



Stock Market Performance

The phase of adjustment characterised by a drop in share prices and turnover during the last months of 2000 continued throughout 2001. After the international crisis in September 2001, which led to a sharp fall off in the value of indices and prices, a partial recovery was recorded in the last months of the year, particularly in October and November.

The peaks for the year as regards all the main Stock Exchange indices were recorded in January. On January 31st the general Stock Exchange index (MIB) rose to 30,187, while on January 19th the general index of the Nuovo Mercato (NUMEX) reached 5,512. On Friday September 21st, coinciding with the expiry of derivatives, turnover of shares listed on the Stock Exchange reached the year's high equal to 4.9 billion euro. During with the same session, however, the year's lows were reached as regards all indices (both for the Stock Exchange and for the Nuovo Mercato).

STOCK EXCHANGE: THE TREND IN PRICES AND TURNOVER

The downward phase that characterised the last months of 2000 continued in 2001 and the trend in share prices deteriorated at the time of the international crisis sparked off by the September 11th attacks, taking the Stock Exchange indices to the year's lows. The recovery was seen particularly during the months of October and November, with a growth in the value of indices and capitalisation.

The MIB index - after five years of growth - closed 2001 down by 25.1%. The performance of the continuous indices was basically uniform, with MIBTEL (-24.6%) and MIDEX (-24.8%) close to the MIB and the MIB30 (-26.2%) slightly worse. The MIB STAR index (-9.1%) showed the better resistance of the shares on this new market segment.

- With respect to the three macrosectors, 2001 saw a better resistance of Industrials (-15.1%) compared to Services and Financials, which closed with respective variations of -26.0% and -28.9%. In reference to the main sectors (more than 1% of total capitalisation), Minerals-Metals-Petroleum saw a positive performance equal to +0.8%, while the largest decreases were recorded by Publishing (-51.3%) and Chemicals (-37.8%).
- The volatility of the stock indices was initially stable at the previous year's levels, subsequently increasing following the events of September 11th (chart 3). There was a growth in volatility, on an annual basis, from 19.3% in 2000 to 21.9%. The difference

The MIB index rose to a high of 30,187 on January 31st, fell to a low of 17,012 on September 21st and closed 2001 at 22,232 (-25.1% with respect to 2000 year-end but +30.7% compared to the year's low)

between the peak and low of the MIB index was 77.4%. There were 116 positive sessions, against 136 negative sessions; the highest daily positive variance (+7.1%) was recorded on Monday September 24th; the maximum negative variance (-7.4%) occurred on Tuesday September 11th.

The negative performance of the market conditioned the liquidity of equity turnover, which recorded a decline after five years of continuous growth. Overall turnover fell from 838.5 to

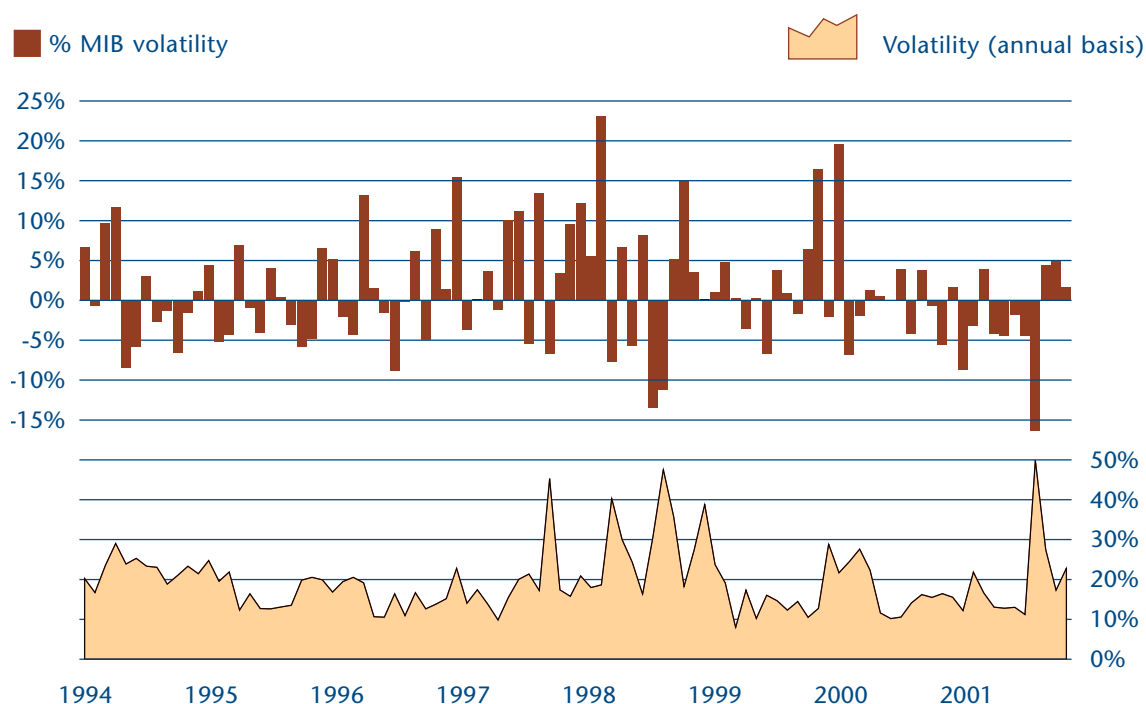
637.1 billion euro (-24.0%), the number of trades executed dropped from 50.7 to 36.7 million (-27.5%). The corresponding daily averages went from 3.3 to 2.5 billion euro and from 199,557 to 145,795 trades. The overall figures for turnover and trades rank second in the history of Borsa Italiana.

