

On September the UniCredit EWC Select Committee met Mr Piazzolla, Head of Human Resources Dept, and Top Management of the GBS Division.

The discussion regarded the Group's situation during this difficult conditions of the market and the implementation of the 3Y Plan.

About the first issue, Mr Piazzolla pointed out the general solidity of the UniCredit Group, as also Mr Profumo did in his last two communications, published on the Group's web portal.

However the Head of the H.R confirmed that the present crisis is extremely serious, it could have an unforeseen evolution and involves the whole market. Difficulties affecting one bank automatically hit the financial system, even very solid entities, producing a ripple effect that deeply concerns operators: some important groups, as Dexia and Fortis, are in serious difficulties.

The global turmoil, due to its systemic nature, particularly hits systemic player, such as UniCredit Group.

Mr Piazzolla said that the negative performance of the share, in comparison to the other Italian Banks, depends on the a.m condition and also on the capital adequacy ratio (Core Tier 1), kept under observation by the Market due to the recent acquisition (HVB and Capitalia Group).

However some important actions, concerning real estate and credits portfolio, are about to be completed: these actions should drive the Core Tier 1 to the 3Y Plan prevision within the end of 2008.

In order to reach this goal, the Group does not mean to sell any activity but the ones announced at the moment (branches, participation in Generali insurance company, some real estate properties). These are non-strategic assets but in any case they won't be sold off , thanks to the solidity of the Group.

Mr Piazzolla strongly confirmed that no information has been hidden to the market; anyway it is possible that UniCredit share performance also depends on speculative activities.

The Group lead a very strong position in the traditional business through its commercial Banks and this is a key strategic element.

Some reorganization and changes in the costs' structure is possible for the investment banking and asset management activities, as the main problems are clearly concentrates on that area.

In any case UniCredit Group will not waive this activities.

As far as liquidity is concerned, Mr Piazzolla said the situation is comfortable but the Corporate Division is checking on the EVA negative customers.

All the 3Y Plan targets are confirmed up to this date, though, due to the scenario evolution, it cannot be excluded a slower implementation of the Plan in its foreseen investments oriented to strengthen the Group's presence in East Europe (Russia, Turkey, Romania in particular).

About costs, the Head of H.R Dept declared costs' reductions will be managed in addition to the 3Y Plan estimated ones. The cut will not impact on staff costs, but only on accessory costs, as international transfers, conventions and some other administrative costs. Also the Top Managers' remuneration will be strongly reduced with regard to its variable part, which happens to be the most consistent one. About this specific topic further information will be provided during the next EWC ordinary meeting. Anyhow, Mr Piazzolla said, we are in a transitory situation to be faced with day by day adjusted tactics.

Further information will be provided during the next EWC ordinary meeting, on October 16, with the participation, as usual, of the Top Management.

The EWC Select Committee took note of the assurances, though strongly requested that the Commercial Divisions (in particular the Retail one) will promptly provide the front line working colleagues with instructions about how facing customers, as they are very concerned about their investments. Mr Piazzolla understood the S.C. requests and assured he would address the message to the appropriate functions.

As far as the 3Y Plan is concerned, the Select Committee strongly asked that the reorganization and all actions foreseen in each Country are supported with an appropriate level of sharing with the local workers representatives. Therefore it's necessary to look for local agreements, particularly concerning employment in order to avoid collective dismissals. Moreover the foreseen relocations of activities from one Country to another are to be reconsidered in the light of the 3Y Plan declared redundancies. About all these topics, Mr Piazzolla confirmed the Group will look for local agreements.

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The Select Committee of UEWC