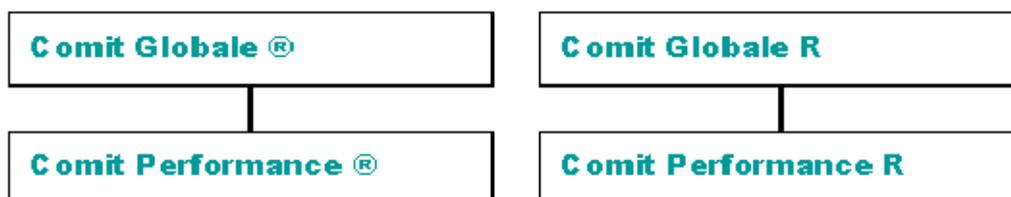


**“COMIT” indices
Calculation method**

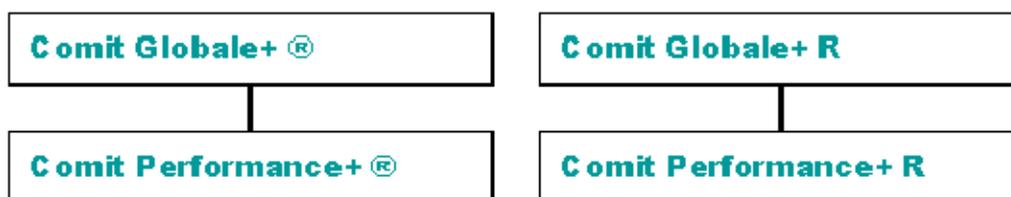
This document outlines the basic rules used in the calculation and revision of the indices prepared by Banca Intesa for the Italian stock exchange as a whole (the *Mercato Telematico Azionario*, or MTA) and the technology stock exchange (formerly known as the *Nuovo Mercato*, or NM). Indices marked with a plus sign (+) contain both shares listed on the MTA and those traded on the NM.

A first group of indices (base 1972=100), comprising shares listed on the MTA, is shown below:



These are calculated using official prices and reference prices respectively (in this document the letter R after the name of an index indicates reference prices).

A second group of indices (base 1972=100), comprising shares listed on the MTA and the NM, is shown below:



These are calculated using official prices and reference prices respectively.

On 02.04.2001 the following indices were created (base 2001=100). These comprise shares with market capitalisation of less than EUR 2 billion, excluding saving shares, preference shares and class 2 ordinary shares (according to Borsa Italiana):



On 02.01.2006 the following indices were created (base 2006=100), (cf. calculation method):

Comit Globale R 10/40

Comit Performance R 10/40

1) Characteristics of the Comit Globale, Comit Globale+, Comit Globale R, Comit Globale+ R and Comit Globale R 10/40 indices

1.1 Stocks that make up the indices

a) The Globale, Globale R and Globale R 10/40 indices include all the shares listed on the MTA.

b) Exceptions are foreign shares, with low liquidity, of companies operating chiefly outside Italy, and Italian shares that are considered “illiquid”.

A share is considered liquid when it has a liquidity indicator (LI) of below 1500. The LI is calculated from average capitalisation (*CapMG*), which is the number of shares outstanding multiplied by the average official price¹ (adjusted where necessary to take account of capital operations), and the average daily trading volumes (*VoIMG*). The observation period for this calculation is usually six months.

c) The Globale+ and Globale+ R indices also include shares listed on the Nuovo Mercato.

1.2 Revision of the indices

The baskets are usually revised once a week, on the “ex-date” set out in the stock market calendar published by Borsa Italiana SpA. Changes may involve the addition of new shares, the removal of those that have been delisted, and/or other variations.

¹ The official price is the arithmetical average of prices, weighted by the number of shares traded during the session.

1.3 Prices used to prepare the indices

- **Comit Globale and Comit Globale+:** during the session, the average prices weighted by trades up to that moment; at closing, official prices.
- **Comit Globale R, Comit Globale+ R, Comit Globale R 10/40 and Comit Performance R 10/40:** the reference prices at the end of the session.