In 2001, because of the negative trend in share prices, there was a fall off in equity turnover, after five years of continuous growth, with overall turnover down to 637.1 billion euro

Stock Exchange liquidity has remained at high levels, as shown by the trend in turnover velocity (the ratio between overall turnover and average market capitalisation), which reached the level of 93.3%, below the previous year's 115.5%, but positioned at the historically highest levels for the Italian market. The growth in off-exchange trades (blocks and off-market) was very limited (+2.6%); the percentage of same with respect to the total electronic trading system, amounting to 8.0%, once again shows the centrality of the regulated stock market with respect to the alternative trading systems.

- The breakdown of sessions by turnover and of shares listed by class of liquidity (tables 8 and 9) shows how, in 2001, the decrease in liquidity slowed down the shift in distribution towards the classes characterised by higher trading volumes. In particular, in 2001 only

CHART 3 - STOCK EXCHANGE: MONTHLY RETURN AND VOLATILITY





49.1% of shares traded more than 250,000 euro per day (64.1% in 2000), while 50% of sessions (78% in 2000) recorded turnovers of over 2.5 billion euro.

- As normally happens where there is a decline in liquidity, the percentage of trades on the main securities increased with respect to the previous year (chart 4). In reference to the top five, ten and thirty most active shares, the turnover was respectively equal to 44.2%, 64.2% and 90.2%, compared to 36.6%, 53.8% and 83.0% for the previous year. With respect to 2000, the concentration of turnover on the MIB30 securities was also up, amounting to 81.9% of the total turnover (68.5% in terms of trades), while as regards the MIBEX it dropped to 3.8% (8.8%).
- The temporal concentration of trades moved towards a less uniform distribution of activity compared to that recorded the previous year. The sessions characterised by high trading volumes for technical reasons (expiry of derivatives) increased their importance with respect to 2000. In 2001, the derivatives expiry sessions represented the first, second, third, sixth and eighth of the top ten trading days in terms of equity turnover. On the other hand, the percentage of the twelve futures and option expiry days on the overall annual turnover (6.5% against 6.4% in 2000) and the average level of their turnover (+36.3% above the annual daily average compared to 35.0% in 2000) were in keeping with the past.
- The daily average trend level of 2.1 billion euro was exceeded in all months apart from August and in September 3 billion euro per day was achieved (chart 5).
- During 2001, due to the negative trend in the market, there was a fall off in the presence of retail investors which had characterised 2000. The average size of trades during the daytime session increased from 16,542 euro in 2000 to 17,340, returning to 1999 levels. A satisfactory level of activity was also seen when the Stock Exchange markets remained open during national holidays (April 25th and November 1st) even if turnover was down on

