, the Bank and CA – after acknowledging the indications issued on 20th December 2006 by the Italian Competition Authority – on 19th March 2007 agreed the winding up of the joint venture.

In relation to the aforementioned measure of the Italian Competition Authority, the Bank must also spin off a business line of bancassurance activities and sell a further 197 branches, still under completion.

Instead, as concerns the most significant transactions referred to Sanpaolo IMI, please note that, at the end of the privatisation process enacted by Egypt's Ministry of Finance, in December 2006 Sanpaolo IMI purchased an 80% stake in the capital of Bank of Alexandria, third Egyptian bank for an agreed-upon consideration of 1,269.6 million euro.

Lastly, verification and control activities were performed by the Boards of Statutory Auditors of Intesa and Sanpaolo IMI as concerns the regularity of processes of the competent Corporate bodies in the definition and execution of the merger by incorporation of Sanpaolo IMI with and into Intesa.

2. We did not find any uncharacteristic and/or unusual transactions, carried out with third parties, related parties or intergroup which might lead to doubts regarding i) the fairness/completeness of financial statements, ii) conflicts of interest, iii) safekeeping of company value, and iv) safeguard of minority shareholders.
3. In their Reports on operations and in the Notes to the Parent Company's financial statements and the Notes to the consolidated financial statements as at 31st December 2006 of Intesa and Sanpaolo IMI the Bank's Management Board adequately indicated and illustrated the most significant transactions with third parties, related parties or intergroup by describing their characteristics. Furthermore, it must be noted that both Intesa and Sanpaolo IMI had adopted specific organisational Group procedures, aimed at ensuring that such transactions occurred in a transparent and compliant manner and in the respect of substantial and procedural fairness.
Lastly, please note that, also in consideration of the competencies assigned to the Control Committee, the Bank commenced in the first months of 2007 a review of the procedure for the management of transactions with the Group's related parties, contained in a specific Internal regulation, for the purpose of further adapting its functioning to the decision-making competencies of the Management Board and the control role assigned to the Committee in adhesion to the recommendations of the March 2006 edition of the Corporate Governance Code promoted by Borsa Italiana S.p.A..
4. The Reports of the Independent Auditors Reconta Ernst & Young S.p.A. and PricewaterhouseCoopers S.p.A., issued on 29th March 2007, on the Parent Company's financial statements and on the Consolidated financial statements as at 31st December 2006 of Intesa and Sanpaolo IMI, do not contain any exceptions. Furthermore, such documents refer to the Reports on operations in the part which illustrate the merger by incorporation of Sanpaolo IMI with and into Banca Intesa.
5. As concerns the complaints ex art. 2408 of the Italian Civil Code, received by Intesa and Sanpaolo IMI during 2006, please note the following:

Intesa

- on 8th July 2006 the shareholder Carlo Fabris, as concerns the certification for the exercise of the right to inspect the company's books with regard to all the securities deposited by himself at the bank, claimed: (i) the bank's incapacity of releasing such certifications for over 90 days, (ii) the fact that the company did not release such certifications within the second business day after the request, as instead provided for by art. 34 of Consob Regulation 11768/1998 and subsequent amendments, (iii) he was debited commissions he deemed to be undue.

The Board of Statutory Auditors of Intesa, conducted the verifications within its competence and ascertained the following: as concerns point (i), compliance of the bank's behaviour with provisions of art. 33 of the recalled Regulation (as emended by Consob Resolution 14955/2005) and with the timing required to concretely conduct the inspection of the company's books; as concerns point (ii), that, following a verification on procedures, the release of certifications actually did occur after the terms set forth by law; as concerns point (iii), the reversal of the amount debited as commissions;

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- on 24th November 2006 the shareholder Francesco Rimbotti, referring to the purchase of Warrant Put IntesaBCI by two of the bank's executives on 28th December 2001 and following the sentence condemning them for "aggiottaggio manipolativo" (stock manipulation) issued by the Court of Milan, filed a complaint in which he requests: (i) the influence of the crime on financial statements as at 31st December 2001 and subsequent; (ii) the knowledge of the crime by the Bank's top executives; (iii) who will actually pay Consob the 6 million euro fine and how shareholders will be informed of the relevant payment.

The Board of Statutory Auditors of Intesa, which had constantly observed the situation as of 2002, ascertained the following: as concerns point (i), the transaction, though leading to a decrease in the price of the Warrant, did not have substantial effects in the two financial years 2001-2002 since, the lower write-down of the security in 2001, led to a higher write-down in 2002 for practically the same amount; the statement of income impact in the two years 2001-2002 was therefore zero and was not material for the distribution of dividends; as concerns point (ii), the transaction fell within the decision-making competencies of the head of the function involved and, therefore the relative decision was taken exclusively by the latter; as concerns point (iii), Intesa is in no way involved in the sentence and, in fact, was not involved in the Court procedure nor it is possible for this to occur; it must therefore be noted that the payment of the relevant fine will be exclusively borne by the aforesaid two former-executives.

- on 1st December 2006, during the Shareholders' Meeting of Intesa, the shareholder Salvo Cardillo formulated a complaint ex art. 2408 of the Italian Civil Code assuming the invalidity of the share capital increase resolved upon by the Board of Directors of Intesa on 26th April 2005, in partial execution of the power delegated ex art. 2443 of the Italian Civil Code released by the Extraordinary Shareholders' Meeting of IntesaBCI S.p.A. of 17th December 2002; he also affirmed that the assignment of stock options to the Managing Director and CEO was illegitimate.

On this point, the Board of Statutory Auditors of Intesa performed the necessary verifications, also from a legal standpoint, and reached the following conclusions:

- the said Shareholders' Meeting resolution of 17th December 2002 – for which, incidentally, no contestation was filed – also provided for the modification of art. 5 of the Articles of Association in force at the time, assigning to the Board of Directors pursuant to art. 2443 of the Italian Civil Code the power to increase share capital, one or more times, within a five-year period, for a maximum amount of 52 million euro via the issue of shares to be offered for subscription to employees of Banca Intesa and Subsidiary companies subject to the latter's control. It is a widespread orientation, present also in court rulings, that the modification of the Articles of Association at the same time as the delegation of power ex art. 2443 of the Italian Civil Code is legitimate and, therefore, it is a valid precondition for the subsequent exercise of the delegated power by the Board of Directors;
- Mr. Corrado Passera was assigned stock options not due to his office as Managing Director and CEO but as employee and executive of the bank, as set out in the Report of the Board of Directors of IntesaBCI S.p.A. to the Shareholders' Meeting of 17th December 2002 as concerns the proposal of the share capital increase reserved to the Group's management.

The Board of Statutory Auditors of Intesa had, also, examined the other censures indicated by shareholder Cardillo in the document which he asked be attached to the minutes of the Shareholders' Meeting of Intesa of 1st December 2006, censures referred to various transactions concluded between Intesa and Crédit Agricole between 2002 and 2006 which, in the opinion of Mr. Cardillo, were executed in a situation of conflict of interest and at non-congruous terms.

Also such transactions, in the opinion of the Board of Statutory Auditors of Intesa, do not present any anomalies. The examination of the minutes of Board of Directors meetings of Intesa shows that:

- no resolution relative to the transactions above was taken with the participation to the vote of the Directors which may be connected to Crédit Agricole;
- all proposals concerning such resolutions are supported by accurate and agreed-upon valuations of the congruity of the transactions and their effects on company interests;
- the repeated decisions were adopted in the respect of the regulations in force at the time, even as concerns transactions with related parties.

Likewise, the examination of the sale of doubtful loans from Intesa to Fortress and Merrill Lynch, closed in 2005, confirms the fairness of the criteria and methodologies underlying the transaction.

Lastly, as concerns the facts contested to two former Intesa executives, on the purchase of

Warrant Put IntesaBCI carried out in 2001, please refer to the part of this Report dedicated to verifications performed by the Board of Statutory Auditors of Intesa as concerns the complaint of the shareholder Rimbotti.

Sanpaolo IMI

– on 1st December 2006 the shareholder Marco Bava claimed – with reference to the plan for the merger of Sanpaolo IMI with and into Intesa – a lack of information and appreciation (within the valuations of the two Banking groups for the purposes of the setting of the exchange ratio) of the insurance and asset management components.

The Board of Statutory Auditors highlighted that, as concerns the valuation of:

- Sanpaolo IMI, the economic value of capital determined by the financial advisor Citigroup in its “Report on the Estimate” (page 19) implies the full recognition of the value of all activities performed by the Sanpaolo IMI Group, including insurance and asset management;
- Nextra Investment Management SGR S.p.A., in the “Informational Document” relative to the merger by incorporation of Sanpaolo IMI into Intesa – which contains as attachments all the fairness opinions on the considerations in the Agreement occurred on 11th October 2006 between Crédit Agricole S.A. and Intesa prepared by Prof. Iovenitti and by Prof. Filippi and Prof. Pasteris – the terms of the aforementioned Agreement have been exhaustively illustrated (see pages 27 and 28) in the part dedicated to the evolution of the partnership in the asset management field.

The Board of Statutory Auditors also noted that the exchange ratio approved by the Shareholders’ Meeting also obtained an opinion of congruity from the Independent Auditors nominated by the Courts of Milan and Turin.

6. In 2006 the Boards of Statutory Auditors of the two banks received five complaints: two, as concerns Intesa, and three, as concerns Sanpaolo IMI, containing alleged anomalies and/or irregularities. The investigations on this matter conducted by the Boards of Statutory Auditors of the banks, even by means of the structures involved, did not find any omissions or significant irregularities.
7. In 2006 both Intesa and companies of Gruppo Intesa, as concerns Reconta Ernst & Young S.p.A., and Sanpaolo IMI and companies of Gruppo Sanpaolo IMI, as concerns PricewaterhouseCoopers S.p.A., gave other engagements to the Independent Auditor, in addition to the other activities required of the Independent Auditor by law or court proceedings, to the statutory financial statement audit pursuant to articles 155 and 165 of Legislative Decree 58/1998 and to the limited review of the Half-year report as well as – for Sanpaolo IMI – to the audit of “Annual Report on Form 20-F” prepared according to the compulsory US financial statement forms. The fees for these engagements are set out in the tables below, excluding reimbursed expenses and VAT:

Intesa

	Banca Intesa S.p.A. €	Group Companies €
Issue of comfort letters for issue of debt securities	290,000	20,881
<i>Due diligence:</i>		
– Due Diligence merger between Sanpaolo and Intesa	1,600,000	–
<i>Other specific auditing controls:</i>		
– Release of attestations for the informational document of the merger	650,000	–
– Statutory audit “Qualified Intermediary”	209,000	249,000
– Support for the preparation of tax documentation	76,000	69,060
– Contractual verification procedures on securitisations	–	210,000
– PCAOB Standard integration (USA auditing principles)	200,000	130,000
– Other minor	237,431	803,693
Total	3,262,431	1,482,634

	Banca Intesa S.p.A. €	Group Companies €
Listing project Eurizon Financial Group	–	4,000,000
Issue of comfort letters	600,372	12,000
Social Report Audit (financial years 2005 and 2006)	72,000	–
<i>Due diligence:</i>		
– Due Diligence merger between Sanpaolo and Intesa	1,500,000	–
– Due Diligence for acquisition of equity	446,000	55,000
– Other Due Diligence	–	410,000
<i>Other auditing activities:</i>		
– Statutory audit “Qualified Intermediary”	–	43,500
– Support for the preparation of tax documentation	–	34,250
– Other minor	–	61,500
<i>Other non-audit professional advisory activities:</i>		
– Professional assistance in specific company transactions	–	37,500
– Professional assistance on foreign markets	–	110,000
– Other minor	–	16,500
Total	2,618,372	4,780,250

Furthermore, it must be noted that in 2006, in relation to requirements set forth by Section 404 of Sarbanes Oxley Act of 30th July 2002 (hereafter “SOXA”), PricewaterhouseCoopers S.p.A. was appointed with the review of the internal controls system which supervise over the preparation of the “Annual Report on Form 20-F”. The consideration for such engagement, which has as its reference scope the Group’s main companies and will be settled at the end of the engagement on the basis of the resources actually employed, was estimated at the time of appointment in a range between 8 to 9 million euro of which approximately 3.5 million euro referred to the Parent Company.

