

# AUTHORISATION TO PURCHASE AND MAKE USE OF OWN SHARES

## REPORT OF THE MANAGEMENT BOARD

### Point 1 of the Agenda of the Meeting

Distinguished Shareholders,

You have been summoned for the Ordinary Shareholders' meeting to resolve upon the proposal for the authorisation to purchase and make use of own shares.

To this end, we remind you that already on 1st December 2006 and on 3rd May 2007 the Shareholders' Meeting authorised - with resolution which has ceased its effectiveness on 1st September 2007 – a programme for the purchase of own shares to serve a compensation plan in favour of Group employees.

This programme, concluded last June with the purchase by the Parent Company of 7,220,124 shares, for a countervalue of 40,485,219.07 euro, was finalised with the assignment of shares to the employees with specific requisites. To date the Bank has 59,407 own ordinary shares in its portfolio, which represent the excess number of shares purchased with respect to the number required by the execution of the programme.

Given all mentioned above, it is deemed necessary to request a new authorisation to purchase and make use of own shares in consideration of the needs illustrated hereafter.

### 1. Rationale for which the authorisation to purchase and make use of own shares is requested

The request for the authorisation pursues the objective of enabling the Management Board to make use of the Company's ordinary shares to be used to serve strategic purposes - including extraordinary finance transactions or acquisitions or any other extraordinary transactions (such as agreements with strategic partners in the framework of business development plans), excluding capital reduction transactions – to be realised, all or in part, through the sale, share swap or assignment of own shares or any other contracts which might require the availability of own shares.

From this viewpoint, it is necessary to purchase own shares to comply with and execute commitments related to the acquisition of control of Banca CR Firenze S.p.A. (hereafter, also the "**Cassa**"), concluded to reach a marked strengthening of the competitive positioning in the 5 regions of Central-Northern Italy where the Cassa's branch network is concentrated, whose execution is subject, inter alia, to the release of the required authorisations.

The terms of the transaction for the acquisition of control of the Cassa - transaction resolved upon last 25th July by the Management Board and the Supervisory Board of Your Bank, as falls within their respective competence – have been disclosed to the market by Intesa Sanpaolo S.p.A. (hereafter, "**Intesa Sanpaolo**") with the press release issued on 25th July 2007 and the agreement (hereafter, the "**Agreement**") stipulated with Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio di La Spezia (hereafter, collectively, also the "**Fondazioni**") and So.fi.ba.r., Società Finanziaria di Banche Romagnole S.p.A. (hereafter, together with Fondazioni, also the "**Shareholders of the Cassa**") was formalised on 26th July.

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The Agreement, whose terms have been disclosed to the market according to applicable regulations in force, provides for the acquisition on the part of Intesa Sanpaolo of 334,090,969 ordinary shares of the Cassa, of nominal value of 1.00 euro each, equal to 40.318% of its share capital (without prejudice to the dilutive effects related and consequent to the execution of stock option plans or any other transactions expressly agreed upon between Intesa Sanpaolo and Ente Cassa di Risparmio di Firenze) by means of a share swap of 398,904,617 Intesa Sanpaolo ordinary shares of nominal value of 0.52 euro each, on the basis of the swap ratio of 1.194 Intesa Sanpaolo ordinary shares for each Cassa ordinary share (hereafter, the "**Share Swap Ratio**").

The execution of the share swap will enable the Fondazioni to acquire an approximately 3.3% stake of Intesa Sanpaolo's ordinary share capital and reach an overall stake of approximately 4% since Ente Cassa di Risparmio di Firenze already owns a 0.7% stake.

The Share Swap Ratio – without prejudice to any adjustments which might be agreed upon by the parties following the due diligence provided for by the Agreement – has been calculated on the basis of the simple arithmetic average of the market reference price of Cassa ordinary shares and Intesa Sanpaolo ordinary shares for the three months from 6th December 2006 to 5th March 2007 (the last trading day preceding the first rumours circulated by the press with respect to the transaction) equal to 4.49 euro and 5.64 euro respectively. For the purpose of determining the Share Swap Ratio, a premium was applied to the market price of the Cassa share (4.49 euro) – relating to the transfer of control of Cassa from the current majority shareholders to Intesa Sanpaolo – up to 6.73 euro thus determining the ratio of 1.194 Intesa Sanpaolo ordinary shares for each Cassa share.