CHART 4 - STOCK EXCHANGE: MOST ACTIVE SHARES

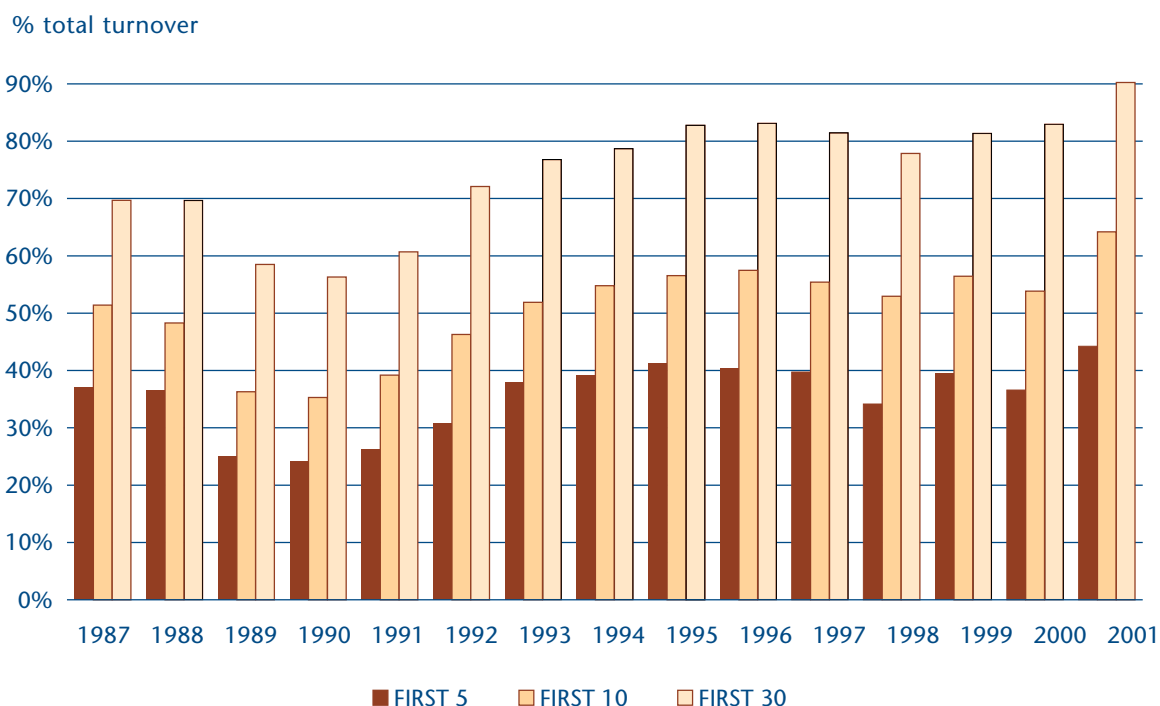


TABLE 8 - STOCK EXCHANGE: BREAKDOWN OF DAILY SESSIONS BY TURNOVER

Year	Daily turnover (millions of euro)															
	0-100	100-200	200-300	300-400	400-500	500-600	600-700	700-800	800-900	900-1 000	1 000- 900	1 500- 1 000	2 000- 1 500	2 500- 2 000	3 000- 2 500	more than 4 000
1994	-	23	75	66	29	25	19	5	6	2	2	-	-	-	-	-
1995	-	49	101	65	22	7	3	2	-	1	-	-	-	-	-	-
1996	2	48	92	63	17	12	9	1	3	3	2	-	-	-	-	-
1997	-	1	12	32	37	38	31	26	21	15	32	3	1	1	1	-
1998	-	-	-	-	-	-	-	4	3	2	112	79	30	12	10	1
1999	-	-	-	-	-	-	-	1	2	2	59	81	65	24	16	4
2000	-	-	-	-	-	-	-	-	-	1	6	4	47	46	101	49
2001	-	-	-	-	-	-	-	-	2	1	8	37	78	73	47	6

average by 52.4%. This was due to the combined action of institutional investors, foreign investors and retail investors who enter the market using advanced procedures such as on-line trading and call centers. During these sessions the average size of contracts, with a decrease of just 2.4%, remained substantially on a par with the other sessions.