8. Furthermore, the following mandates were given to entities which have continuous relations with the companies in charge of the auditing:

TYPE OF ENGAGEMENT	Intesa and Group Companies €	Sanpaolo IMI and Group Companies €
Verification procedures on subsidiaries	135,000	–
Professional advice on foreign markets	–	15,000

9. The Boards of Statutory Auditors of the two banks released their opinions as concerns the remuneration to be paid to Directors who are appointed to particular offices resolved upon by the Board of Directors pursuant to art. 2389 of the Italian Civil Code, as well as – for Intesa – the appointment of the Independent Auditors. As concerns Sanpaolo IMI, the Board of Statutory Auditors, acting as Audit Committee for the purposes of US regulations, also made certain resolutions as concerns advisory and professional consulting services conferred by the Group to the Independent Auditors (among which PricewaterhouseCoopers S.p.A. and companies related to it, in compliance with regulations in force).

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10. In 2006 the Boards of Statutory Auditors of the two banks assisted to all Shareholders' Meetings, Board of Directors' Meetings and Executive Committee Meetings. In particular:

Intesa

the Board of Directors met 13 times, the Executive Committee met 7 times and the Board of Statutory Auditors met 39 times;

Sanpaolo IMI

the Board of Directors met 19 times, the Executive Committee met 21 times and the Board of Statutory Auditors met 16 times.

11. There were no observations of the Boards of Statutory Auditors of Intesa and Sanpaolo IMI with regard to the respect of fair management principles, which seem to be constantly observed.
12. As concerns the adequacy of the organisational structure, both banks continued their activities aimed at implementing the provisions issued by the Bank of Italy in July 2004 on business continuity and disaster recovery. Furthermore:

Intesa

As part of the organisational review of the Finance and Treasury Department – also in compliance with Bank of Italy recommendations following the verifications completed in May 2006 – its structure, its resource and competence requirements and its front office processes were redefined, with the consequent issue of the Dealing Manual describing the general norms which regulate its activities. The realisation of the Finance Operations Department project continued, with the definition of a new operational and organisational model of Operations of the Group's Finance mainly via implementation of a new service model, alignment of ICT systems, definition of approximately 500 "middle" and "back office" processes and specific training of resources.

As had occurred for Sanpaolo IMI in 2005, Intesa approved the "Code of Ethics", the "Guidelines" and the first "Social and Environmental Report", referred to 2005, to implement the Corporate Social Responsibility principles set out in the 2005-2007 Business Plan, adopting various instruments to guide its social responsibility, and defining its management model.

Sanpaolo IMI

The Parent Company took actions to pursue the targets set out in the 2006-2008 Business Plan. In particular, with reference to banking activity, "Banca dei Territori" strengthened the relation between the banks of the network and local communities via the valorisation of the reference brands and the implementation of a branch network project aimed at improving customer attraction and penetration capabilities.

Bank operations focused on redefining presence on the national territory, via the opening of new branches and the territorial repositioning of existing ones.

With regard to Retail & Private Business, consistently with the strategic decisions referred to customer segmentation, a project was realised in 2006 aimed at improving customer relations via the review of the service model for the various segments.

As concerns the Corporate Business structure, organisational solutions set out in the Business Plan to support the growth strategy were implemented. In particular, territorial presence in the various geographic areas was rationalised and commercial coverage strengthened.

The start of operations of the new Bank involved, from inception, the activation of the integration process, with the rapid definition of the organisational structure of the Parent Company and the timely activation of the key projects aimed at coordinating the various business areas, also in view of the unification of the ICT systems. Furthermore, the main operating and organisational documents of the Bank are under review (in particular, the Group's Regulations, the Group Committees Regulation, the Management Autonomy Limits).

13. With reference to the adequacy of the internal controls system, most important are the activities of the two banks aimed at further updating the Reference principles for the adoption of the Organisational, Management and Control Models as per Legislative Decree 231/2001, with particular reference to the composition and functioning of the Supervisory Body, the discipline applicable in case of violations of the norms of the Code of Ethics and the rules indicated in the Models, as well as the mapping of business areas potentially sensitive to the crimes set forth by the aforementioned Decree.

In 2006, as described in Part E of the Notes to the respective consolidated financial statements, the banks operated as follows:

Intesa

Intesa continued the activities aimed at obtaining the validation by Supervisory Authorities of the internal risk control models.

More specifically, as concerns:

- credit monitoring and assessment process (in which the indicators set forth by Basel II are increasingly important): activities continued for the realisation of the “Internal Rating Based – Advanced system method”; the rating models relative to the segments Large Corporate, Corporate Italy and SMEs, SMEs with a turnover between 2.5 million euro and 6 million euro, SMEs with a turnover under or equal to 2.5 million euro, Foreign banks and corporates, Households were updated in 2006; furthermore, the model relative to project finance was perfected;
- system for the measurement of capital at risk in terms of CreditVar: the development of a system which permits assessments which are better suited to the effective risk profiles favouring an active capital management continued;
- foreign exchange risk: Intesa completed the project relative to the identification and solution of day by day imbalances, the identification of checks between accounting and management systems, as well as the analysis and correction of past anomalies;
- liquidity risks: the integration of the documents originally approved by the competent bodies of the bank in November 2003, which set out the liquidity risk management policy and the contingency liquidity plan, continued;
- operational risks: training to people actively involved in the management and mitigation of this type of risk continued.

Intesa proceeded to the rationalisation of the overall management of risk, thanks to the redefinition of Group Committees, which led to strengthen the bank’s control mechanisms as parent company. As concerns specifically Finance, the Risk Governance Committee was formed which absorbed the Group’s Financial Risks and Liquidity and Security Committees and is in charge of the coordinated management of all risk management issues. The Group’s New Product Committee was also formed with the objective of analysing the development of new products assessing their impact on risks, mainly market risks, on operating processes and procedures, on the accounting, tax and compliance system.

Internal Auditing – which contributed to form the “Internal validation” function for the credit risk rating system – carried out planned control programmes, directly over the Bank and, with guidance functions, also over the Group, and informed the Board of Statutory Auditors and Directors on the results of its verifications, the proposals for the elimination of any problem issues and the progress of interventions.

Sanpaolo IMI

The application of the Group credit process, defined within the “Basel II Project”, was extended from the Corporate segment to the Public, Small Business, Mortgage and Personal Loans segments with an almost complete coverage of loans to customers. At the beginning of 2007 a new process relative to Personal Loans granted by the Sanpaolo IMI network was introduced. The works aimed at extending the new credit process to the other products of Retail customers (the consumer credit component which applies scoring models) are under way.

To support the operational risk management process on a continuous basis, various training sessions were delivered in the year to people actively involved in its management and mitigation of the mentioned risk. With reference to market risks, Banca IMI S.p.A. (which concentrates the Group’s trading portfolio) adopted a new financial risks measurement methodology based on historical VaR and a new system of operational delegated limits defined in terms of value at risk and cumulated weekly loss.

In light of the evidence analysed to date, it is founded to deem that:

- the internal auditing system of the Bank is adequate for the dimensions and characteristics of the Bank and the Group;
- in particular, the checks operating for the control and limitation of the intrinsic risks of the Bank’s operations are capable of effectively alerting top management, at the various competence levels, and permitting timely reactions with respect to the critical situations identified with the objective of removing the reasons for such malfunctions and, where the preconditions recur, the application of sanctions.

14. As regards the adequacy of the administration and accounting system, the Bank prepared the draft Parent Company’s and consolidated financial statements as at 31st December 2006 of Intesa and Sanpaolo

IMI, pursuant to Legislative Decree 38/2005, in application of IAS/IFRS as endorsed by the European Commission as at 31st December 2006 on the basis of the procedure set forth by Community Regulation 1606/2002 and considering the Circular of the Bank of Italy 262/2005 as well as the documents on the application of the aforesaid principles prepared in Italy by Organismo Italiano di Contabilità (the Italian Accounting Organism) and by Associazione Bancaria Italiana (the Italian Banking Association).

As regards Sanpaolo IMI, it must be noted that, with reference to the listing of the shares already issued by the bank on the NYSE and the relative registration with the Security and Exchange Commission (SEC), the bank had adopted a model of administrative and financial governance highly integrated at Group level and deemed to meet the requirements of SOXA, that has significantly increased company and managerial responsibility in controlling company market information. The initiative was functional to the obtainment of the attestations provided for by US regulations, required for the first time with reference to the Annual Report 2006.

For the purpose of complying with the reporting requirements of the Board of Directors of Sanpaolo IMI attributed by the Shareholders' Meeting of 29th April 2005 – that resolved upon the assignment of a plafond for legal advisory services related to the application of the aforementioned regulations – the payment of the invoice, amounting to 39,887.30 US dollars, issued by the Legal Firm Davis Polk & Wardwell (for legal advisory services mainly related to mandatory reporting to NYSE and the review of the procedure on compliants) has been authorised.

The decision of the Bank to proceed to the delisting of the security from the NYSE, together with the prospected regulatory change by the SEC, that should facilitate the acceptance of the instance of deregistration that the Parent Company is oriented to formulate, enable to deem it probable that the attestations provided for by SOXA as concerns the Annual Report 2006 will no longer be necessary.

Moreover, the experience matured and the investments made by Sanpaolo IMI due to the requirements provided for so far by the SOXA are extremely useful to adequately comply with the new provisions of the Italian legislator following the extension of Legislative Decree 231/2001 to corporate crimes as well as, more recently, the introduction of Law 262/2005, which sets out the obligation of Delegated Bodies and of the Manager in charge of preparing the Company's financial reports to certify, starting from the Half-year report 2007, the adequacy of procedures applied to prepare financial statements.

In light of the evidence analysed to date, it is founded to deem that the bookkeeping and accounting system of the Bank is capable of ensuring a fair representation of operations.

15. The Boards of Statutory Auditors of Intesa and Sanpaolo IMI deemed adequate the information flows from the Subsidiaries to the two Parent Companies aimed at ensuring the timely compliance to communication requirements provided for by law.

Furthermore, from the contacts with the corresponding bodies of subsidiaries did not lead to identify significant elements to be reported.

16. During the periodic exchange of information between the Boards of Statutory Auditors and the Independent Auditors, pursuant to Art. 150, par. 3 of Legislative Decree 58/1998, no relevant aspects to be notified emerged.

17. The Bank's Corporate Governance Report prepared pursuant to provisions set forth in the Instructions to the Regulations of the Markets organised and managed by Borsa Italiana S.p.A., details the current dual corporate governance system of Intesa Sanpaolo as well as the pre-existing governance systems respectively of Intesa and Sanpaolo IMI.

In the aforesaid Report, information is also provided on how the new Corporate Governance Code published by Borsa Italiana in March 2006 has been applied to the Bank's corporate governance system.

In general, the Bank complied with the principle according to which the articles of the Code that refer to the board of directors and to the board of statutory auditors, or to their members apply, respectively, to the Management Board and to the Supervisory Board or to their Members. The Bank, in consideration of the particular configuration of its Management and Control Bodies, of the specific competencies attributed to them, and considering also the option granted by the Corporate Governance Code on this point, applied to the Supervisory Board certain provisions of the Code referred to the Board of Directors, with particular reference to the independence requirements and the formation of Committees.