We remind you that, as already communicated to the market on 25th July 2007, in order to minimise the risk of exposure to the Intesa Sanpaolo market price fluctuations, on 25th July 2007 a cash-settled derivative contract was stipulated with Banca Leonardo Group having as underlying asset the number of Intesa Sanpaolo ordinary shares included in the swap transaction.

As already mentioned, the share swap will occur through:

- (i) the transfer of the full and exclusive property, by Ente Cassa di Risparmio di Firenze in favour of Intesa Sanpaolo, of 262,177,017 Cassa ordinary shares, of nominal value 1.00 euro each, currently representing 31.639% of the share capital of the Cassa. As a consideration for said equity stake Intesa Sanpaolo will transfer to Ente Cassa di Risparmio di Firenze, the full and exclusive property of 313,039,358 own ordinary shares of nominal value of 0.52 euro each;
- (ii) the transfer of the full and exclusive property, by Fondazione Cassa di Risparmio di Pistoia e Pescia in favour of Intesa Sanpaolo, of 30,500,776 Cassa ordinary shares, of nominal value 1.00 euro each, currently representing 3.681% of the share capital of the Cassa. As a consideration for said equity stake Intesa Sanpaolo will transfer to Fondazione Cassa di Risparmio di Pistoia e Pescia, the full and exclusive property of, 36,417,927 own ordinary shares of nominal value of 0.52 euro each;
- (iii) the transfer of the full and exclusive property, by Fondazione Cassa di Risparmio di La Spezia in favour of Intesa Sanpaolo, of 32,398,176 Cassa ordinary shares, of nominal value 1.00 euro each, currently representing 3.910% of the share capital of the Cassa. As a consideration for said equity stake Intesa Sanpaolo will transfer to Fondazione Cassa di Risparmio di La Spezia, the full and exclusive property of, 38,683,422 own ordinary shares of nominal value of 0.52 euro each;
- (iv) the transfer of the full and exclusive property, by So.fi.ba.r., Società Finanziaria di Banche Romagnole S.p.A. in favour of Intesa Sanpaolo, of 9,015,000 Cassa ordinary shares, of nominal value 1.00 euro each, currently representing 1.088% of the share capital of the Cassa. As a consideration for said equity stake Intesa Sanpaolo will transfer to So.fi.ba.r., Società Finanziaria di Banche Romagnole S.p.A., the full and exclusive property of 10,763,910 own ordinary shares of nominal value of 0.52 euro each.

According to the Agreement, the share swap shall be executed – subordinated to the suspension conditions contained therein – within 31st December 2007 or, if requested by Intesa Sanpaolo, within 31st March 2008. Conversely, and in particular with reference to the case in which the share swap may not be executed due to the fact that the Shareholders' Meeting does not authorise the purchase and transfer of the own shares to serve the acquisition transaction, the Agreement sets forth that:

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- (a) Intesa Sanpaolo must make a pro quota payment in favour of the Shareholders of the Cassa of a break-up fee amounting to a total of 50,000,000.00 (fifty million euro/00) as a penalty and a lump-sum refund; and
  - (b) the Shareholders of the Cassa shall be attributed the right to sell to Intesa Sanpaolo - which, conditional upon the obtainment of all the necessary authorisations, has made a commitment to purchase - all and not just a part of the ordinary shares of the Cassa to be swapped - and therefore 334,090,969 ordinary shares of the Cassa - at a price of 6.73 euro per share. As alternative to the put option, the Selling parties have the right to recede from the share swap contract, without prejudice to the right to receive the aforementioned break-up fee.

Following the execution of such transactions, Intesa Sanpaolo will hold a 58.890% stake of the share capital of the Cassa – also considering the shares it already holds; therefore, Intesa Sanpaolo shall have the obligation of promoting a mandatory complete-acquisition public offer on the ordinary shares of the Cassa. Specific Shareholders' Agreements with Ente Cassa di Risparmio di Firenze, which will continue to hold a minority stake in the Cassa, are associated to the acquisition of control.

