

The Covered Warrants Market

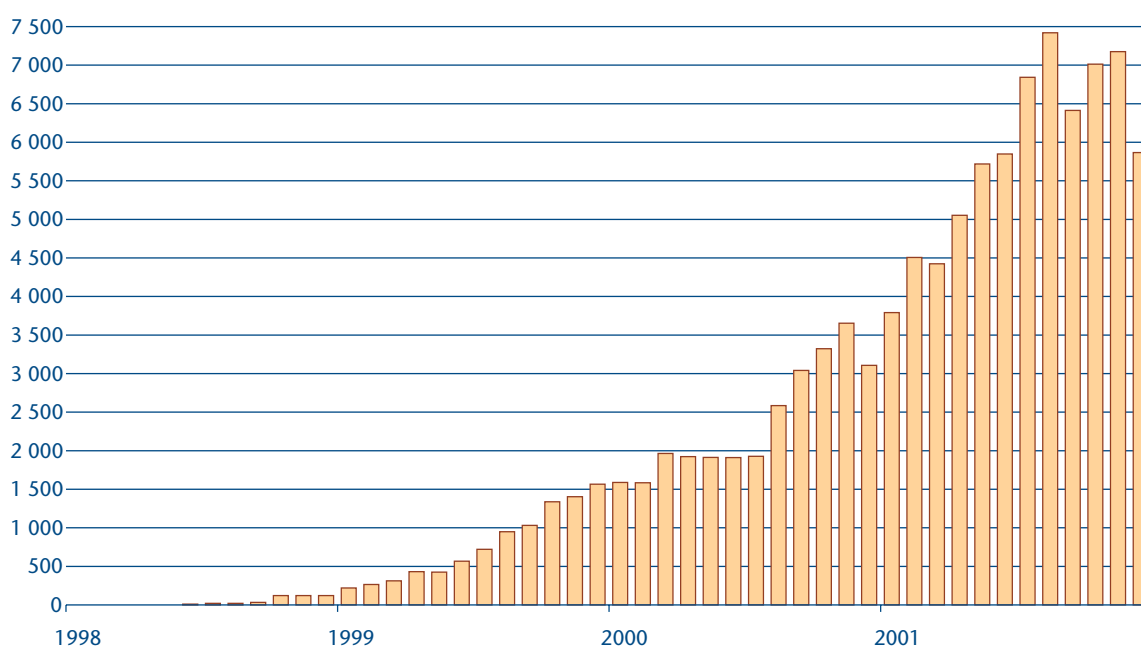
The positive trend in the number of listed covered warrants since these instruments were first admitted to the Italian market in 1998, continued again in 2001 (chart 9). At the end of August, prior to the seasonal flow of delistings which characterised the last quarter of 2001, the overall number of instruments had reached the record level of 7,420 covered warrants

With 8,194 new admissions during 2001, the significant growth in the number of covered warrants listed continues

listed. As further evidence of the progressively greater diffusion of the instrument and of the growing interest on the part of investors and issuers, 2001 closed with 5,866 instruments, after 8,194 admissions and 5,435 delistings, showing a notable increase (+89%) with respect to 3,107 at the end of 2000.

The rise in the number of issuers, up from 15 at the end of 2000 to 23 at the end of 2001, is another indication of the increasing appeal for the market. The distribution of the number of covered warrants by individual issuer has become more uniform: the top three issuers at the end of 2001 (Société Générale, Unicredito Italiano, Goldman Sachs) represented 42.3% of listed covered warrants, compared to 57.9% for the top three issuers at 2000 year-end. If the top 5 issuers are considered

CHART 9 - TREND OF THE NUMBER OF LISTED COVERED WARRANTS





(Citibank and BNP Paribas rank respectively fourth and fifth) the result for 2001 rises to 58.3% with respect to 71.9% at the end of 2000.

