

A program concerning the remuneration and incentive plans of the "Top Management" is in force as resolved by the Board of Directors, upon proposal of the Remuneration Committee.

The program refers to the 2005-2006-2007 year period and consists of three elements:

- a) an annual compensation, based on the financial result of each year, equal to the 5% of the consolidated net profit generated by the Company in excess to the 5% of the consolidated Net Equity at the beginning of the period. Such an amount is attributed: 50% to the President, 25% to the Managing Director, 10% to the General Manager and the residual 15% to be divided among other Managers.
- b) a compensation based on the growth of the Group's net equity in the three years period, to be paid at the end of 2007. Such compensation equals to 5% of the differential between the "consolidated Net Equity" at the end of period and the "consolidated Net Equity" at the beginning, increased by a 15% factor; the proportional assessment is as detailed in item a).
- c) a nominal "stock option" plan (so called phantom stock) with a compensation equal to the differential between the monthly average of *Premuda* share Stock Exchange price, registered upon the option assignment and its price in the week preceding the option declaration.

The options refer to a maximum total number of 2,700,000 shares per year and are to be exercised within 36 months starting from January 1st of the following year. The options assigned refer to 1,350,000 shares for the President, 810,000 for the Managing Director and 540,000 for the General Manager. Initial share value is € 1.80 for the options assigned in 2005 and 1.497 for those assigned in 2006. As of today, no option has been exercised yet.

The extraordinary compensation plan as described in item c) is a change to the remuneration plan described in the 2005 financial report (please refer to it), which has been cancelled and replaced with the new one, with the agreement of the interested parties. In 2006, options were assigned the 30th of October.

The 2006 compensation amount to be paid to the "Top Management", as per item a) has already been charged to Profit and Loss through a specific allocation of €/mil 0.8.

We have also already booked in the Balance Sheet a total liability of about €/mil 2.1 covering the 2005 and 2006 pro-quota of the estimated bonus to be paid at the end of the three-year period as described in item b) and the expected cost of the stock option plans as described in item c).