- As regards the new Stock Exchange segmentation introduced in April, the performance of the STAR segment dedicated to small and medium-sized companies with high requisites was particularly interesting (table 10). At the end of 2001, capitalisation of the 37 STAR companies amounted to 8,212.7 million euro, representing 1.4% of the total Stock Exchange figure. With respect to only small and medium sized companies (those belonging to the STAR and the ordinary segment, therefore excluding blue chips), on December 28th the STAR segment represented 25.3% of the total number of small and medium listed companies and 34.2% of the capitalisation. From a volume standpoint, the relative weight of the STAR segment rose from 19.2% of April to 41.3% of December in

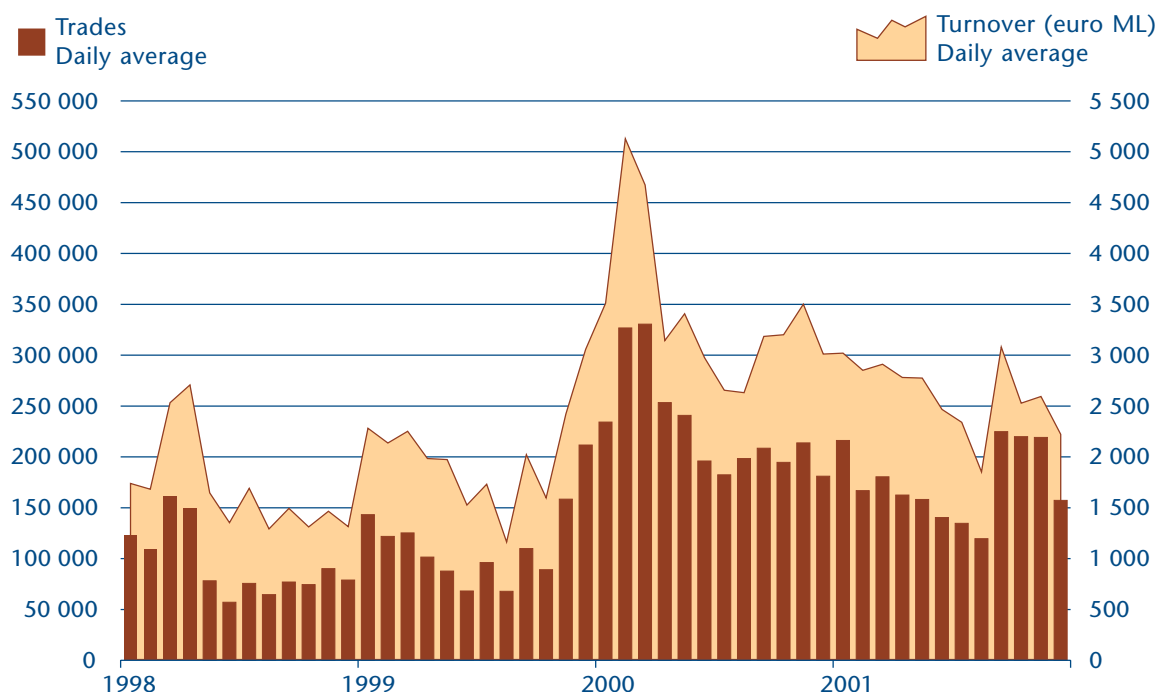
CHART 5 - STOCK EXCHANGE: TREND OF AVERAGE DAILY TURNOVER



TABLE 9 - STOCK EXCHANGE: BREAKDOWN OF LISTED SHARES BY LIQUIDITY

Daily average turnover (euro)	Percentage of total number of shares and value in each class											
	1996		1997		1998		1999		2000		2001	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value	Shares	Value	Shares	Value
more than 50 ml	-	-	0.6	22.1	3.0	52.9	3.5	58.3	4.8	70.0	4.7	74.0
from 25 to 50 ml	0.3	13.4	1.5	24.4	1.8	11.6	2.9	13.9	3.7	13.0	3.1	11.6
from 10 to 25 ml	1.8	36.5	2.8	20.7	6.6	18.1	5.5	13.7	4.0	6.6	2.8	6.0
from 5 to 10 ml	3.0	19.9	4.3	14.3	5.1	5.9	5.2	5.4	7.1	4.3	3.5	2.7
from 2.5 to 5 ml	3.6	11.7	4.9	7.1	7.8	4.5	7.5	4.1	7.7	2.6	5.0	2.2
from 1 to 2.5 ml	6.8	9.9	7.0	5.2	14.9	4.0	11.2	2.5	13.4	2.1	8.5	1.8
from 500 000 to 1 ml	3.3	2.1	8.9	2.6	14.3	1.7	7.8	0.9	12.0	0.8	9.1	0.7
from 250 000 to 500 000	8.6	2.9	12.2	2.0	12.2	0.7	11.5	0.6	11.4	0.4	12.3	0.5
from 50 000 to 250 000	21.7	2.9	25.1	1.4	19.7	0.5	23.6	0.5	17.1	0.2	25.2	0.3
from 25 000 to 50 000	10.7	0.4	7.6	0.1	5.4	0.030	6.9	0.040	8.5	0.029	5.7	0.025
from 5 000 to 25 000	18.4	0.2	15.3	0.1	5.1	0.010	9.5	0.024	7.1	0.010	14.8	0.021
less than 5 000	16.6	0.031	5.8	0.004	1.8	0.0005	3.7	0.001	2.6	0.001	5.0	0.002
no deals	5.3	-	4.0	-	2.4	-	1.2	-	0.6	-	0.3	-