1.4 Subdivision by sector of the Comit Globale and Comit Globale+ indices

These are divided into 7 sector indices: *banking; financial; insurance; telecoms and services; real estate; industrial; and transport and leisure*. The **industrial** index is in turn divided into 9 further subsectors: *food and retail; paper and publishing; chemicals and petrochemicals; electrical and electronics; pharmaceutical and biomedical; cement, construction and equipment; metal and steel; textiles, clothing and accessories; and auto and rubber*. On 24 September the *steel* sector was joined with the *metal* sector and renamed *metal and steel*.

The **Comit Globale+** index also includes the Nuovo Mercato.

1.5 Subdivision by sector of the Comit Globale R and Comit Globale+ R indices

Only 7 sector indices are used: *banking; financial; insurance; telecoms and services; real estate; industrial; transport and leisure*.

The **Comit Globale+ R** index also includes the Nuovo Mercato.

1.6 Standard method used for the calculation of the Comit Globale R 10/40 and Comit Performance R 10/40 indices

A new index has been prepared to comply with the new EU regulations known as UCITS III, under which shares belonging to the same group may not make up more than 10% of the basket comprising the index, and the sum of the weightings of groups making up more than 5% of the index must not total more than 40%. As a result, weightings that exceed these limits must be reduced to comply with the regulations, while others must be raised, so that the total reaches 100%. The index is rebalanced on an ordinary basis four times per year, on the third Monday of March, June, September and December (at the same time as Borsa Italiana revises the composition of the baskets in the case of the March and September dates).

Extraordinary rebalancing occurs when the 10/40 limits are exceeded.

1.7 Standard method used for the calculation of the indices (aggregation formula)

For shares already listed on 31.12.72, the base (100) is taken from the arithmetical average of 1972 settlement prices, adjusted where appropriate. For shares listed after that date, the base value is the official cum dividend price on the date the shares were included in the index. For 10/40 indices, the base value is the reference price on 02.01.2006.

Leaving aside for the moment the issue of capital operations, which cause discontinuity in share prices, and which we will discuss later on, our index of a share i on the list at time t is given by:

$$I_{i,t} = \frac{P_{i,t}}{P_{i,0}} \cdot 100$$

where $P_{i,t}$ = price of share i on day t

and $P_{i,0}$ = base price (or price at time zero) of share i

The Comit market indices will therefore be the weighted average of the indices of all shares, that is:

$$I_t = \sum_{i=1}^n I_{i,t} \cdot a_i$$

where I_t is the index at time t , while a_i represents the weighting of each share on the index. The weighting used is the ratio between the capitalisation of a single share (price multiplied by number of shares outstanding) and the total capitalisation of the market.

After simplifications, the indices take the form:

$$I_t = \frac{\sum_{i=1}^n P_{i,t} \cdot q_{i,0}}{\sum_{i=1}^n P_{i,0} \cdot q_{i,0}} \cdot 100$$

where $q_{i,0}$ represents the unchanged number of shares outstanding at time t as a result of the simplified hypothesis adopted initially.

The same procedure is used for the sector indices, except that in this case, 1.....n represents all the shares belonging to that sector.

1.8 Adjustment methods

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In reality, each year many listed companies carry out capital operations, and other events may occur, such as the delisting of a stock, which can give rise to discontinuity in the series of data used for the calculation of the index. For example, the number of shares outstanding changes and therefore $q_{i,t} \neq q_{i,0}$, or the basic capitalisation changes in the case of a rights issue that brings in new funds.

Clearly, to be able to calculate the index, various methods, or “adjustments” must be used to offset the effects of this lost continuity.

The adjustment is applied to the basic capitalisation figure: for example, in the typical case of a rights issue, the basic capitalisation is changed in the same proportion by which the actual capitalisation increases following the influx of new funds, as follows:

$$\text{adjusted basic cap.} = \text{basic cap.} \cdot \frac{\text{cap. before ex + new funds}}{\text{cap. before ex}}$$

in this way, the values expressed by the index become consistent over time.