18. From the supervising activity carried out by the Boards of Statutory Auditors of Intesa and Sanpaolo IMI, as described above, as well as the evidence collected to date by the Supervisory Board of the Bank,

no significant omissions, reprehensible facts or irregularities emerged which must be mentioned to Shareholders.

As regards specifically the activity performed by the Supervisory Board from its appointment, please refer to the introduction of this Report on the governance system adopted by the Bank, as well as to the Corporate Governance Report, underlining in particular that the Control and Financial Statements Committees are fully operational.

19. Lastly, we have no objections to make as concerns the proposed resolutions presented by the Management Board as concerns both the allocation of net income for 2006 and the dividend to be distributed as provided for by point 1) in the Agenda of the Meeting of the Ordinary Shareholders' Meeting summoned on 30th April and 3rd May 2007.

Lastly, we express our favourable opinion on the proposed changes to the following articles of the Articles of Association: 7 (Shareholders' Meeting), 17 (Powers of the Management Board), 18 (Chairman of the Management Board), 20 (Manager in charge of preparing the Company's financial reports), 22 (Supervisory Board), 23 (Election of the Supervisory Board), 25 (Competence of the Supervisory Board) and 30 (Accounting Control) in the Agenda of the Meeting of the Extraordinary Shareholders' Meeting summoned on 30th April, 2nd and 3rd May 2007, agreeing with the rationale explained by the Supervisory Board in its Report to the aforementioned Shareholders' Meeting, in light of the evolution of reference regulations and the concrete application of the Articles of Association in the first months of the year.

Torino, 14th April 2007

For the Supervisory Board
The Chairman – Giovanni Bazoli

Report of the Management Board

Ordinary Part – Point 1 of the Agenda of the Meeting

Proposal on allocation of net income for the year in relation to the financial statement as at 31st december 2006 and distribution of the dividend

Distinguished Shareholders,

as is generally known the dual corporate governance system adopted by Intesa Sanpaolo sets forth that the Shareholders' Meeting resolve upon the distribution of net income.

We therefore submit to Your approval the proposal for the allocation of net income 2006 of Intesa Sanpaolo S.p.A. (former Banca Intesa S.p.A.) of 2,240,867,053.72 euro.

The proposal sets out the assignment to the Legal reserve 556,414,889.41 euro, so that it may reach a fifth of share capital, as set forth by art. 2430 of the Italian Civil Code as well as the distribution of a dividend of 0.141 euro to each of the 932,490,561 non-convertible saving shares and of 0.130 euro to each of the 11,849,117,744 ordinary shares. The proposal includes an assignment of 10,000,000 euro to the Allowance for charitable, social and cultural contributions as well as the attribution of the residual net income of 2,585,688.49 euro to the Extraordinary reserve.

The Legal reserve would therefore be adequately proportioned to share capital at the time in which the Shareholders' Meeting is called to resolve upon dividend distribution and would thus consider the new shares issued on 1st January 2007 to serve the merger with Sanpaolo IMI; shares which start to accrue rights as of 1st January 2006 and give right to the dividend for 2006, just like "existing" shares.

The assignment of a higher dividend to saving shares (0.141 euro, compared to 0.130 euro to ordinary shares) complies with provisions set forth by art. 28.3 of the Articles of Association, which reserves to saving shares non only a precedence in the assignment of dividends but also a higher dividend with respect to ordinary shares equal to 2% of the nominal value of the share.

Moreover, since net income 2006 of Sanpaolo IMI was allocated to capital reserves as a result of the registration of the merger in the books on 1st January 2007 and considering the levels of the supervisory capital ratios, which present an excess capital also with respect to the growth targets set out in the 2007-2009 Business Plan, we also propose to resolve upon a partial distribution of the Share premium Reserve, which in the Parent Company's financial statements as at 31st December 2006 amounted to 5,559,073,484.62 euro, assigning 0.250 euro to each saving and ordinary share. After the assignment the Share premium Reserve would equal 2,363,671,408.37 euro.

The structure of Intesa Sanpaolo S.p.A.'s pro forma shareholders' equity after the registration of the merger, the allocation of net income and the distribution of reserves is provided below the proposal to the Shareholders' Meeting.

Milano, 14th April 2007

The Management Board

Proposals to the Shareholders' Meeting

Distinguished Shareholders.

Pursuant to art. 2364 bis of the Italian Civil Code and articles 7.3 and 28.3 of the Company's Articles of Association, we submit to Your approval the proposal for the allocation of net income for financial year from 1st January 2006 to 31st December 2006 and, therefore, the distribution of dividends to the shares currently outstanding, including shares issued on 1st January 2007, with regular rights, to serve the merger with Sanpaolo IMI S.p.A.

We therefore submit to Your approval:

- the integration of the Legal reserve to a fifth of share capital, at the time of resolution of dividend distribution;
 - attribution of a dividend per share of 0.141 euro to non-convertible saving shares and of 0.130 euro to ordinary shares;
- and consequently to distribute the net income of 2,240,867,053.72 euro, entirely available pursuant to Articles 5 and 6 of Legislative Decree 38 of 28th February 2005, as follows:

	(euro)
Net income for the period	2,240,867,053.72
Assignment to the Legal reserve	556,414,889.41
Assignment of a dividend of 0.141 for each of the 932,490,561 saving shares (determined pursuant to art. 28.3 of the Articles of Association), for a total disbursement of	131,481,169.10
Assignment of a dividend of 0.130 for each of the 11,849,117,744 ordinary shares for a total disbursement of	1,540,385,306.72
for total dividends of	1,671,866,475.82
Assignment to the Allowance for charitable, social and cultural contributions	10,000,000.00
Assignment to the Extraordinary reserve of the residual net income	2,585,688.49

We also propose the partial distribution of the Share premium reserve (which currently amounts to 5,559,073,484.62) for 0.250 euro to each of the 12,781,608,305 shares outstanding which make up ordinary and saving share capital, for an overall total of 3,195,402,076.25 euro.

We point out that art. 47, par. 1, of TUIR - Testo Unico delle Imposte sui redditi – the Combined Tax Regulations, Presidential Decree 917 of 22.12.1986 sets forth that, irrespective of Shareholders' Meeting resolutions, dividend distribution occurs by first allocating net income for the period and reserves other than capital reserves. In application of this principle, the distribution of the Share premium reserve is subject to the same tax regime as distribution of net income.

We propose the payment of the aforementioned dividend, in compliance with legal provisions, as of 24th May 2007.

On 1st January 2007, date in which the merger by incorporation of Sanpaolo IMI S.p.A. with and into Banca Intesa S.p.A. came into effects (Banca Intesa from the same date took on the name of Intesa Sanpaolo S.p.A.), Intesa Sanpaolo S.p.A. increased its share capital by 3,033,435,122.64 euro through the issue of 5,833,529,082 ordinary shares of nominal value 0.52 euro attributed to Sanpaolo IMI shareholders at the exchange ratio of 3.115 shares for each Sanpaolo IMI ordinary or preference share, of nominal value 2.88 euro each.

The merger was recorded using IFRS 3 on business combinations and, therefore, the cost of the acquisition was determined on the basis of the stock price of the Banca Intesa share on 29th December 2006, equal to 5.85 euro. The difference, amounting to 31,092,710,007.06 euro, between the cost of the acquisition determined in 34,126,145.129.70 euro and the aforementioned increase in share capital was used to increase the reserves of Intesa Sanpaolo S.p.A.

If the proposal for the allocation of net income and the distribution of the share premium reserve obtain Your approval, Intesa Sanpaolo S.p.A.'s shareholders' equity – inclusive of the increase in share capital and reserves deriving from the merger – will be as indicated in the table below.

(in millions of euro)

Shareholders' equity	Annual report 2006	Change due to the merger by incorporation of Sanpaolo IMI S.p.A.	Change due to the allocation of net income 2006 and the distribution of reserves	Share capital and reserves after the allocation of net income 2006 and the distribution of reserves
Share capital				
– ordinary	3,128	3,033	–	6,161
– saving	485	–	–	485
Total share capital	3,613	3,033	–	6,646
Share premium reserve	5,559	–	–3,195	2,364
Merger reserve	–	31,093	–	31,093
Reserves	2,300	–	559	2,859
Valuation reserves	1,610	–	–	1,610
Total reserves	9,469	31,093	–2,636	37,926
TOTAL	13,082	34,126	–2,636	44,572

Milano, 14th April 2007

The Management Board

Report of the Management Board

Ordinary Part – Point 2 of the Agenda of the Meeting

Authorisation for the purchase and sale of own shares to serve compensation plans for employees of the Company and of subsidiary companies

Distinguished Shareholders,

you have been summoned for the Ordinary Shareholders' Meeting to examine the proposal for the authorisation for the purchase and sale of own shares to serve compensation plans for employees of Intesa Sanpaolo S.p.A. and of subsidiary companies.

To this end, we remind you, that, already on 1st December 2006 – and therefore before the merger by incorporation of Sanpaolo Imi S.p.A. that came into legal effects as of 1st January 2007 – the Ordinary Shareholders' Meeting of the Bank authorised the purchase and sale of own shares to serve a free assignment plan of Banca Intesa S.p.A. ordinary shares, freely transferable by assignees, in favour of employees of the Bank with an indefinite term contract – even part-time and including apprentices - who, included in the Personnel Register within 31st December 2006, will be in service as at 31st May 2007, for a maximum countervalue of 700.00 euro each (reduced for cases of shorter period of service), providing that:

- a. for the purpose of the assignment above, the value of the share to be assigned shall be equal to the simple arithmetical average of official stock prices in the period 1st May – 1st June 2007 ;
- b. the number of shares to which the employee will be entitled shall be determined by the ratio between 700.00 euro and the value of the share (as determined above), with rounding down to lower unit.

The Ordinary Shareholder's Meetings authorised the purchase of a maximum of 5,250,000 own ordinary shares to serve the initiative, with the establishment of a specific reserve.

Given all mentioned above, following the merger by incorporation of Sanpaolo IMI S.p.A. it is deemed necessary to integrate such initiative – in order to direct it to all employees of the Bank resulting from the merger – to include personnel from the merged Company among the beneficiaries.

It must be noted, for this purpose, that the employee share plan – implemented according to the provisions contained in the agreements with trade unions – has favoured the convergence between operating performance and value creation, as well as the alignment between the interests of employees and those of shareholders. In execution of commitments made, last year the merged Company already implemented an employee compensation plan with terms copied within the present initiative (the "Plan"), in compliance with provisions set forth in the aforesaid agreements.

The conditions of the Plan are regulated by the following "Regolamento":

"REGULATION OF THE EMPLOYEE SHARE PLAN 2007"

1. Object of the Plan

The present Regolamento provides for the employee share plan 2007 of Intesa Sanpaolo S.p.A. (hereafter "*Employee Share Plan*" or also "*Plan*"), finalised to the offer for free (hereafter also "*Offer*") of Intesa Sanpaolo S.p.A. ordinary shares (hereafter, the "*Shares*") to beneficiaries identified as provided for in art. 2. The Plan is regulated in compliance with art. 51, par. 2 lett. g) of TUIR - Testo Unico delle Imposte sui redditi – the Combined Tax Regulations, Presidential Decree 917 of 22.12.1986.

2. Beneficiaries and contents of the Plan

2.1 The Plan is reserved to all Intesa Sanpaolo S.p.A. employees with an indefinite term contract or a professional apprenticeship contract in service as at 4th May 2007, date of issue of the Plan and already in service, as at 31st December 2006, at Sanpaolo IMI S.p.A. (hereafter, the “Beneficiaries of the Plan”), without prejudice to provisions of Circular 13548 of 13th December 2006 which sets forth, for personnel that terminates the labour contract or accesses the Solidarity allowance pursuant to the Group agreement of 1st December 2006 and no longer in service at the time of share assignment, the recognition of a consideration in place of the shares.

