

**SPECIAL MEETING OF  
SAVING SHARES HOLDERS OF**

**INTESA  SANPAOLO  
S.p.A.**

**30<sup>th</sup> April 2007 (First call)  
2<sup>nd</sup> May 2007 (Second call)  
4<sup>th</sup> May 2007 (Third call)**

**REPORT OF THE COMMON REPRESENTATIVE**

## **INTESA SANPAOLO S.p.A**

*Parent company of the Intesa Sanpaolo Banking Group  
Registered in the Register of Banking Groups  
Registered Office: Turin, Piazza San Carlo, n. 156  
Share Capital Euro 6,646,436,318.60  
Registration Number in the Turin Register of Companies  
and Fiscal Code 00799960158, VAT n. 10810700152  
Member of the Interbank Deposit Guarantee Fund and the  
National Guarantee Fund  
Registration Number in the Register of Banks n.5361*

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*Special Meeting of Saving Shares Holders  
30<sup>th</sup> April, 2<sup>nd</sup> May and 4<sup>th</sup> May 2007*

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### **REPORT OF THE COMMON REPRESENTATIVE**

Following the request in accordance with art.146, second paragraph, Legislative Decree n.58/98, the Common Representative has called a special meeting. The agenda for the meeting is as follows:

- information on the occasion of implementing the operation of the conversion of non-convertible saving shares into ordinary shares in the Company on an obligatory equal basis. Related and consequent resolutions.
- attribution to the Common Representative of the share holders in non-convertible saving shares of the responsibility to present to the company bodies a formal request to call an Extraordinary Meeting and subsequent Special Meeting in accordance with the law, on the conversion of circulating non-convertible saving shares in the company Intesa Sanpaolo S.p.A. into an equal number of ordinary shares with the same characteristics as the ordinary shares currently in circulation. Related and consequent resolutions.

The convocation notice was published, in accordance with the law, on the Official Gazette, on 29<sup>th</sup> March 2007, no.37, second part, and also in Il Sole 24 Ore, La Stampa, Il Corriere della Sera, Financial Times and the Wall Street Journal on 30<sup>th</sup> March, 2007.

For the purpose of illustrating the proposals on the agenda, the Common Representative has drawn up this report, while reserving the right to all further interventions at the meeting venue.

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Dear Saving Shares Holders,

You have been summoned for this Special Meeting of the Saving Shares Holders for the purpose of providing information on the operation of the conversion of non-convertible saving shares into ordinary shares on an obligatory equal basis in the Company Intesa Sanpaolo S.p.A. and in order to attribute to the Common Representative, if agreed, the responsibility of presenting to the company bodies a formal request to call an Extraordinary Meeting and subsequent Special Meeting in accordance with the law, on the conversion of non-convertible saving shares in circulation in the company Intesa Sanpaolo S.p.A. into an equal number of ordinary shares with the same characteristics as the ordinary shares currently in circulation.

This request, if accepted, will not imply – as noted to you – any legal obligation on the part of the competent social bodies to proceed in the direction put forward.

Furthermore the power of the Common Representative to request, or ask “formally” for the calling of an Extraordinary Meeting is not provided for in our regulations.

Therefore, irrespective of the nature of resolution (if adopted) of the Special Meeting of the day, the initiative would come about, from a technical point of view by way of a simple “information report” from the Common Representative to the social bodies regarding the outcome of the Special Meeting.

The Board of Management and the Supervisory Board will be asked to examine the outcome without any specific obligation for these Bodies as a result.

## 1. Characteristics of the Intesa Sanpaolo S.p.A. non-convertible saving shares

### 1.1 Rights of non-convertible saving shares holders

Saving shares constitute titles without the right to vote at the Company's ordinary and extraordinary meetings and in the case of *compulsory* takeover bids they do not have the right to take part in the bid.

Intesa Sanpaolo S.p.A. saving shares entitle the holder to attend and vote at the Special Meeting of saving shareholders, in addition to the privileges indicated in articles 28.3 and 29 of the Articles of Association.