It is expected that, should the Shareholders' Meeting authorise them, the purchases of own shares to serve the transaction described above will commence and will be presumably completed, before all the suspension conditions set forth in the Agreement are met. Should such conditions not be met, and thus in the case of non-execution of the share swap, such own shares may be conserved for any other strategic transactions or sold, on the basis of the decisions made by the Management Board within the limits permitted by the terms of the authorisation requested herein.

## **2. Means to enact the purchases of own shares; minimum and maximum consideration**

The transactions on own ordinary shares must be carried out in accordance with applicable law and regulations in force. In particular, the transactions for the purchase will be carried out in compliance with provisions set forth in articles 2357 and following of the Italian Civil Code, within the limit of distributable income and available reserves as determined in the financial statements of Banca Intesa SpA as at 31st December 2006 after the distribution of ordinary and extraordinary dividends that currently amount to 3,382 million euro.

The purchases shall be made exclusively pursuant to art. 132 of Legislative Decree 58 of 24th February 1998 and subsequent amendments and integrations (Consolidated Law on Finance) and art. 144 bis, par. 1, letter a) and b) of the Regulation approved with Consob Resolution 11971 of 14th May 1999, and subsequent amendments and integrations (Issuer Regulations), that is, in short, by means of a cash or exchange tender offer or purchases on regulated markets. Without prejudice to the limits provided for by paragraph 3 hereafter, the purchase may occur at a unit price, net of ordinary accessory purchase costs:

- (i) no lower than a minimum of 20% and no higher than a maximum of 20% with respect to the simple arithmetic average of the official market prices of ordinary shares in the three months preceding the announcement to the market, if such purchase occurs by means of a cash or exchange tender offer;
- (ii) no lower than a minimum of 10% and no higher than a maximum of 10% with respect to the reference price of the share on the trading day preceding each purchase, if the purchase occurs on regulated markets.

As specifically concerns the purchases of own ordinary shares finalised to the share swap with Cassa shares it must be noted that they must be executed exclusively on regulated markets, pursuant to art. 144-bis, par. 1, lett. b), of Issuer Regulations.

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### **3. Maximum number, category and nominal value of the own shares referred to in the authorisation request; duration of the requested authorisation**

The purchase, in view also of the own shares required by the transaction for the acquisition of control of the Cassa, may involve a maximum number of 800 million Intesa Sanpaolo ordinary shares of nominal value of 0.52 euro each (currently representing 6.3% of share capital) and must in any case be contained within limits set forth by law (10% of the entire share capital, pursuant to art. 2357, par. 3 of the Italian Civil Code, including any shares which may be held by subsidiaries), to ensure which the Group applies specific procedures aimed at monitoring total holding. Purchases may occur at one or more times.

The duration of the authorisation to purchase own ordinary shares is requested for a period of eighteen months from the date in which the Shareholders' Meeting adopts the relative resolution, while the duration of the authorisation to make use of the same shares is requested without time limits.

### **4. Transactions which make use of own shares**

The transactions which make use of own shares purchased to serve the strategic transactions provided for by paragraph 1 above will occur – in whichever form – at values time by time determined, according to the international best practices, in the context of the specific transactions providing for them.

With particular reference to the own ordinary shares necessary to finalise the share swap according to the Agreement, the transactions which make use of such own ordinary shares will occur in favour of the Shareholders of the Cassa according to the terms and conditions of the Agreement itself and to the Share Swap Ratio, briefly illustrated in paragraph 1 above.

The sale, all or in part, of any own ordinary shares held exceeding the need of the transactions for which they have been purchased may occur via trading, also outside the regulated market, at a minimum price no lower than 10% with respect to the reference price struck by the share on the trading day preceding each transaction.

### **5. Further means of trading of own shares**

Within the limits indicated in the previous paragraphs, subsequent purchases and sales of own ordinary shares may also be made.

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Distinguished Shareholders,  
we invite You to approve all proposed above, with reference to the maximum number and the category of own shares which may purchased, to the means of trading and price limits, to the types of use and to the duration of the requested authorisations, 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.

Torino, 11th September 2007

The Management Board