Beneficiaries of the Plan are attributed the faculty of requesting to Intesa Sanpaolo S.p.A. the free assignment of Shares amounting to a countervalue of:

- 2,065.83 € for Managers and 3rd and 4th Level Officers and Key Roles,
- 1,549.37 € for 1st and 2nd Level Officers,
- 1,032.91 € for the Professional Areas,
- 516.46 € for Personnel hired in 2006 and Personnel who is not eligible for the Company Productivity Bonus according to the latter’s rules of attribution.

2.2 The request provided for in the previous paragraph leads to the following reduction in the Company Productivity Bonus 2006 due to each employee:

- 1,032.91 € for Managers and 3rd and 4th Level Officers and Key Roles,
- 774.68 € for 1st and 2nd Level Officers,
- 516.45 € for the Professional Areas,
- 258.23 € for Personnel hired in 2006 and Personnel not eligible for the Company Productivity Bonus according to the latter’s rules of attribution.

2.3 For the purpose of determining the countervalue due to each employee and the correlated reduction in the Company Productivity Bonus reference is made to the position of each Beneficiary of the Plan as at 31st December 2006. For personnel not eligible for the Company Productivity Bonus or for those employees who, due to absences, are recognised a *pro-quota* bonus lower than the reduction, the deduction is applied, all or for the remaining fraction, to the first subsequent disbursement of the Company Productivity Bonus or at the time of the termination of service. For Managers with a simplified compensation structure, the deduction occurs on the variable compensation component in payment as of 2008 or from the moment of termination of service.

2.4 Share assignment requests subject to terms or conditions or for a partial countervalue are not admissible.

3. Date of assignment

The date of assignment of the Shares object of the Plan is 27th June 2007, date in which the payment will occur via the restructuring of the Company Productivity Bonus 2006 due.

4. Reference price of the Shares

The number of Shares to be assigned shall be determined by dividing the countervalue due to each employee, pursuant to art. 2.1, by the normal value of the stock for tax purposes, equal to the arithmetical average of “official prices” of the Share calculated by Borsa Italiana S.p.A. in the period between the day of assignment of the shares to the same day of the previous calendar month. Where necessary, the resulting number will be rounded down to the lower unit.

5. Unavailability of the shares

5.1 Assignees may in no way trade the Shares, not even in transitory forms, nor use the relevant rights nor grant any rights of whatever nature nor pledge the Shares until 27th June 2010 included.

5.2 The limitations provided for in the previous paragraph remain even in case of termination, for whatever reason, of the employment contract, as well as in the case of succession mortis causa.

6. Share assignment request: period and means

As of 7th May 2007 and within 24th May 2007 Beneficiaries of the Plan may formalise their Share assignment request through the subscription and presentation of the Acceptance Form, made up of two pages, completely and fully filled in, at one of the agencies or branches of Intesa Sanpaolo S.p.A. (limited

to former branches of Sanpaolo Imi S.p.A.), Sanpaolo Banco di Napoli S.p.A., Cassa di Risparmio in Bologna S.p.A., Cassa di Risparmio di Padova e Rovigo S.p.A., Cassa di Risparmio di Venezia S.p.A., Friulcassa S.p.A. – Cassa di Risparmio Regionale, Sanpaolo Banca dell’Adriatico S.p.A. with which a specific securities deposit has been opened. If the Share assignment request is not presented within the term and according to the conditions set forth herein this will lead to the renunciation to the Offer.

7. Means of assignment

The assignment will not involve own shares already in the portfolio of Intesa Sanpaolo S.p.A.. Only after the completion of the procedure set forth in art. 6, the offering company will purchase the necessary Shares to serve the Plan on the basis of the requests received from the Beneficiaries of the Offer.

8. Custody and administration of Shares

The Shares individually assigned will be deposited in an irrevocable deposit at the bank provided for in art. 6, free of charges for the assignee. Dividend collection as well as any other transaction connected to the ownership of the stock not forbidden by art. 5 will be carried out by the same bank on behalf of shareholders on the basis of the instructions given by the latter and according to standard operating methods.

9. Applicable law

Italian law is applicable.

The “Regolamento” of the Plan and, in general the rationale and impacts of the initiative will be duly illustrated to Beneficiaries within a specific Illustration Document.

As concerns tax and social security treatment, it must be noted that, based on fiscal regulations in force, stock granting plans do not concur to form income from subordinate employment. “The value of shares offered to all employees for a sum which does not exceed 2,065.83 euro in the tax period” ... is exempt ... “provided that the shares are not repurchased by the issuing company or by the employer or are not in any case sold before at least three years have passed from their receipt; if the shares be sold before the aforesaid term, the amount which had been excluded from income from subordinate employment at the time of purchase is subject to taxation in the tax period in which the sale occurs”. Social security treatment is identical to tax treatment. Therefore, to the extent that assigned shares are tax-exempt, social security charges will also be excluded with respect to both the portion due by the employee and the portion due by the employer.

Considering all above, we propose the approval, pursuant to art. 114 bis of Legislative Decree 58 of 24th February 1998, of the compensation plan herein on the basis of the provisions set forth by the Regolamento.

For the purpose of serving the Plan, we propose the authorisation – in addition to all resolved upon on 1st December 2006 – of the purchase of further own shares up to a maximum number of 4,600,000 Intesa Sanpaolo ordinary shares, of nominal value 0.52 euro each.

The exact number of shares to be assigned will be determined on the basis of the number of acceptances of the Plan, of the individual countervalue assigned as provided for by the Regolamento and the value of the share calculated on the basis of the fiscal law in force, equal to the average official stock prices struck in the period between the day of assignment of the shares and the same day of the previous calendar month.

The transactions must be carried out, in any case, in accordance with applicable law and regulations in force. In particular, purchases shall be carried out in compliance with provisions set forth by articles 2357 and following of the Italian Civil Code, within the limits of retained earnings and available reserves of Intesa Sanpaolo. Pursuant to art. 132 of Legislative Decree 58 of 24th February 1998 and art. 144-bis of Consob Resolution 11971/99 and subsequent amendments, the purchases will be carried out on regulated markets according the operating methods set out in the regulations providing for the organisation and management of such markets.

Purchases may occur at a price, net of ordinary accessory purchase costs, no lower than a minimum of 10% and no higher than a maximum of 10% with respect to the reference price struck by the share on the Stock Exchange business day preceding each transaction. Purchases shall be contained within limits set

forth by law, on the basis of which the Group applies specific procedures aimed at monitoring total holding. Purchases may occur in one or more times.

The authorisation of the Shareholders' Meeting that is required will be effective until 1st September 2007.

Furthermore, we propose the authorisation, pursuant to art. 2357 ter of the Italian Civil Code, of the sale on the Stock Exchange of any own ordinary shares exceeding the need of the Plan, at a price no lower than a minimum of 10% with respect to the reference price struck by the share on the Stock Exchange business day preceding each transaction.

We also propose, to standardise to the aforementioned price limits the purchases authorised in the meeting of 1st December 2006, with the effect of changing the relative resolution, in the part in which it sets out that purchases of own shares "must be made at a unit price no lower than the nominal value of the share (0.52 euro) and no higher than 5% over the reference price struck by the share in the Stock Exchange business day preceding each purchase", by substituting the expression "no lower than the nominal value of the share (0.52 euro) and no higher than 5%" with the expression "net of ordinary accessory purchase costs, no lower than a minimum of 10% and no higher than a maximum of 10% with respect to" as well as adding, after the part which resolved to confer "to the competent Management Body and, on its behalf, to the legal representatives, individually, the widest possible powers ... to sell on the Stock Exchange the shares which exceed the quantities necessary for the free stock granting plan herein" the sentence "at a price no lower than a minimum of 10% with respect to the reference price struck by the share on the Stock Exchange business day preceding each transaction".

Furthermore, considering that it is a unitary initiative, we propose to standardise the date of assignment of Intesa Sanpaolo ordinary shares to employees of the Bank – which will be set on 27th June 2007 also with respect to the plan resolved upon on 1st December 2006 – by changing the resolution in the mentioned meeting of 1st December, in the part in which it sets forth that "for the purpose of the assignment of the shares set out above, the value of the Banca Intesa S.p.A. share to be assigned will be equal to the simple arithmetic average of the official stock prices in the period from 1st May to 1st June 2007" substituting that sentence with the sentence "for the purpose of the assignment of the shares set out above, the value of the Intesa Sanpaolo S.p.A. ordinary share shall be equal to the average official stock prices struck in the period between the day of assignment of shares and the same day of the previous calendar month".

Please note that, for certain Group companies formerly controlled by Sanpaolo Imi S.p.A. the adoption of stock granting plans for respective employees analogous to the one illustrated in the present report and provided for by the Regolamento had already been planned. To this aim the Shareholders' Meetings of the aforesaid companies will be summoned to authorise, pursuant to art. 2359-bis of the Italian Civil Code, the purchase of Intesa Sanpaolo ordinary shares for a maximum number of 3,000,000 shares.

As described in the meeting of 1st December 2006, other Group companies, formerly controlled by Banca Intesa S.p.A., will introduce, on the basis of autonomous initiatives, plans analogous to that resolved upon by the Parent Company in the same meeting. Moreover, the opportunity emerged of extending the initiative to another subsidiary, Intesa Trade Sim S.p.A., which would be served – in consideration of the negligible amount involved – directly by Intesa Sanpaolo S.p.A..

Therefore, we propose the approval, pursuant to art. 114 bis of Legislative Decree 58 of 24th February 1998, of a free assignment plan of Intesa Sanpaolo S.p.A. ordinary shares, freely transferable by assignees, in favour of employees of the company "Intesa Trade Sim S.p.A." with an indefinite term contract – even part-time employees – who will be in service as at 31st May 2007, for a maximum countervalue of 700.00 euro each (reduced for cases of shorter period of service, as resolved upon in the plan of 1st December 2006), providing that:

- a. for the purpose of the assignment above (which will occur on 27th June 2007) the value of the Intesa Sanpaolo S.p.A. ordinary share shall be equal to the simple arithmetical average of the official stock prices in the period between the day of assignment of shares and the same day of the previous calendar month;
- b. the number of shares to which the employee will be entitled shall be determined by the ratio between 700.00 euro and the value of the share (as determined above), rounded down to the lower unit.

Consequently, to service such last initiative, we propose the authorisation of a further maximum number of 8,500 Intesa Sanpaolo S.p.A ordinary shares and the sale any exceeding shares according to the aforementioned terms and prices.

Distinguished Shareholders,

We invite you to approve all proposed above conferring to the Management Board and, on its behalf, to the legal representatives, individually, the widest possible powers to give complete and integral execution to the resolutions set forth in the preceding points and even delegating, all or part of the powers to execute the purchase and sale of own shares.

14th April 2007

The Management Board

Report of the Management Board

Ordinary Part – Point 3 of the Agenda of the Meeting

Appointment of Members of the Supervisory Board and related resolutions

Distinguished Shareholders,

it is first of all necessary to proceed to the substitution of Mr. Alfonso Iozzo who resigned from the office of Member of the Supervisory Board with effects as of 30th April 2007.

For this purpose, we remind you that, as provided for by art. 23.9 of the Articles of Association, if a member of the Supervisory Board leaves service for whatever reason, he/she shall be substituted by the first non-appointed candidate belonging to the list of the Supervisory Board Member leaving service, or the second non-appointed candidate if the first does not meet the requirements, set forth by law, regulation or the Articles of Association, of the member leaving service.

Since it is not possible to proceed according to this mechanism – since the candidates of the list of Mr. Iozzo were all elected – the second part of the aforementioned article is applicable. It sets forth that the member of the Supervisory Board who leaves service will be substituted without delay by the Ordinary Shareholders' Meeting with resolution passed by a simple majority of votes cast upon the proposal of the shareholders attending the meeting.