The privileges with regard to assets due to holders of non-convertible saving shares, in accordance with articles 28.3 and 29 of the Articles of Association consist mainly of the following:

- distribution of a dividend of up to 5% of the nominal value (*priority dividend*). In the case of distribution of a lower dividend, the difference is calculated and added to the privileged dividend over the next two financial years (*cumulative dividend*);
- distribution of the remaining net income made available for distribution by the shareholders' meeting, to all shares so that the dividend attributable to non-convertible saving shares shall exceed the dividend attributable to ordinary shares by an amount equal to 2% of the nominal value of the shares (*privileged dividend*);
- attribution of the same rights as other shares categories, in the event of distribution of reserves;
- in case of liquidation of the Company the saving shares have pre-emptive rights with regard to the reimbursement of the entire nominal value of the shares;
- the reduction of share capital due to losses does not result in the reduction of the nominal value of saving shares except for the part which exceeds the total nominal value of other shares (*deferral in participation in losses*);
- in the case of exclusion of the Company's ordinary and saving shares from trading in regulated markets, the saving shares maintain their own rights and characteristics, unless otherwise resolved upon by the Extraordinary and Special Shareholders' Meetings.

## 1.2 Composition of pre and post-merger share capital

Data as at:	31.12.06 Banca Intesa		31.12.06 Sanpaolo IMI		02.01.07 Intesa Sanpaolo	
No. ordinary shares	6,015,588,662	86.58%	1,590,903,918	84.84%	11,849,117,744	92.7%
No. saving shares	932,490,561	13.42%			932,490,561	7.30%
No. preferred shares			284,184,018	15.16%		
<b>Overall share total</b>	<b>6,948,079,223</b>	<b>100 %</b>	<b>1,875,087,936</b>	<b>100 %</b>	<b>12,781,608,305</b>	<b>100 %</b>

## 1.3 Annual price trends of non-convertible saving shares and ordinary shares of Banca Intesa S.p.A. before the merger with Sanpaolo IMI S.p.A.

Official prices  
Between 31.12.05 and 31.12.06

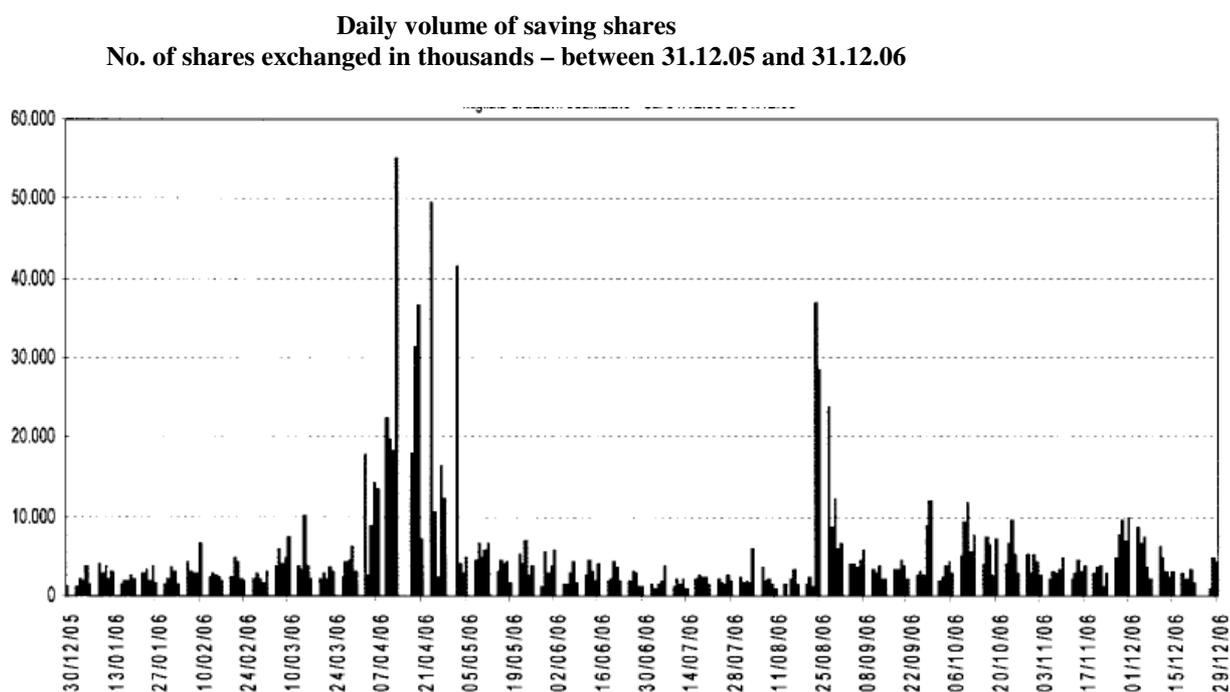


1.4 Five-year trend of the relationship between the price of ordinary shares and saving shares of Banca Intesa before the merger with Sanpaolo Imi S.p.A.