As regards market segments, the instruments at the end of December were distributed as follows:

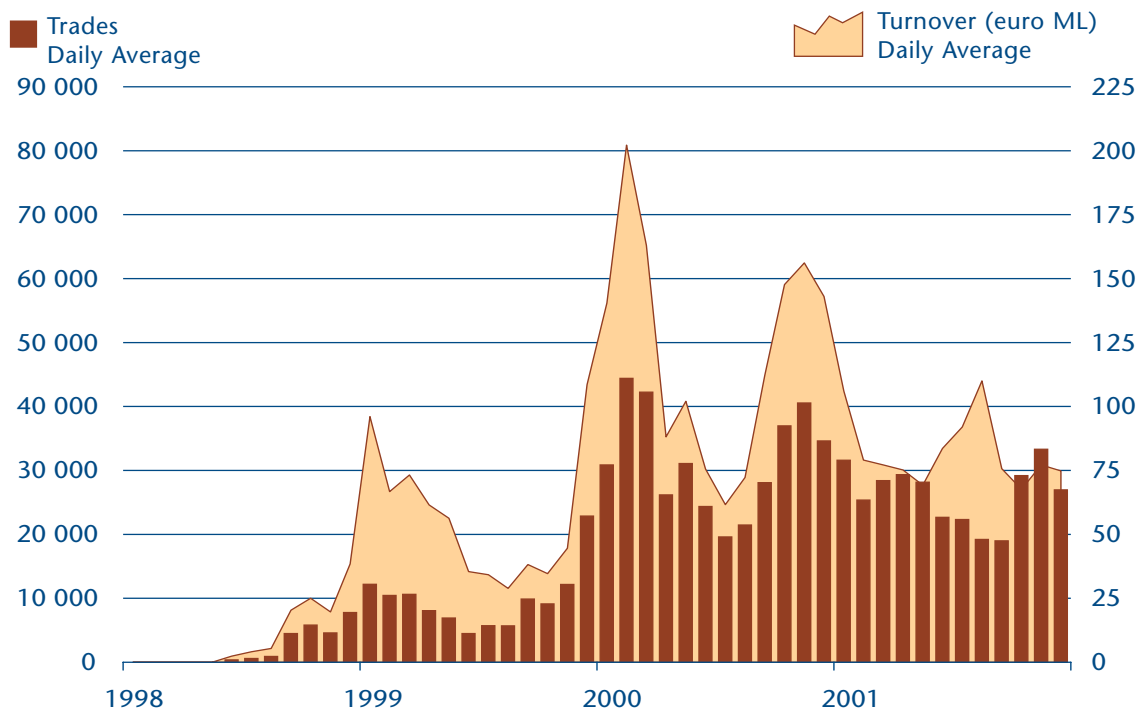
- 5,658 in the plain-vanilla segment, dedicated to covered warrants consisting in a call or put option with strike other than zero;
- 79 in the benchmark segment, dedicated to covered warrants consisting in a call option with strike equal to zero;
- 28 in the certificates segment, dedicated to covered warrants consisting in a call option with synthetic indices constructed by the issuer as the underlying;
- 101 in the structured/exotic segment, dedicated to covered warrants that are combinations of call and put options or that incorporate exotic options.

THE TREND OF TRADES

Compared to the previous year there was a fall off of 35.2% in overall trading (chart 10). Turnover - calculated in reference to the price paid by the buyers and therefore assimilable to the premium on options - amounted to 20,799.9 million euro (daily average of 82.5 million euro) compared to 32,110.3 in 2000 (daily average 126.2). There were 6,635,598 trades executed, to give a daily average of 26,332. With reference to the entire electronic system (which apart from the MCW also includes the MTA, Nuovo Mercato, Mercato Ristretto, MOT and EuroMOT), in 2001 the covered warrants market represented 3.0% of turnover and 12.6% of trades, positioning itself just below the levels recorded by the Nuovo Mercato.