terms of trades executed and from 24.4% to 49.2% in terms of turnover. Overall turnover, from April to December, amounted to 1.8 billion euro (daily average equal to 9.4 million euro) with a total of 394,618 contracts traded (daily average of 2,099 contracts per day). Losses on the MIB STAR were limited compared to the Stock Exchange general index and the segment closed 2001 at 909, with a decrease of 9.1%, while MIB's performance was -25.1%.

- In 2001, block trading of listed shares represented 7.1% of overall turnover on the Stock Exchange, with a slight increase on 2000. There was essentially no change in the average size of block transactions, up from 9.7 million euro in 2000 to 9.9 in 2001.
- In keeping with the trend of the number of instruments listed, trading in warrants, which totalled 1,102.4 million euro, was down on the previous year, while trading in convertible bonds showed a strong growth of 42.8% for a total 1,599.8 million euro. Trading in option rights, partly due to effect of the Olivetti capital increase in November, showed an extremely positive trend, up from 354.9 million euro to 1,059.7 (+199.2%).

TABLE 10 - STOCK EXCHANGE: CAPITALISATION AND TURNOVER OF STAR SEGMENT

Month ⁽¹⁾	Companies		Capitalisation		Turnover					
	Month end		Month end		Trades			Value		
	STAR	% tot SME ⁽²⁾	STAR (€ ML)	% on tot SME ⁽²⁾	STAR	% on tot SME ⁽²⁾	Daily Avg	STAR (€ ML)	% on tot SME ⁽²⁾	Daily avg (€ ML)
APR	20	13.6%	5 212.1	16.5%	30 499	19.2%	1 605	174.5	24.4%	9.2
MAY	20	13.8%	5 288.9	16.9%	40 373	18.7%	1 835	211.8	19.7%	9.6
JUN	22	14.8%	5 604.5	17.8%	29 650	17.1%	1 412	175.4	20.1%	8.4
JUL	29	19.2%	7 634.0	24.8%	42 587	30.5%	1 936	203.1	33.9%	9.2
AUG	29	19.3%	7 394.9	25.0%	37 917	30.7%	1 724	164.7	33.0%	7.5
SEP	34	23.3%	6 429.0	29.4%	51 330	29.5%	2 567	191.0	36.9%	9.6
OCT	34	23.3%	6 839.0	30.6%	53 482	33.2%	2 325	180.9	37.7%	7.9
NOV	36	24.7%	7 522.2	32.1%	64 489	36.5%	2 931	243.3	43.5%	11.1
DEC	37	25.3%	8 212.7	34.2%	44 291	41.3%	2 605	216.9	49.2%	12.8
TOTAL					394 618	27.6%	2 099	1 761.7	30.6%	9.4

(1) The new segmentation of MTA began operating on April 2001.

(2) Percentage on the total number of small and medium-size companies listed on the Stocks Exchange (STAR + ordinary segment).

- As shown in chart 6, foreign investors, who tend to move the portfolio more quickly than domestic investors, keep up their interest in the Italian stock market, with a quota of total trading originated outside of Italy equal to 47.3% in the first ten months of 2001 (38.8% in whole 2000), a figure which, even though partial, ranks at the highest level ever reached in recent years.