Ordinary share price / Saving share price  
Between 01.01.02 and 31.12.06



1.5 Quantity of exchanges on Banca Intesa S.p.A. saving shares for last year



1.6 Dividends for the last five years in relation to ordinary shares and saving shares showing the profit per share (Banca Intesa S.p.A.)

**INTESA GROUP: Profit per share**

	2001	2002	2003	2004	2004 IAS	2005	2006
Profit for financial year [A]	928	200	1,214	1,884	1,841	3,025	2,559
No. shares as at 31.12 (m) [B]	6,710	6,848	6,848	6,848	6,848	6,916	6,948
<b>EPS [A/B]</b>	<b>0.14</b>	<b>0.03</b>	<b>0.18</b>	<b>0.28</b>	<b>0.27</b>	<b>0.44</b>	<b>0.37</b>

## INTESA GROUP: Dividend yield

	2001	2002	2003	2004	2006
<b>Ordinary share</b>					
Dividend per share (*)	0.045	0.015	0.049	0.105	0.220
Average share price	3.809	2.578	2.600	30.72	3.857
Dividend yield	1.18%	0.58	1.88%	3.42%	5.70
<b>Saving share</b>					
Dividend per share (*)	0.080	0.028	0.060	0.116	0.231
Average share price	2.437	1.878	1.887	2.403	3.550
Dividend yield	3.28%	1.49%	3.18%	4.83%	6.51%

(\*)

Dividends for the financial years 2003 and 2002 do not take into consideration the counter value of shares attributed without charge to members, which with reference to their book value in the two financial statements (euro 3.180 and euro 2.049 respectively for each share), the overall total of which was equal to 1,013 million in 2003 and 326 million in 2002.

## 2. Reasons and opportunities for the conversion proposal

With regard to the first point on the agenda, the request to have evaluated on an estimated basis a hypothesis of conversion of non-convertible saving shares into ordinary shares was proposed at the category meeting by an institutional investor with a significant shareholding of category share capital (that is, greater than 1%).

In consideration of the current capitalisation on the financial market of non-convertible saving shares compared to ordinary shares, in addition to the associated floating funds, the hypothesis was put forward that the conversion of saving shares into ordinary shares on an obligatory equal basis could be in the company's interest, and in the interests of all shareholders.

The obligatory equal conversion between the two categories could indeed result in objective economic advantage in terms of:

- 1) Simplification of the share capital structure of the company, with a possible greater appreciation of ordinary shares on the part of institutional investors and of the market in general and an increase in the overall market capitalisation of the company;
- 2) With regard to the interests of the category shareholders it must be observed how the type and extent of the privilege with regard to asset rights incorporated in the saving shares would no longer seem to justify the decrease in the administrative rights reserved for them, with particular reference to the exclusion of the exercise of the right to vote at ordinary and extraordinary meetings.

This result is significantly represented by the historical trend of the relationship between the price of saving shares and the price of ordinary shares. This relationship has been slightly eroded over time and could be currently justified by the fact that the market keeps the conversion limited.

With such a viewpoint, the aligning of the prices of the two share categories seems to motivate as much with regard to the measure of asset privilege

incorporated in the saving shares (priority of 5% + privilege of 2% of the nominal value of the share, which is equal to Euro 0.52% today), as to the value of the right to vote, considering the ownership structure of the Company. On the other hand, the conversion, with the devised procedures (obligatory with an equal relationship), could result in an immediate asset advantage for the saving shareholder, equal to the current “discount” valued as the difference between the price of the saving share and the price of the ordinary share on the market.

- 3) Elimination of expenses and costs attributable to this category, which, by way of an example, are those associated with the remuneration of the category representative, the expenses relating to the holding of the associated special meetings in addition to the costs relating to the procedural obligations for the implementation of possible extraordinary operations. Indeed in such case the approval of the special category meeting could become necessary ex art.146 T.U.F with the inevitable time extensions and risks of non-implementation of operations which are advantageous for the company.
- 4) In view of the restricted number of saving shares in circulation, particularly as a result of the merger with Sanpaolo IMI S.p.A., the devised conversion operation would have a insignificant dilutive effect on the right to vote of the ordinary shareholders.