Trades in covered warrants during 2001 amounted to 6.6 million contracts with an overall value of 20.8 billion euro

CHART 10 - MCW: TRADES AND TURNOVER



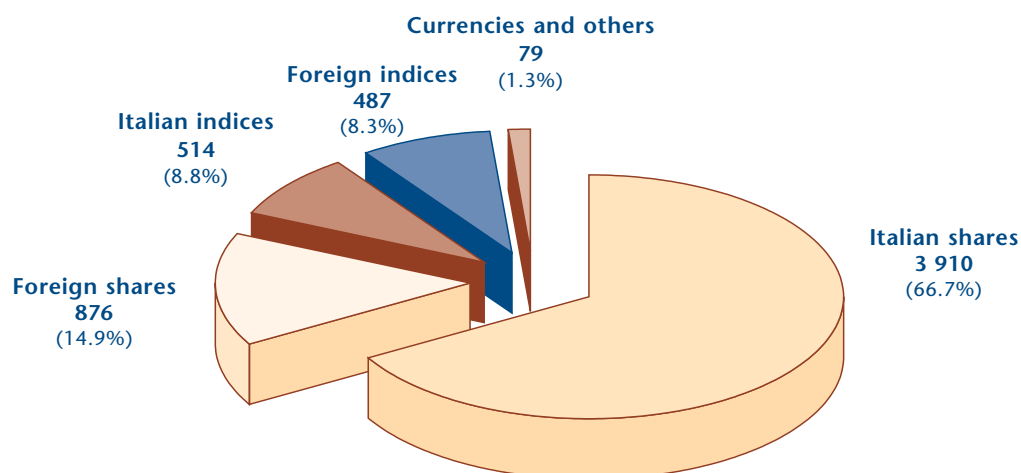
In the month of August, also as a result of the record achieved in terms of listed instruments, the highest daily average turnover was recorded (110 million euro). In terms of trades, the month of November was the most liquid with a daily average of 33,000 contracts.

As confirmation of the strictly retail nature of the market, the average contract size dropped further with respect to 2000, decreasing (in reference to the daytime market) from 3,900 euro to 3,300 euro. During the days when, although national holidays, the Stock Exchange still remained open for trading, the daily turnover fell on average by 34.8% with respect to the normal trading sessions and the average size of contracts in euro dropped by 8.7%. Conversely, during the summer period a significant increase was observed in the average size of contracts (4,300 euro in July and 6,000 euro in August - daytime market), which returned to average values in September, continuing along similar lines up to year-end. The decrease in average contract size was more pronounced in reference to the evening session, during which it fell from 2,300 euro in 2000 to 1,300, rising significantly during the summer months (1,500 euro per trade in July and 1,600 in August).

THE LISTED INSTRUMENTS

As confirmation of the appeal for the market, during 2001 there was an increase in the range of instruments underlying the covered warrants: at the end of the year the number of underlying instruments rose to 251 compared to 210 at the end of 2000. The breakdown of the underlying instruments by category showed the foreign shares to predominate with 130 different underlying instruments (Nokia, Deutsche Telecom and Cisco were the most represented). Next came the indices, with 62 different underlyings (the most represented are