NUOVO MERCATO: THE TREND IN PRICES AND TURNOVER

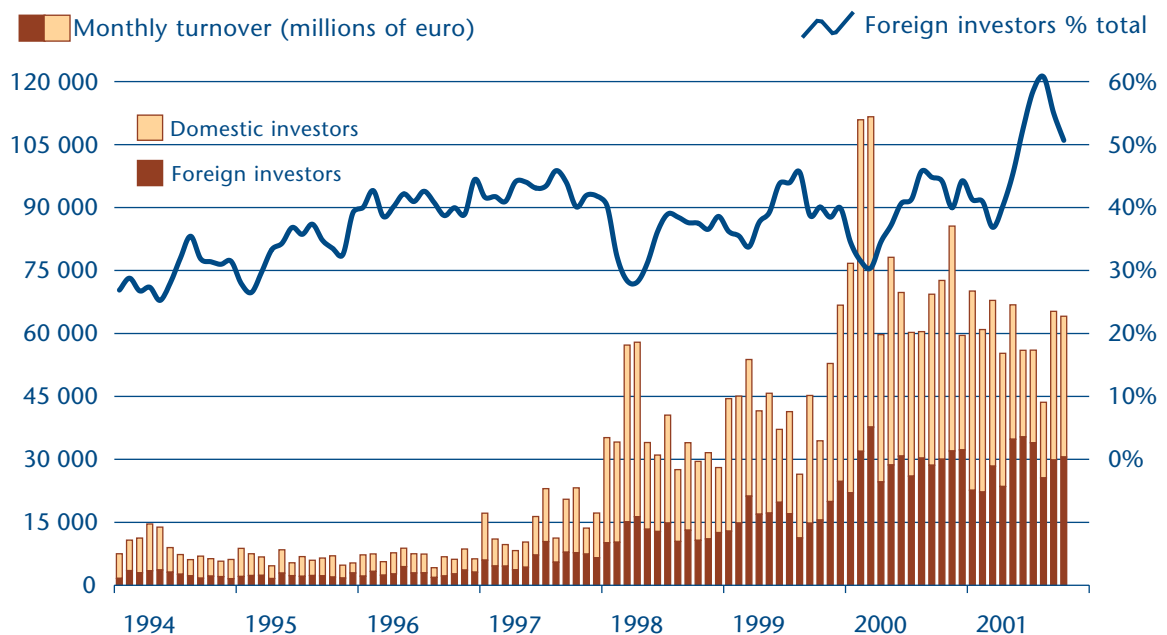
The NUMEX index - calculated daily and based on official prices - achieved the year's high, at quota 5,512, on Friday January 19th, with a positive difference of 13.7% with respect to 2000 year-end. The downward cycle that characterised most of 2000 continued throughout 2001, leading the index to close with a negative sign (-45.7%). It should however be noted

The year's high was recorded by the NUMEX index on January 19th, at quota 5,512, with a positive difference of 13.7% compared to 2000 year-end

that, during the final part of the year, the Nuovo Mercato showed a much more noticeable improvement in share prices than the Stock Exchange. The percentage difference between the value of the index at the end of 2001 (equal to 2,633) and the low for the year (1,502 on September 21st) amounted to 75.3%, while that between the year-end value and the value on September 10th amounted to 30.4%.

The breakdown of the NUMEX trading sessions by sign showed 108 positive sessions, 141 negative sessions and 3 without change. On Wednesday October 11th the highest daily positive variance was recorded (+10.9%), on Wednesday January 3rd maximum daily negative variance (-8.8%).

CHART 6 - ACTIVITY OF FOREIGN INVESTORS



Source: Borsa Italiana and UIC.



The volatility of the NUMEX, which was extremely high in the months of January, September and October, nevertheless remained below the level of the previous two years (44.3% compared to 68.2% in 2000 and 80.8% in 1999).

- The liquidity of the Nuovo Mercato was particularly high, with a turnover velocity ratio of 118.7%. Most of the Nuovo Mercato shares traded at 100% of the sessions. Tiscali and e.Biscom shares, apart from being the most capitalised, were also the most traded of the entire market: from a capitalisation standpoint, at the end of December together they represented almost 50% of total capitalisation, and 61.9% of the overall trading value of the year.
- In 2001 the average size of trades, with respect to the daytime market, was 2,829 euro, demonstrating the largely retail nature of the Nuovo Mercato. This figure is significantly lower than the average of 17,592 euro of the Stock Exchange. During 2001, the drop in the absolute value (fallen by 27% compared to 3,873 of the previous year) is actually due to the negative trend of stock prices. These figures, once deflated by the trend of stock prices, show a growth of the average size of trades equal to 111%
- Trading carried out off the regulated market amounted to 3.3% of the total.
- There are also four warrants dealt on the Nuovo Mercato: three on e-Planet were admitted on 5 November 2001 and one was admitted on 27 November 2000 on Tecnodiffusione. Overall trading amounted to 48.7 million euro, with 71,021 contracts concluded.