Furthermore, we remind you that Banca Intesa's Ordinary Shareholders' Meeting held on 1st December 2006 appointed, from the date in which the merger of Sanpaolo IMI with and into Banca Intesa came into effects and for financial years 2007/2008/2009, 19 Members of the Supervisory Board of Intesa Sanpaolo, in application of the transitory provisions set forth by art. 34 of the Articles of Association as concerns "First appointments".

That article, for the purpose of favouring a wider participation to the election, postpones to another Ordinary Shareholders' Meeting, subsequent to the date in which the merger comes into effects, the appointment of two further Members, who will also remain in office for financial years 2007/2008/2009 and shall therefore expire together with the 19 Members appointed on 1st December 2006.

The appointment of the two further Members of the Supervisory Board must also occur with the list voting procedure provided for by art. 23 of the Articles of Association in force, with the caution that candidates must only meet the requirements set forth for all and each of the Members of the Supervisory Board and that the percentage of share capital for the presentation of the lists must be at least 1%, but must not exceed 3% of share capital.

Distinguished Shareholders, you are therefore invited to vote in compliance with the aforementioned provisions of the Articles of Association.

Torino, 14th April 2007

The Management Board

Report of the Management Board

Ordinary Part – Point 4 of the Agenda of the Meeting

Resolutions in respect of insurance of civil responsibility for the Members of the Supervisory Board

Distinguished Shareholders,

We remind you that until 31st December 2006 both Banca Intesa and Sanpaolo IMI – on the basis of specific authorisations released by the respective Shareholders' Meetings – had policies aimed at the insurance of civil responsibility of their Board Members, and of those of subsidiaries, even controlled indirectly, as well as the Directors designated in subsidiary companies.

Following the merger, the aforementioned policies could no longer exist autonomously and it was therefore necessary to stipulate a new policy to ensure, without any interruption, insurance coverage. For this purpose, Intesa Sanpaolo contacted certain primary insurance companies and, as a result of offers formulated, stipulated a one-year policy with a maximum reimbursement at Group level equal to 100 million euro for a payment of an annual premium at Group level of approximately 1.9 million euro.

Within the limits of such maximum reimbursement, the insurance coverage safeguards the beneficiaries where they must pay, since they have civil responsibility, third parties and/or the Company itself as a consequence of actions or omissions committed in violation of obligations due to their respective functions, as well as the relevant legal expenses. Responsibilities deriving from fraudulent behaviour as well as penal sanctions and administrative penalties resolved upon by Supervisory Authorities are excluded since they may not be insured by law.

Despite the fact that – due to similar conditions and lower overall cost – prior authorisations, already released by the respective Shareholders' Meeting, would have permitted the renewal of the insurance coverage with reference to all Board Members, it was deemed opportune to subordinate the extension of the policy to Supervisory Board Members after the expiry of the present policy on 30th June 2007 to the adoption of a specific Shareholders' Meeting authorisation.

We remind you that, as is already in the experience of primary companies, also international, the Company's interest in providing an insurance coverage to its Board Members lies in the need to offer them conditions enabling them to serenely perform their office, removing problem issues represented by the fear of possible economic repercussions where there is no fraud in their actions and, at the same time the opportunity to see increase, through the insurance coverage, the possibility of immediately restoring any requests from the Company. This resolution is also related to the capacity of attracting and maintaining in their office particularly qualified independent personalities, guaranteeing them, insofar as possible, capable of deciding without concerns related to the excessive personal risks connected to their decision-making.

In light of the motivations set forth above, we propose the extension of coverage to the Members of the Supervisory Board, on the terms indicated above as of 1st July 2007 as well as the authorisation of the

subsequent renewals of such policy, giving mandate to the Managing Director for the definition of the contents of the insurance coverage at the best market conditions provided that the rise in the annual premium does not exceed, following the usual revaluations and adaptations of the same coverage which could be necessary, 30% of the last annuity paid.

Distinguished Shareholders,

in relation to the foregoing, you are invited to adopt the related resolutions.

14th April 2007

The Management Board

Proposal of The Supervisory Board

Ordinary Part – Point 5 of the Agenda of the Meeting

Proposal to review remuneration of the Independent Auditors Reconta Ernst & Young S.p.A.

Distinguished Shareholders,

the Shareholder's Meeting of 20th April 2006 conferred to Reconta Ernst & Young S.p.A. the appointment for the auditing activities set forth by regulations in force for financial years 2006 to 2011. In particular the appointment covered:

- audit of the financial statements of Banca Intesa and its Foreign branches,
- verification of regular bookkeeping practices of Banca Intesa,
- audit of the consolidated financial statements and the limited review of the consolidated half-year report, including the limited review procedures of the half-year situations of Foreign branches.

Furthermore the Auditing firm, again based on regulations in force, was appointed to carry out the verifications connected to the presentation of tax declarations and the calculation of the contribution to the National Guarantee Fund.

Following the merger of Sanpaolo IMI S.p.A. into Intesa Sanpaolo S.p.A. (former Banca Intesa S.p.A.), effective from 1st January 2007, the activity that the Independent Auditors Reconta Ernst & Young S.p.A. must carry out significantly increased, in both qualitative and quantitative terms.

As set out by Consob Communication DAC/RM/96003558 of 18th April 1996, the Independent Auditors prepared an integration of their proposal, since the "exceptional and/or unexpected events" set out in the Communication recurred.

The proposal approved by the Shareholders' Meeting was explicitly provided for a review of remuneration: "Compensation may be adjusted at the end of each financial year to take into account the particular circumstances capable of increasing or decreasing the hours required (significant structural changes, exceptional or unexpected events, etc.).... The aforementioned circumstances shall be notified, without delay, between the parties, for the purpose of agreeing upon the changes in compensation".

In particular, the integration of the original proposal of Reconta Ernst & Young S.p.A. – all clauses remain applicable with the sole exception of those mentioned hereafter – submitted to your approval, considers the different events which determine an increase in the hours required by the Independent Auditors separately: the structural changes occurred with the merger between Banca Intesa S.p.A. and Sanpaolo IMI S.p.A., the situations related to the post-merger integration.

Significant structural changes

The merger determined a material structural change of the former Banca Intesa S.p.A., due to the higher Parent Company and Consolidated aggregate figures, to the larger consolidation area and also to the greater complexity of business (for example, due to the necessary consolidation of insurance companies). These aspects have a material impact on audit procedures.

The following table sets out the estimated hours and compensation for the audit of the Parent Company's and Consolidated financial statements for financial years 2007-2011.

	Original Proposal		Integration		Adjusted compensation	
	Hours	Compensation (Euro)	Hours	Compensation (Euro)	Hours	Compensation (Euro)
Audit of Parent Company's Financial Statements	6,800	849,000	3,200	401,000	10,000	1,250,000
Verification of regular bookkeeping practices	1,600	199,000	900	111,000	2,500	310,000
Audit of Consolidated Financial Statements	1,870	234,000	930	116,000	2,800	350,000
Limited review of half-year report	3,290	411,000	1,410	179,000	4,700	590,000
Total Italy	13,560	1,693,000	6,440	807,000	20,000	2,500,000
Audit of financial statements and limited review procedures of half-year report of foreign branches	3,290	354,955	5,367	576,736	8,657	931,691
Total	16,850	2,047,955	11,807	1,383,736	28,657	3,431,691

Referring to foreign branches, estimated hours and fees are based on the current foreign branch network which, in certain places, presents branches of both Banca Intesa S.p.A. and Sanpaolo IMI S.p.A. Compensation will be adjusted should a rationalisation of the current foreign branch network occur.

The total compensation for the audit activity that Reconta Ernst & Young S.p.A. will carry out during financial year 2007 referring to the Intesa Sapaolo Group is estimated in approximately 13.9 million euro.

Situations related to the post-merger integration

The following situations have been identified with the Auditors and qualified as "situations related to the post-merger integration", which require activities exclusively in financial year 2007 and, partly also in 2008, and lead to an increase in both commitments and compensation.

Following the post-merger integration process for the ICT architecture and the accounting system, additional controls will be necessary as part of quarterly verifications on the accounting system and will lead to additional hours and compensation. More in detail, the integration process is expected to be concluded by the end of financial year 2008 and therefore such additional activities will be performed exclusively in financial years 2007 and 2008. As an example, a list of expected activities is provided hereafter:

- verification of existing controls to ensure the correct and complete aggregation of the figures in the ITC systems;
- verification of existing controls to ensure the correctness of data migration to the "target" system;
- verification of activities carried out to ensure consistency of adopted accounting principles.

Additional verifications to the controls of the accounting system for financial years 2007/2008

Financial year 2007

Category	Hours	Breakdown (%)	Hourly rate	Compensation Euro
Partner	170	7%	360	61,200
Manager	380	16%	224	85,120
Experienced auditor	720	30%	120	86,400
Assistant	1,130	47%	76	85,880
	2,400			318,600
		Discounted to:		300,000

Financial year 2008

Category	Hours	Breakdown (%)	Hourly rate	Compensation Euro
Partner	110	7%	360	39,600
Manager	260	16%	224	58,240
Experienced auditor	480	30%	120	57,600
Assistant	750	47%	76	57,000
	1,600			212,440
		Discounted to:		200,000

With reference to the verification of regular bookkeeping practices for financial years 2007 and 2008, it has already been agreed that if such additional commitment proves to be less significant (for example due to the advance termination of the accounting unification project), additional compensation, detailed in the tables above, will be consequently revised.

Another additional activity is the verification of the application of IFRS 3. This principle provides for the allocation to tangible and intangible assets and any residual amount to goodwill of the higher values resulting from the registration of merger effects. The allocation process and its results must be audited in the first financial year after the merger.

Additional hours and compensation estimated for this activity are detailed in the table below.

Audit on the results of purchase price allocation deriving from the merger (to be performed in financial year 2007)

Category	Hours	Breakdown (%)	Hourly rate	Compensation Euro
Partner	400	15%	360	144,000
Manager	800	30%	224	179,200
Experienced auditor	950	35%	120	114,000
Assistant	550	20%	76	41,800
	2,700			479,000
		Discounted to:		400,000

Reference review principles

Furthermore, it must be noted that the integration contained in the proposal above does not include any estimate with reference to:

- procedures to be carried out for compliance with principles and criteria set forth by Auditing standards issued by the Public Company Accounting Oversight Board (PCAOB) of the United States of America” applicable to companies listed or registered with the US market;
- audit of financial statements on Form 20-F of Intesa Sanpaolo S.p.A. for financial year 2007;
- control activities connected to compliance to section 404 of Sarbanes Oxley Act.

Such activities will be provided for in a specific future proposal should the aforementioned project for the deregistration from the US market, already commenced, not close within the programmed time frame.

In relation to the foregoing, it has been ascertained that Reconta Ernst & Young have the organisation and the technical capabilities deemed to be adequate considering the breadth and complexity of the accounting control to be performed according to the plan indicated in the proposal above. Furthermore, the compensation requested seems congruous in relation to the formulated work programme and to the level of the professional resources to be employed.