The current difference in price between ordinary shares and saving shares which would be acknowledged to saving shareholders given the hypothesis of equal conversion, and given the current price it would not seem to result in significant transfers of wealth between share categories, such to compromise the ordinary shareholders.

It should also be underlined that such a conversion operation would be in line with market practice thus leading in the last few years to the elimination of saving shares on the part of the quoted issuers.

In particular it is necessary to note that in the past 5 years 24 operations of conversion from one share category to another have been completed of which 13 operations have involved obligatory conversions of saving shares into ordinary shares with joint relationship.

Among these are included Alleanza Assicurazioni S.p.A. and Cofide S.p.A. (2002); Aedes S.p.A., NGP S.p.A., Mondadori S.p.A., Linificio and Canapificio Nazionale S.p.A., Banca Finmat S.p.A. (2003); Intek S.p.A., Pininfarina S.p.A. (2004); Sopaf S.p.A. and Valentino S.p.A. (2005); BNL S.p.A. and Jolly Hotels S.p.A. (2006).

Finally, it must be observed that the simplification of the share capital by means of elimination of *dual* structures of share categories so as to diminish the principle of proportionality between power and risk of management (one share-one vote) is the solution that although the subject of intense debate has emerged as preferable on an efficiency level, in the light of economic literature on international principles regarding Corporate Governance (ICGN) and on the same matter expressed by the European Commission.

### 3. Procedures for conversion (obligatory and with joint relationship)

With reference to the conversion relationship (joint) and to the procedures of conversion (obligatory) being proposed, these find justification basis in the following considerations:

- 1) The company legal discipline. A conversion with a relationship other than a joint relationship could result in complications on a procedural and implementation level.  
A conversion below par without adjustment in money could require a reduction in share capital, or rather, in order to maintain unchanged the figure of same, the use of reserves to cover the differential value. In the case of a conversion below par with adjustment in money the operation could not have an obligatory nature and would no longer have the characteristics of a simple accounting operation, with the following complications, also in terms of operating and administrative costs;
- 2) the relationship of conversion to par could be considered congruous considering the current prices of the two categories, the trends of these during an average period and above all the trend of the relative prices measured by the ordinary shares/saving shares *spread*. In other words it could be hypothesised that the obligation of the conversion with the extinction to the privileged rights would be compensated not only with the market discount (very slight) – recognised on conversion – but also by the greater value which could be attributed to the rights to vote as compared to the asset privileges in force. The value which would seem to be expressed already through the alignment of the prices of the two shares;
- 3) furthermore the obligation of the conversion is shown to be necessary for the achievement of the devised objective: the certainty of the conversion of every saving share with all the consequent advantages indicated above.

The certainty that an optional conversion could not be included in the hypothesis, whereby certain shareholders could remain after the conversion with the inevitable and even more unjustifiable permanence in the category;

- 4) finally the procedures for the conversion in question were used as indicated above in the practice, by now consolidated, for operations of this kind: the 13 operations of obligatory conversion carried out in the last 5 years have all provided for a 1:1 conversion relationship. Only one operation provided for an adjustment of money on the part of saving shareholders.

Following the conversion of the non-convertible shares into ordinary shares, the Saving Shareholders, in addition to being able to exercise the right to vote at all Company meetings, ordinary and extraordinary, could benefit from the greater liquidity of such shares and from the typical privileges of the category of shareholders with the right to vote.

It remains the case, however, that the conversion would result in the extinction of the asset privileges mentioned above.

#### **4. Mandate to the Common Representative of the saving shareholders and possible phases in the process**

With regard to the second point on the agenda, if the Common Representative of the shareholders of non-convertible saving shares were awarded the responsibility to present to the company bodies a formal request to call an Extraordinary Meeting of Intesa Sanpaolo S.p.A. for the purpose of the conversion of saving shares into ordinary shares on an obligatory equal basis and if, following such a request, the competent Bodies of the Bank decided with their full discretionary powers to proceed to convene an extraordinary meeting, it would be necessary therefore to reconvene the Special Meeting of the Shareholders of non-executive shares in accordance with art. 146, paragraph I, lett. b) of Legislative Decree no. 58, 1998 for the purpose of approving according to competence such a possible resolution.

Milan, 6<sup>th</sup> April, 2007

*The Common Representative*

Prof. Paolo Sfameni