In 2001, the overall turnover on the Nuovo Mercato amounted to 20,568 million euro, with a daily average turnover of 81.6

THE MERCATO RISTRETTO

Trading on the electronic trading system of shares dealt on the Mercato Ristretto, amounting to 398.8 million euro, showed a decrease with respect to the previous year, while total trading (including blocks and off-market) fell to 455.7 million euro overall. The daily average turnover amounted to 1.6 million euro, with 268 trades executed on average each day.

THE AFTER HOURS MARKET

Launched on 15 May 2000, the After Hours Market, in 2001, recorded an increase in the number of trades executed, whereas turnover remained essentially stable due to the drop in share prices.

- During 2001, the record was achieved as regards number of trades executed (20,623 on Monday, November 19th). However, the year's peak in terms of turnover (75.3 million euro on Wednesday, January 3rd) was below the all-time high of 28 July 2000 (90.1 million euro). The highest levels of activity were recorded in the months of January with respect to turnover (908 million euro) and November as far as trades are concerned (271,705).
- In the course of 2001, a total 1,919,041 trades were executed resulting in an overall turnover of 5,955.2 million euro. Noticeably, 3,912 million euro were traded in Stock Exchange shares, 1,234 in those of the Nuovo Mercato and 809 in covered warrants. The total number of trades was distributed between 748,784 trades in Stock Exchange shares,

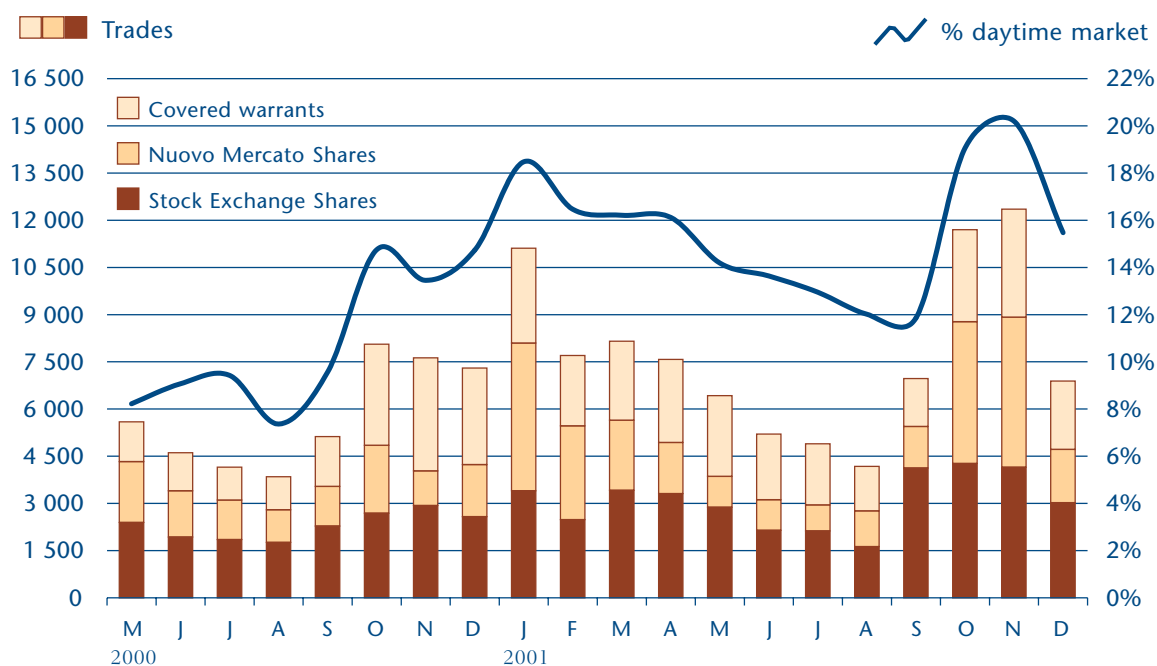
During 2001, a daily average of 7,865 trades were executed on the After Hours Market, up by 36% from 2000

582,022 in the shares of the Nuovo Mercato and 588,235 in covered warrants.