CHART 11 - MCW: BREAKDOWN OF THE NUMBER OF COVERED WARRANTS BY UNDERLYING

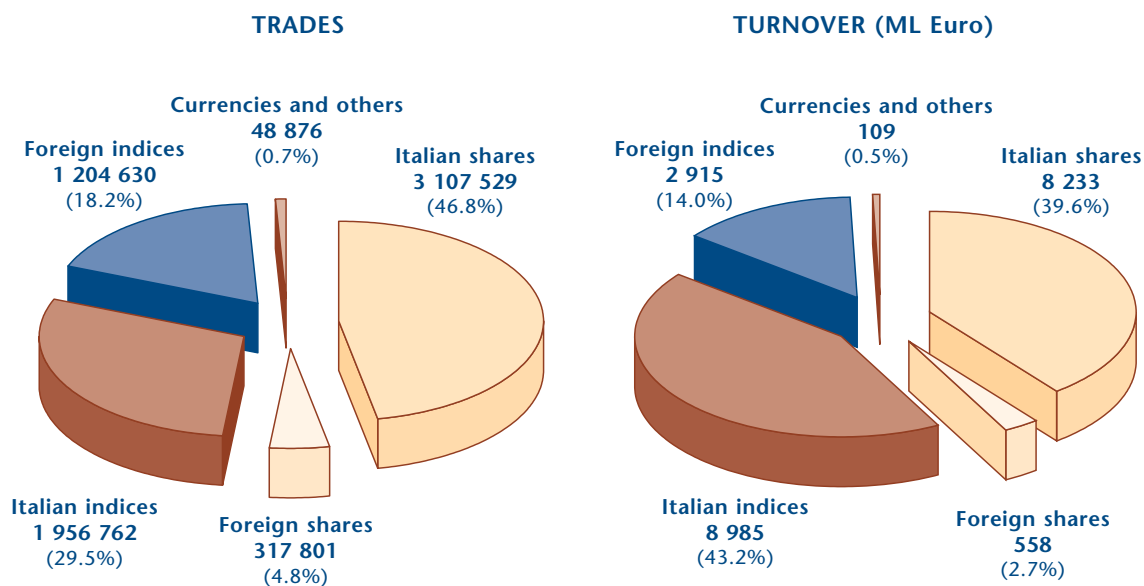


Update: 28 December 2001.

the MIB30, the NASDAQ100 and the NIKKEI), Italian equities (54; the most represented are Tim, Telecom Italia and Olivetti) and the other underlying instruments (3 exchange rates and 2 commodities). Represented in 2000 there were 30 indices, 61 Italian companies, 109 foreign companies and 10 underlyings belonging to other categories.

As regards the breakdown of listed instruments based on the type of underlying, at the end of December 66.7% had as underlying Italian shares, 14.9% foreign shares, 8.8% Italian indices, 8.3% foreign indices, 1.3% currencies or commodities (chart 11). The covered warrants where the underlyings are Italian shares represented 39.6% of overall turnover during the whole of 2001 and 46.8% of the total number of trades, those where the underlyings are foreign shares represented 2.7% of turnover and 4.8% of trades, those where the underlyings are Italian indices amounted to 43.2% of turnover and 29.5% of trades, those where the underlyings are foreign indices, 14.0% of turnover and 18.2% of trades, lastly the instruments which had as their underlying foreign currencies or commodities represented the remaining 0.5% and 0.7% of turnover and trades (chart 12). Trading was therefore heavily concentrated on domestic instruments, in particular the MIB30 index, which was the most traded underlying in terms of both turnover (9.0 billion euro, with a daily average of 35.7 million euro) and trades (1,956,749 contracts concluded, with a daily average of 7,765). The second most traded underlying was the US index NASDAQ100 with a turnover amounting to 1.8 billion euro (daily average of 7.1 million euro) and 1,106,213 trades (daily average equal to 4,390). Of the main Italian shares used as underlying for covered warrants, Eni, TIM and Olivetti together represented 15.3% of turnover and 16.7% of trades executed. In terms of number of trades, the top ten underlyings also included a Nuovo Mercato company (Tiscali).

CHART 12 - MCW: BREAKDOWN OF TRADING BY UNDERLYING



Update: 28 dicembre 2001.

With reference to the breakdown based on the exercise option, 73.6% of the instruments listed at 2001 year-end was represented by call covered warrants, 24.2% by put covered warrants, 1.7% by exotic covered warrants and 0.5% by certificates. The importance of these differences is ascribable above all to the fact that at the end of December 2001 only 3 of the 23 issuers present on the market had issued certificates and only 6 issuers had issued exotic covered warrants. As regards trades, call covered warrants represented 65.7% of overall turnover and 80.6% of trades, put warrants represented 34.2% of turnover and 19.4% of trades, while the remaining quota is distributed between certificates and exotic. In August and September, the trades of put covered warrants (although less as regards number of listed instruments) exceeded the ones of call covered warrants.