We therefore invite you to:

1. redetermine the compensation for the audit of financial statements for financial years from 2007 to 2011, conferred to Reconta Ernst & Young S.p.A., with Registered office in Roma, via Romagnosi 18/A, with Shareholders’ Meeting resolution of 20th April 2006, increasing compensation by 1,383,736 euro per year due to an increase in activities estimated in 11,807 hours, determined by the significant structural changes occurred following the merger with Sanpaolo IMI S.p.A.;
2. determine in 300,000 euro the compensation for financial year 2007 and in 200,000 euro for financial year 2008 to be paid to Reconta Ernst & Young S.p.A. due to an estimated increase, respectively, of 2,400 and 1,600 hours for additional activities required for the quarterly verification of regular bookkeeping practices and the correct registration of operations in accounts, until the realisation of the unification of the accounting systems set out by the Integration plan;
3. determine in 400,000 the compensation for financial year 2007 to be paid to Reconta Ernst & Young S.p.A. for an additional estimated 2,700 hours for the verification of the allocation of the cost of the merger between Banca Intesa S.p.A. and Sanpaolo IMI S.p.A. to assets, liabilities and contingent liabilities of the latter and any residual portion to goodwill;
4. increase the amounts in points 1. to 3. by the reimbursement of the expenses sustained for the appointment to the same extent to which these have been sustained, accessory expenses relative to technology and secretarial and communication services set at 5% of compensation, the supervisory contribution in favour of Consob, as well as VAT and/or any other similar tax abroad. Compensation will also be adapted every year to consider the variations in the ISTAT cost of living index or other similar indexes for the activities carried out abroad;
5. give mandate to the Chairman of the Management Board and to the Managing Director and CEO, with the faculty of delegating such power, for the stipulation of agreements with Reconta Ernst & Young S.p.A. for the execution of the engagements.

Milano, 14th April 2007

For the Supervisory Board
The Chairman – Giovanni Bazoli

Proposal of the Management Board

Extraordinary Part – Point 1 of the Agenda of the Meeting

Change of the following articles of the Articles of Association: 7 (Shareholders' Meeting), 17 (Powers of the Management Board), 18 (Chairman of the Management Board), 20 (Manager in charge of preparing the Company's financial reports), 22 (Supervisory Board), 23 (Election of the Supervisory Board), 25 (Competence of the Supervisory Board) and 30 (Accounting Control) to be adopted also in accordance with Law no. 262 of 28th December 2005 and Lgs. D. no. 303 of 29th December 2006.

Distinguished Shareholders,

we have summoned the Extraordinary Shareholders' Meeting to submit to your examination the proposed changes in the Articles of Association illustrated hereafter.

The Shareholders' Meeting of Banca Intesa of 1st December 2006 – that approved the merger of Sanpaolo IMI with and into Banca Intesa – resolved upon the adoption of the Articles of Association of the new Bank which, in the definition of the dual corporate governance system, already considered the changes set forth by Law no. 262 of 28th December 2005 (Provisions for the protection of savings and the regulation of financial markets). This introduced, among other measures, certain provisions with the objective of offering greater opportunities to minorities and independent directors, as well as increasing transparency of company disclosures.

Subsequently Legislative Decree no. 303 of 29th December 2006 was passed and is aimed at coordinating and adapting, among other provisions, Testo unico bancario (Legislative Decree 385/93 – the Consolidated Law on Banking – TUB) and Testo unico della finanza (Legislative Decree 58/98 – the Consolidated Law on Finance – TUF) to the changes introduced by the aforementioned Law.

For this purpose, please note that, while certain provisions mentioned above set forth principles directly and immediately applicable, other provisions require changes in the Company's Articles of Association which, pursuant to art. 8 of Lgs. D. no. 303/2006, must occur within 30th June 2007.

Within the end of the current month Consob should also issue a new implementation regulation of certain provisions of Law no. 262 of 28th December 2005, referred, among other matters, to the appointment of the members of management and control bodies as well as to limits to the number of offices held by the members of the control bodies of issuers.

Considering all mentioned above, it seems opportune to propose certain changes in the Company's Articles of Association aimed at adapting, even from a formal standpoint, contents to the aforementioned reforms and to the needs which emerged from the concrete application of the Bank's new Articles of Association in the first months of 2007.

Among the changes correlated to the entry into force of Law no. 262 of 28th December 2005 and Lgs. D. no. 303/2006, noteworthy are the appointment and revocation of the engagement for the independent audit of accounts by the Shareholders' Meeting, after the motivated proposal of the Supervisory Board (art. 7); the inclusion, among the matters of exclusive competence of the Management Board, of supervision pursuant to art. 154 bis of the Consolidated Law on Finance (art. 17.2 lett. i); the introduction of professional requirements for the Manager in charge of preparing the Company's financial reports (art. 20).

As concerns representation of minorities in the control body, in compliance with Consob Regulations in issue, proposed provisions set forth a minimum threshold for the presentation of lists of candidates (0.5%

of ordinary share capital or the percentage set forth by regulations in force), a new procedure for the deposit and publication of the lists of candidates as well as reference to law aimed at ensuring the total absence of connection between majority and minority lists (art. 23).

As concerns limits on the number of offices, in consideration that it is no longer necessary for the Articles of Association to provide for this matter, existing limits have been eliminated and reference is made to law and regulations in force (art. 23.10).

Among the changes correlated to the concrete application of the Bank's new Articles of Association in the first months of 2007, please note the integration in the number of members of the Control Committee formed within the Supervisory Board and the consequent increase in the number of members of the Committee enrolled with the Register of Auditors and who have practiced as auditors for at least three years (art. 25.4).

As concerns the requirements of the Members of the Supervisory Board, from the modifications just mentioned follows the need to increase the number of Members enrolled with the Register of Auditors as well as those with the independence requirements provided for by the Corporate Governance Code promoted by the Italian Stock Exchange (art. 22.1).

Lastly, to favour time-effectiveness, the designation of the members of the bodies of subsidiary companies has been included among the resolutions which, pursuant to art. 18.2 of the Articles of Association, may be taken in urgent cases by the Chairman of the Management Board in agreement with the Managing Director.

In relation to all mentioned above, a table with the proposed changes to the Articles of Association is provided hereafter – containing the relevant rationale and the comparative texts of current provisions and the proposed provisions – and we invite Shareholders, where they agree to approve the aforementioned proposals, as highlighted in the mentioned table.

Article 7. Shareholders' Meeting.

7.1.– The Shareholders' Meeting, called and established in accordance with the Articles of Association, is deemed to represent all Shareholders. Resolutions passed in accordance with the law and the Articles of Association, are binding on all Shareholders, irrespective of their attendance or agreement.

7.2.– The ordinary or extraordinary Shareholder Meeting shall be governed by law.

7.3.– The Ordinary Shareholders' Meeting shall:

- 1) appoint, determine the number of, and revoke the members of the Supervisory Board, determine their remuneration and elect the Chairman and two Deputy Chairmen, according to provisions of article 23 below;
- 2) resolve upon the responsibilities of the members of the Supervisory Board and, pursuant to articles 2393 and 2409-decies of the Italian Civil Code, also upon the responsibilities of the members of the Management Board, without prejudice to the concurrent competence of the Supervisory Board pursuant to article 25.1, letter d);
- 3) resolve upon the distribution of net income;
- 4) *appoint and revoke the independent auditors;*
- 5) approve the financial statements in case they are not approved by the Supervisory Board;
- 6) resolve upon the other matters assigned to it by law or the Articles of Association.

7.4.– The Extraordinary Shareholders' Meeting shall resolve upon the amendments of the Articles of Association, on the appointment, revocation, substitution and powers of liquidators and on any other matter assigned to it by law.

Rationale

The competence of the Ordinary Shareholders' Meeting as concerns the assignment and revocation of the engagement for the independent audit of accounts would be adapted to the new provisions of art. 159 of TUF by providing for the motivated proposal of the Supervisory Board.

For a more organic approach, reference to the opinion of the Supervisory Board for the assignment and revocation of the engagement for the independent audit of accounts would be eliminated from art. 30 of the Articles of Association, which would only refer to law and the Articles of Association.

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- 1) appoint, determine the number of, and revoke the members of the Supervisory Board, determine their remuneration and elect the Chairman and two Deputy Chairmen, according to provisions of article 23 below;
- 2) resolve upon the responsibilities of the members of the Supervisory Board and, pursuant to articles 2393 and 2409-decies of the Italian Civil Code, also upon the responsibilities of the members of the Management Board, without prejudice to the concurrent competence of the Supervisory Board pursuant to article 25.1, letter d);
- 3) resolve upon the distribution of net income;
- 4) *assign and revoke the engagement for the independent audit of accounts on motivated proposal of the Supervisory Board;*
- 5) approve the financial statements in case they are not approved by the Supervisory Board;
- 6) resolve upon the other matters assigned to it by law or the Articles of Association.

7.4.– The Extraordinary Shareholders' Meeting shall resolve upon the amendments of the Articles of Association, on the appointment, revocation, substitution and powers of liquidators and on any other matter assigned to it by law.

17.2.– Competences which must not be delegated.

Save for powers and attributes of the Supervisory Board provided for by article 25.1 below, in addition to the responsibilities that cannot be delegated according to the law, the Management Board shall have the exclusive responsibility for the following decisions:

- a) the determination of proposals concerning the general strategic guidelines of the Company and the Group to be submitted to the Supervisory Board, as well as the preparation of business

17.2.– Competences which must not be delegated.

Save for powers and attributes of the Supervisory Board provided for by article 25.1 below, in addition to the responsibilities that cannot be delegated according to the law, the Management Board shall have the exclusive responsibility for the following decisions:

- a) the determination of proposals concerning the general strategic guidelines of the Company and the Group to be submitted to the Supervisory Board, as well as the preparation of business and/or financial plans as well as the budgets of

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- and/or financial plans as well as the budgets of the Company and the Group to be submitted to the approval of the Supervisory Board pursuant to article 2409-terdecies and article 25.1, lett. l) of the Articles of Association;
- b) the policy for the management of risks and internal audit;
- c) the appointment and revocation of the Managing Director, and the delegation, modification or revocation of the relevant powers;
- d) the appointment to particular offices or the grant of particular powers of attorney to one or more members of the Management Board and the determination of the relevant powers;
- e) the appointment and revocation of one or more General Managers, as provided for by Article 27 of the Articles of Association, and determination of the relevant powers and compensation;
- f) purchase and sale of equity investments which lead to changes in the Banking Group;
- g) the assessment of the adequacy of the Company's organisational, administrative and accounting structure;
- h) determination of criteria for the coordination and direction of the companies belonging to the Group and for the implementation of the instructions issued by the Bank of Italy;
- i) further to the mandatory opinion of the Supervisory Board, appointment and revocation of the Manager in charge of preparing the Company's financial reports, provided for by article 154-bis of Legislative Decree No. 58 dated 24th February 1998, and the determination of the relevant powers, means and remuneration;
- l) the appointment and revocation of the Head of the Office of Internal Control, as well as the heads of the divisions whose appointment is under the exclusive competence of the Management Board pursuant to applicable law or regulations;
- m) the preparation of the draft of the Parent Company's financial statements and consolidated financial statements;
- n) the share capital increases which may be delegated pursuant to article 2443 of the Italian Civil Code, with the exclusion of the faculty to adopt the resolutions provided for in paragraphs 4 and 5 of article 2441 of the Italian Civil Code; the issue of convertible bonds pursuant to article 2420-ter of the Italian Civil Code;
- o) the Management Board's duties provided for under articles 2446 and 2447 of the Italian Civil Code;
- p) the preparation of merger and demerger projects;
- q) the arrangement of transactions to be submitted to the authorisation of the Supervisory Board pursuant to article 25.1. letter l), as well as the
- the Company and the Group to be submitted to the approval of the Supervisory Board pursuant to article 2409-terdecies and article 25.1, lett. l) of the Articles of Association;
- b) the policy for the management of risks and internal audit;
- c) the appointment and revocation of the Managing Director, and the delegation, modification or revocation of the relevant powers;
- d) the appointment to particular offices or the grant of particular powers of attorney to one or more members of the Management Board and the determination of the relevant powers;
- e) the appointment and revocation of one or more General Managers, as provided for by Article 27 of the Articles of Association, and determination of the relevant powers and compensation;
- f) purchase and sale of equity investments which lead to changes in the Banking Group;
- g) the assessment of the adequacy of the Company's organisational, administrative and accounting structure;
- h) determination of criteria for the coordination and direction of the companies belonging to the Group and for the implementation of the instructions issued by the Bank of Italy;
- i) further to the mandatory opinion of the Supervisory Board, appointment and revocation of the Manager in charge of preparing the Company's financial reports, provided for by article 154-bis of Legislative Decree No. 58 dated 24th February 1998, and the determination of the relevant powers, means and remuneration; *supervision provided for by the same art. 154-bis;*
- l) the appointment and revocation of the Head of the Office of Internal Control, as well as the heads of the divisions whose appointment is under the exclusive competence of the Management Board pursuant to applicable law or regulations;
- m) the preparation of the draft of the Parent Company's financial statements and consolidated financial statements;
- n) the share capital increases which may be delegated pursuant to article 2443 of the Italian Civil Code, with the exclusion of the faculty to adopt the resolutions provided for in paragraphs 4 and 5 of article 2441 of the Italian Civil Code; the issue of convertible bonds pursuant to article 2420-ter of the Italian Civil Code;
- o) the Management Board's duties provided for under articles 2446 and 2447 of the Italian Civil Code;
- p) the preparation of merger and demerger projects;
- q) the arrangement of transactions to be submitted to the authorisation of the Supervisory Board pursuant to article 25.1. letter l), as well as the

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- approval of the transactions having a single value exceeding 3% of the consolidated regulatory shareholders' equity;
- r) determination of criteria to identify the related parties transactions reserved to the Management Board's competence;
 - s) the possible establishment of Committees or Commissions with advisory functions;
 - t) the designation of the members of corporate bodies of subsidiaries.