The daily average number of trades increased from 5,781 in 2000 to 7,865 in 2001 (+36.0%). More particularly, the daily average for the Stock Exchange amounted to 3,069 (+33.8%), 2,385 for the shares of the Nuovo Mercato (+63.0%) and 2,411 for covered warrants (+18.3%). In terms of turnover, the daily average went from 25.5 to 24.4 million euro (broken down as 16.0 in Stock Exchange shares, 5.1 in shares of the Nuovo Mercato and 3.3 in covered warrants). The average size of trades (3,100 euro) is a further confirmation of the retail nature of investors taking part in trading during evening hours.

- Following the general pattern already seen in 2000, again during 2001, compared to daytime trading, there was a higher concentration of trading on the shares of the Nuovo Mercato (30.3% of total trades concluded and 20.7% of turnover, compared to 13.4% and 3.0% as regards the daytime phase) and on covered warrants (30.7% of trades and 13.6% of turnover, compared to 13.0% and 3.2%).
- The ratio of trading activity during the evening market and the daytime session (taking into account the different length of time) amounted to 15.5% in terms of trades and 3.4% with regard to turnover (charts 7 and 8).
- Trades executed during the same time frame on the Alternative Trading Systems (ATSs) or directly by authorised intermediaries represent a strict minority compared to trading carried out on the Borsa Italiana regulated market. More specifically, in 2001, 98.8% of the trades on Italian shares and 97.7% of the trades on covered warrants were concluded on the After Hours Market.

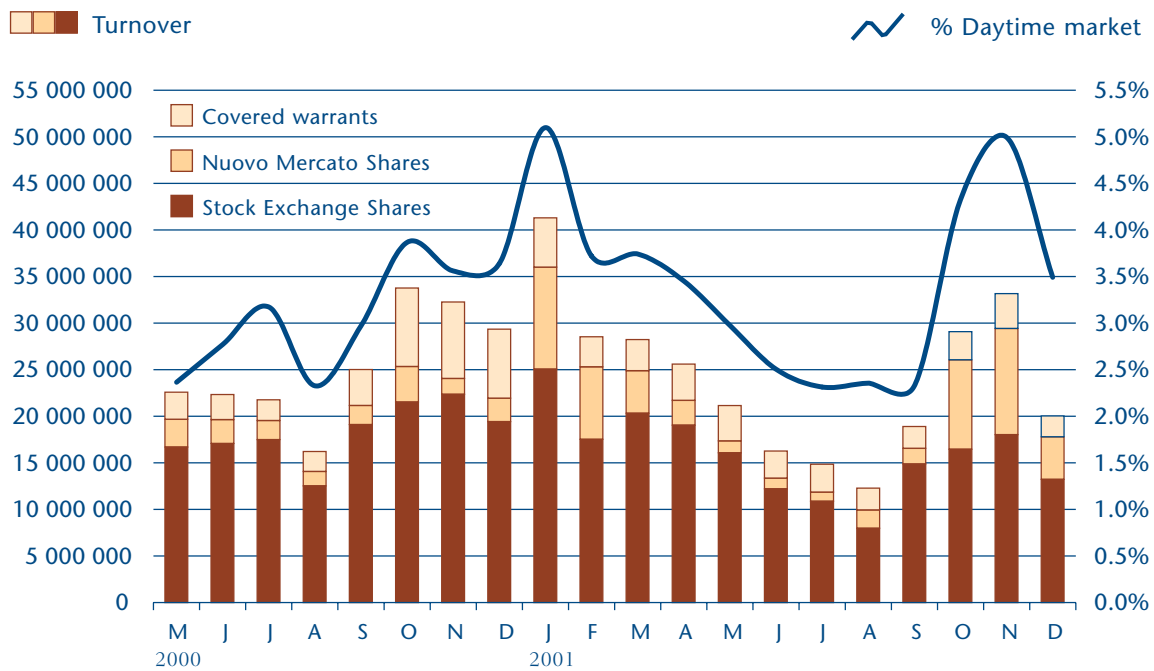
CHART 7 - TRADES EXECUTED ON AFTER HOURS MARKET



Note: the percentage compared to the daytime market is obtained with respect to the activity per minute.



CHART 8 - TURNOVER ON AFTER HOURS MARKET



Note: the percentage compared to the daytime market is obtained with respect to the activity per minute.