As provided for under article 2436 of the Italian Civil Code and without prejudice to article 25.1 letter l) of the Company's Articles of Association, the Management Board is further exclusively responsible for the adoption of resolutions concerning mergers and demergers in the cases provided for under articles 2505 and 2505-bis of the Italian Civil Code. Resolutions provided for by letters c), d), n), o), r) herein are taken on the basis of the proposal made by the Chairman of the Management Board. Resolutions provided for under the remaining letters above are taken on the basis of the proposal made by the Managing Director. Resolutions under letter s) above are taken on the basis of the proposal made by the Chairman of the Management Board in agreement with the Managing Director. The forgoing is without prejudice to the power to submit proposals of each member of the Management Board.

Rationale

In compliance with provisions of art. 154-bis of TUF, the Management Board would be attributed, in addition to the power to appoint and revoke the Manager in charge of preparing the Company's financial reports, also the power to supervise over the fact that the Manager has adequate powers and means for the exercise of his/her duties as well as the effective respect of the administrative and accounting procedures.

18.2.– In urgent cases, (i) the Chairman of the Management Board or, in the case of his/her absence or impediment, (ii) the Deputy Chairman, and should there be two Deputy Chairmen, the eldest as provided for by article 18.3 - in both cases in agreement with the Managing Director - may take resolutions on any matters within the powers of the Management Board, with the exception of the matters which may not be delegated and are solely within the powers of the Management Board other than resolutions regarding transactions with a value between 3% and 6% of consolidated regulatory capital, according to the provisions under letter q) second part of article 17.2. of the Articles of Association.

In case of urgency, the Managing Director has the sole lending power.
The Management Board must be informed of the decisions taken with the modalities provided for under this paragraph during its next meeting.

- approval of the transactions having a single value exceeding 3% of the consolidated regulatory shareholders' equity;
- r) determination of criteria to identify the related parties transactions reserved to the Management Board's competence;
 - s) the possible establishment of Committees or Commissions with advisory functions;
 - t) the designation of the members of corporate bodies of subsidiaries.

As provided for under article 2436 of the Italian Civil Code and without prejudice to article 25.1 letter l) of the Company's Articles of Association, the Management Board is further exclusively responsible for the adoption of resolutions concerning mergers and demergers in the cases provided for under articles 2505 and 2505-bis of the Italian Civil Code. Resolutions provided for by letters c), d), n), o), r) herein are taken on the basis of the proposal made by the Chairman of the Management Board. Resolutions provided for under the remaining letters above are taken on the basis of the proposal made by the Managing Director. Resolutions under letter s) above are taken on the basis of the proposal made by the Chairman of the Management Board in agreement with the Managing Director. The forgoing is without prejudice to the power to submit proposals of each member of the Management Board.

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In case of urgency, the Managing Director has the sole lending power.
The Management Board must be informed of the decisions taken with the modalities provided for under this paragraph during its next meeting.

Rationale

It is a modification justified by time-effectiveness, in case of urgency.

20.- Manager in charge of preparing the Company's financial reports.

20.1.- The Management Board, further to the mandatory opinion of the Supervisory Board, appoints and revokes, with the qualified majority provided for by article 16.5, the Manager in charge of preparing the Company's financial reports, provided for by article 154-bis of Legislative Decree No. 58 dated 24th February 1998, establishing his/her powers, means and remuneration.

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20.2. - *The Manager in charge of preparing the Company's financial reports shall be chosen among the Company's executives; must be enrolled with the Register of auditors held by the Ministry of Justice and must meet professional requirements consisting in specific competencies as concerns:*

a) financial and accounting disclosures of issuers listed in regulated markets or their subsidiaries and

b) management or control of the relative administration procedures,

matured for a period of at least five years in positions of responsibility of operating structures within the Company, the Group or other companies or entities comparable in terms of activities and organisational structure.

The Manager in charge of preparing the Company's financial reports must also meet the integrity requirements set forth for members of control bodies of listed companies by the Regulation adopted pursuant to art. 148, par. 4, Legislative Decree No. 58 of 24th February 1998.

The Management Board ascertains the existence of all the aforementioned requirements at the time of appointment.

20.2.- The Managing Director and the Manager in charge of preparing the Company's financial reports shall provide the assessments related to the economic and financial information required by law.

20.3.- The Managing Director and the Manager in charge of preparing the Company's financial reports shall provide the assessments related to the economic and financial information required by law.

Rationale

Based on provisions of art. 154-bis of TUF, which permit a wide autonomy on this matter, professional requirements have been set for the Manager in charge of preparing the Company's financial reports in consideration of the duties that such Manager must perform.

Furthermore, the specific integrity requirements set forth for the members of control bodies would be required for such Manager.

22.1.– Composition.

The Supervisory Board is composed of a minimum of 15 (fifteen) and a maximum of 21 (twenty one)

22.1– Composition.

The Supervisory Board is composed of a minimum of 15 (fifteen) and a maximum of 21 (twenty one)

members, including non shareholders, appointed by the Shareholders' Meeting.

The members of the Supervisory Board must meet the integrity, professional and independence requirements provided for the applicable laws and regulations.

Furthermore at least *three* Board members must be enrolled with the Register of auditors held by the Ministry of Justice and must have practiced as auditors for at least a three-year period and at least *four* members must meet the independence requirements provided for by the Corporate Governance Code promoted by the Italian Stock Exchange.

The requirement of enrolment with the Register of auditors and the independence requirements according to the Corporate Governance Code promoted by the Italian Stock Exchange may be met by the same person.

members, including non shareholders, appointed by the Shareholders' Meeting.

The members of the Supervisory Board must meet the integrity, professional and independence requirements provided for the applicable laws and regulations.

Furthermore at least *four* Board members must be enrolled with the Register of auditors held by the Ministry of Justice and must have practiced as auditors for at least a three-year period and at least *six* members must meet the independence requirements provided for by the Corporate Governance Code promoted by the Italian Stock Exchange.

The requirement of enrolment with the Register of auditors and the independence requirements according to the Corporate Governance Code promoted by the Italian Stock Exchange may be met by the same person.

Rationale

The changes of the requirements of the Members of the Supervisory Board are correlated to the integration in the number of members of the Control Committee provided for by art. 25.4 and are justified by the need to have within the Board of at least another member with the necessary requirements with respect to those stably included in the Control Committee. Similarly the number of Members of the Supervisory Board enrolled with the Register of auditors would be increased by one unit.

Article 23. Election of the Supervisory Board.

23.1.– List of candidates.

The election of members of the Supervisory Board shall take place on the basis of lists prepared by Shareholders according to the following rules:

- a) Shareholders representing at least *1%* of ordinary share capital may submit a list of candidates listed in order of progressive number. *The list must be deposited at the Company's registered office at least fifteen days before the date of the Shareholders' Meeting on first call and must be published on at least two national newspapers, of which at least one shall be an economic newspaper. Non-compliance with such provisions leads to the forfeiture of the right to present a list.* In order to give evidence of the number of shares necessary to submit the list, Shareholders must include copies of the certificates showing that such certificates participate in the system of centralised management of financial instruments;

Article 23. Election of the Supervisory Board.

23.1.– List of candidates.

The election of members of the Supervisory Board shall take place on the basis of lists prepared by Shareholders according to the following rules:

- a) Shareholders representing at least *0.5%, or the percentage set forth by regulations in force,* of ordinary share capital may submit a list of candidates listed in order of progressive number. *The lists must be deposited at the Company's registered office at least fifteen days before the date of the Shareholders' Meeting called to elect the Members of the Supervisory Board, together with the information relative to the Shareholders presenting the lists, with the indication of the total percentage stake held, as well as exhaustive information on the personal and professional characteristics of each candidate, of a declaration of each candidate attesting that he/she meets the requirements applied to all or certain of the Members of the Supervisory Board provided for by law, regulations and the Articles of Association, as well as a declaration in which he/she accepts the candidacy.* In order to give evidence of the number of shares necessary to submit the list, Shareholders must include copies of the certificates showing that such certificates participate in the system of centralised management of financial instruments;

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- b) *each Shareholder may submit and vote one list of candidates and each candidate may only be part of one list. If such conditions are not met the candidate shall not be eligible;*
 - c) *together with each list, and within the terms for the deposit of the list at the Company's registered office, each candidate must deposit a declaration in which he/she accepts the candidacy and declares under his/her responsibility that no ineligibility causes apply, and that he/she meets the requirements applicable to all or certain of the Supervisory Board members, provided for by law, regulations and the Articles of Association to be a Supervisory Board member.*
 - b) *each Shareholder may not submit nor vote more than one list of candidates, even by proxy or by fiduciary companies. Each candidate may only be part of one list, if such condition is not met the candidate shall not be eligible;*
 - c) *if at the expiry of the term provided for by letter a) only one list has been presented, the Company promptly informs the market via a press release sent to at least two press agencies, in this case, lists may be presented until the fifth subsequent day after the expiry provided for above, without prejudice to the other conditions and means of presentation provided for above;*
 - d) *the foregoing shall be without prejudice to the other and further provisions set forth by law as concerns the means and terms of presentation and publication of the lists.*

23.2.- Voting.

In order to appoint the Supervisory Board the following procedure shall apply.

Members are selected proportionally from the lists which have obtained votes; for this purpose, the votes obtained by each of the lists are divided by one, two, three, four and so on according to the number of members to be appointed. The resulting ratios are progressively attributed to the candidates of each list according to the order of each list. The ratios so attributed are listed in decreasing order: the candidates with the highest ratios are elected members of the Supervisory Board.

23.3.- Equality of ratio and ballot.

Should more than one candidate obtain the same ratio, the preferred candidate shall be the candidate belonging to the list from which no Supervisory Board members, or the lower number of Supervisory Board members has been appointed.

If no Supervisory Board member has been appointed from those lists, or the same number of Supervisory Board members has been appointed from those lists, the preferred candidate shall be drawn from the list which has obtained the highest number of votes. In case of equality of votes and ratio, the appointment shall take place by means of a ballot by the whole Shareholders' Meeting, and the candidate shall be appointed by a simple majority of votes cast.

23.4.- Supplementary mechanism.

If an insufficient number of Supervisory Board members with the requirements of independence provided for by the Corporate Governance Code

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23.4.- Supplementary mechanism.

If an insufficient number of Supervisory Board members with the requirements of independence provided for by the Corporate Governance Code

promoted by the Italian Stock Exchange and/or the requirement provided for by article 22.1, paragraph 3 of the Articles of Association has been appointed, the candidate with the lowest ratio and who does not meet any of the above-mentioned two requirements will be excluded. The excluded candidate will be substituted by the subsequent candidate of the same list who meets such requirements. This procedure, if necessary, will be repeated until the number of Supervisory Board members to be appointed is completed. If, through the adoption of the aforementioned criterion, it is not possible to complete the number of Board members to be appointed, the Shareholders' Meeting shall appoint the other Supervisory Board members with resolution adopted by a simple majority of votes cast on proposal submitted by the Shareholders attending the meeting.

23.5.- Single list.

In case of presentation of one list only, all members of the Supervisory Board shall be appointed from such list.

23.6.- Supervisory Board Member appointed by minorities.

Without prejudice to the provisions of article 34 of the Articles of Association, the Supervisory Board member representing minorities is appointed according to applicable law and regulations.

23.7.- No lists.

Should no list be submitted in a timely manner, the Meeting shall pass a resolution with the majority of votes of Shareholders attending the Meeting. In case of equality of votes, candidates shall be appointed by means of a further ballot.

23.8.- Election of the Chairman and Deputy Chairmen of the Supervisory Board.

The Chairman and the two Deputy Chairmen shall be appointed by the Ordinary Shareholders' Meeting with special resolutions approved by the majority of attending shareholders.

23.9.- Substitution.

If a member of the Supervisory Board leaves service for whatever reason, he/she shall be substituted by the first non-appointed candidate belonging to the list of the Supervisory Board member leaving

promoted by the Italian Stock Exchange and/or the requirement provided for by article 22.1, paragraph 3 of the Articles of Association has been appointed, the candidate with the lowest ratio and who does not meet any of the above-mentioned two requirements will be excluded. The excluded candidate will be substituted by the subsequent candidate of the same list who meets such requirements. This procedure, if necessary, will be repeated until the number of Supervisory Board members to be appointed is completed. If, through the adoption of the aforementioned criterion, it is not possible to complete the number of Board members to be appointed, the Shareholders' Meeting shall appoint the other Supervisory Board members with resolution adopted by a simple majority of votes cast on proposal submitted by the Shareholders attending the meeting.

23.5.- Supervisory Board Member appointed by minorities.

The application of provisions from 23.2 to 23.4 must in any case permit that at least one Supervisory Board Member be elected by minority shareholders who are not connected, even indirectly, with shareholders who have presented or voted the list which resulted first in terms of number of votes.

For this purpose, where necessary, the elected candidate with the lowest quotient shall be substituted by the candidate with the immediately lower quotient presented by a list with the characteristics indicated above.

23.6.- Single list.

In case of presentation of one list only, all members of the Supervisory Board shall be appointed from such list.

23.7.- No lists.

Should no list be submitted in a timely manner, the Meeting shall pass a resolution with the majority of votes of Shareholders attending the Meeting. In case of equality of votes, candidates shall be appointed by means of a further ballot.

23.8.- Election of the Chairman and Deputy Chairmen of the Supervisory Board.

The Chairman and the two Deputy Chairmen shall be appointed by the Ordinary Shareholders' Meeting with special resolutions approved by the majority of attending shareholders.

23.9.- Substitution.

If a member of the Supervisory Board leaves service for whatever reason, he/she shall be substituted by the first non-appointed candidate belonging to the list of the Supervisory Board member leaving

service, or the second non-appointed candidate if the first does not meet the requirements, set forth by law, regulation or the Articles of Association, of the member leaving service. If for whatever reason this is not possible, the member of the Supervisory Board who leaves service will be substituted without delay by the Ordinary Shareholders' Meeting with resolution passed by a simple majority of votes cast upon the proposal of the shareholders attending the meeting.

23.10.- Incompatibilities.

Individuals who have exceeded the limit of five offices in the management or control bodies of other listed companies or parent companies or subsidiaries of listed companies (up to a maximum of five offices within one group shall be considered as one office; if such limit is exceeded, they shall be considered as two offices) may not be appointed members of the Supervisory Board and if they are appointed they are disqualified from office. The foregoing shall be without prejudice to the causes of ineligibility and disqualification from office set forth by law, regulation or Articles of Association.

23.11.- Simul stabunt simul cadent.

If, for whatever reason, the majority of the members of the Supervisory Board resigns, the entire Supervisory Board must be considered replaced from the date in which the new appointed members take office. The Shareholders' Meeting for the appointment of the new Supervisory Board shall be called as soon as possible in accordance with the provisions of article 8.

23.12. - Revocation.

The members of the Supervisory Board may be revoked by the Shareholders' Meeting at any time, by a resolution passed with the favourable vote of at least one fifth of the share capital, without prejudice to the right of the revoked Member to be indemnified if the revocation occurs without just cause.

23.13.- Remuneration.

Members of the Supervisory Board are entitled, in addition to the reimbursement of expenses sustained due to their office, to a remuneration for the services rendered, which is determined for the entire period of their office by the Shareholders' Meeting at the time of their appointment.

The Supervisory Board, after consultation with the Remuneration Committee, shall determine the remuneration for the Chairman, for the Deputy Chairmen and for the members of the Supervisory Board who have been assigned particular offices,

service, or the second non-appointed candidate if the first does not meet the requirements, set forth by law, regulation or the Articles of Association, of the member leaving service. If for whatever reason this is not possible, the member of the Supervisory Board who leaves service will be substituted without delay by the Ordinary Shareholders' Meeting with resolution passed by a simple majority of votes cast upon the proposal of the shareholders attending the meeting. *The substitution of the Supervisory Board Member must in any case ensure the presence of at least one Member with the characteristics provided for by art. 23.5, even through the application of procedures set forth by regulations in force.*

23.10.- Incompatibilities.

The causes of incompatibility as well as the limits to the number of offices provided for by law, regulations and the Articles of Association in force at the time of entry in office apply to Supervisory Board Members, without prejudice to different binding provisions set forth by law.

The foregoing shall be without prejudice to the causes of ineligibility and disqualification from office set forth by law, regulation or Articles of Association.

23.11.- Simul stabunt simul cadent.

If, for whatever reason, the majority of the members of the Supervisory Board resigns, the entire Supervisory Board must be considered replaced from the date in which the new appointed members take office. The Shareholders' Meeting for the appointment of the new Supervisory Board shall be called as soon as possible in accordance with the provisions of article 8.

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Members of the Supervisory Board are entitled, in addition to the reimbursement of expenses sustained due to their office, to a remuneration for the services rendered, which is determined for the entire period of their office by the Shareholders' Meeting at the time of their appointment.

The Supervisory Board, after consultation with the Remuneration Committee, shall determine the remuneration for the Chairman, for the Deputy Chairmen and for the members of the Supervisory Board who have been assigned particular offices,

powers or functions by the Articles of Association or by the Supervisory Board.

powers or functions by the Articles of Association or by the Supervisory Board.

Rationale

For the purpose of ensuring that an effective member of the control body is elected by minorities, a minimum threshold permitted by law would be included in the Articles of Association, for the presentation of the lists of candidates; a new procedure would also be set forth for the deposit of the lists of candidate, aimed at favouring the timeliness of presentation and the completeness of the relative documentation, as well as strengthen the effectiveness of the protection offered to minority shareholders, without prejudice for the further conditions which are prescribed by law.

As concerns publicity of the lists of candidates, the publication of such lists on daily newspapers would no longer be required as a charge for the shareholder, but instead reference would be made to provisions set forth by law in view of ensuring a dissemination of information uniform with market standards.

As regards incompatibilities, considering the provisions currently being adopted by Consob with powers delegated by art. 148 bis of TUF (resulting from changes introduced by Law 262/05), it was deemed opportune to uniform statutory limits to the limitation of offices to regulatory provisions, for the purpose of avoiding overlapping of non-uniform criteria with respect to regulations in fieri. The proposal also refers to the provisions of the Articles of Association in force at the time of entry into office and therefore does not prejudice the previous regime for the Members appointed in the current financial year until the new legal provisions are in force.

25.4.- Nomination Committee, Remuneration Committee and Control Committee.

The Supervisory Board shall establish a Nomination Committee, composed of 5 (five) members, among which the Chairman of the Supervisory Board who shall chair the Committee. The Nomination Committee shall be responsible for selecting and proposing appointments to the Management Board.

The Supervisory Board shall establish a Remuneration Committee, composed of 3 (three) members, which shall be responsible for proposing and consulting on the remuneration in accordance with applicable law and the Articles of Association, and shall determine the regulation of the Remuneration Committee.

The Supervisory Board shall establish, for the purpose of facilitating the exercise of its control and supervision functions, a specific Control Committee, composed of *3 (three) members*, determining the powers, means and regulations of the Control Committee, as well as the means and terms of the information to be provided to the Supervisory Board.

Without prejudice to the application of specific regulatory and/or supervisory regulations, the members of the Control Committee shall be chosen among members of the Supervisory Board meeting the requirements of independence provided for by the Corporate Governance Code promoted by the Italian Stock Exchange, and *at least two of these* must be enrolled with the Register of Auditors and must have practiced as auditors for at least three years.

In particular, the Control Committee proposes, consults and enquires on matters regarding internal controls system, risk management and the ICT and accounting system. The Committee may at any

25.4. – Nomination Committee, Remuneration Committee and Control Committee.

The Supervisory Board shall establish a Nomination Committee, composed of 5 (five) members, among which the Chairman of the Supervisory Board who shall chair the Committee. The Nomination Committee shall be responsible for selecting and proposing appointments to the Management Board.

The Supervisory Board shall establish a Remuneration Committee, composed of 3 (three) members, which shall be responsible for proposing and consulting on the remuneration in accordance with applicable law and the Articles of Association, and shall determine the regulation of the Remuneration Committee.

The Supervisory Board shall establish, for the purpose of facilitating the exercise of its control and supervision functions, a specific Control Committee, composed of *5 (five) members*, determining the powers, means and regulations of the Control Committee, as well as the means and terms of the information to be provided to the Supervisory Board.

Without prejudice to the application of specific regulatory and/or supervisory regulations, the members of the Control Committee shall be chosen among members of the Supervisory Board meeting the requirements of independence provided for by the Corporate Governance Code promoted by the Italian Stock Exchange, and *at least three of these* must be enrolled with the Register of Auditors and must have practiced as auditors for at least three years.

In particular, the Control Committee proposes, consults and enquires on matters regarding internal controls system, risk management and the ICT and accounting system. The Committee may at any time carry out inspections and controls as well as

time carry out inspections and controls as well as exchange information with the control bodies of Group companies with respect to management and control systems and the general performance of the business.

Members of the Committee shall attend the Management Board meetings.

exchange information with the control bodies of Group companies with respect to management and control systems and the general performance of the business.

Members of the Committee shall attend the Management Board meetings.

Rationale

The integration of the number of members of the Control Committee is justified in light of the numerous duties attributed to this Committee. For the purpose of maintaining the majority of components with professional requirements it would be opportune to increase the number of components of the Committee enrolled with the Register of auditors and who have practiced as auditors for at least a three-year period.

Article 30 – Accounting Control.

Accounting control shall be exercised by an independent auditing firm which meets the applicable legal requirements. The assignment and the revocation of the engagement, the duties and the responsibilities are provided for by the law.

The Supervisory Board shall express its opinion on the assignment and the revocation of the engagement of the independent auditing firm.

Article 30 – Accounting Control.

Accounting control shall be exercised by an independent auditing firm which meets the applicable legal requirements. The assignment and the revocation of the engagement, the duties and the responsibilities are provided for by the law *and the Articles of Association.*

Rationale

For a more organic approach and in compliance with provisions of art. 159 of TUF, reference to the opinion of the Supervisory Board on the assignment and revocation of the independent auditors should be eliminated, referring instead to law and the Articles of Association (see on this point the modification proposed in Article 7).

14th April 2007

The Management Board