Finally, the Comit "base 1972=100" indices are given by the formula:

$$I_t = \frac{\sum_{i=1}^n P_{i,t} \cdot q_{i,t}}{\left(\sum_{i=1}^n P_{i,0} \cdot q_{i,0}\right) \text{ rett.}} \cdot 100$$

that is:

$$I_t = \frac{\text{market capitalisation at time t}}{\text{market capitalisation at the adjusted base time}} \cdot 100$$

2) Characteristics of the Comit Performance, Comit Performance R, Comit Performance+, Comit Performance+ R and Comit Performance R 10/40 indices

The Comit Globale, Comit Globale+, Comit Globale R, Comit Globale+ R and Comit Globale R 10/40 indices are "pure" price indices. As a result, they fall following the payment of ordinary dividends, since the reserves incorporated in the shares have been paid out.

So that the real returns of the Italian stock market can be measured correctly over time, a further five indices: Comit Performance, Comit Performance R, Comit Performance+, Comit Performance+ R and Comit Performance R 10/40 are calculated. These incorporate the dividends distributed.

They are calculated using the following algorithms:

- $Comit\ Performance_t = Comit\ Performance_{t-1} (Comit\ Globale_t / Comit\ Globale_{t-1} + \delta)$
- $Comit\ Performance\ R_t = Comit\ Performance\ R_{t-1} (Comit\ Globale\ R_t / Comit\ Globale\ R_{t-1} + \delta)$
- $Comit\ Performance+_t = Comit\ Performance+_{t-1} (Comit\ Globale+_t / Comit\ Globale+_{t-1} + \delta)$
- $Comit\ Performance+_R_t = Comit\ Performance+_R_{t-1} (Comit\ Globale+_R_t / Comit\ Globale+_R_{t-1} + \delta)$
- $Comit\ Performance\ R\ 10/40_t = Comit\ Performance\ R\ 10/40_{t-1} (Comit\ Globale\ R\ 10/40_t / Comit\ Globale\ R\ 10/40_{t-1} + \delta)$
-

$$\text{where } \delta_t = Div_t / Cap_{t-1}$$

The indices initially have the same calculation base as the Comit Globale, Comit Globale R, Comit Globale+ and Comit Globale+ R indices, in which the average adjusted 1972 prices = 100 (for the Comit Globale R 10/40, 2006 prices are used). Subsequently, they are calculated on the basis of the percentage changes in these indices until there is a dividend payment. On the ex-date, the Comit Performance, Comit Performance R, Comit Performance+, Comit Performance+ R and Comit Performance R 10/40 indices are updated by adding the percentage changes in the Comit Globale Comit Globale R, Comit Globale+, Comit Globale+ R and Comit Globale R 10/40 to the percentage dividend yield (calculated as the ratio between total dividends and the capitalisation figure on the day before the ex-date). The difference between the price indices and the performance indices depends on the dividends paid, and on their reinvestment at a rate equal to the change in the prices of the share index.

In short, while the Comit Globale, Comit Globale+ and Comit Globale R indices measure only capital gains, the Comit Performance, Comit Performance R,

Comit Performance+, Comit Performance+ R and Comit Performance R 10/40 show the overall return (dividends plus capital gains). These last are therefore particularly useful in measuring the stock market profitability of medium- to long-term investments such as investment funds, pension funds, insurance companies etc.

3) Frequency of the indices and publication

3.1 Indices based on official prices

The Comit Globale, Comit Globale+, Comit Performance and Comit Performance+ indices are prepared daily in real time, on the basis of official prices. They are available from 02.01.73, the date on which they were first calculated. Starting from 29.10.99, indices marked with a plus sign (+) include shares traded on the Nuovo Mercato.

3.2 Indices based on reference prices

The Comit Globale R, Comit Globale+ R, Comit Performance R, Comit Performance+ R, Comit Globale R 10/40 and Comit Performance R 10/40 indices are prepared daily at the end of the session, on the basis of reference prices. The Comit Globale R and Comit Performance R indices are available from 01.10.99, the date on which they were first calculated. Starting from 29.10.99, indices marked with a plus sign (+) include shares traded on the Nuovo Mercato; before that date, these indices were the same as the Comit Globale indices. The Comit Globale R 10/40 and Comit Performance R 10/40 indices are available from 02.01.06, the date on which they were first calculated.

3.3 Publication

The indices are published by the major information providers, and can be found:

- on our **website**, at www.intesasanpaolo.com in the Research section;
- on **Datastream**;
- on **Bloomberg**;
- on **Reuters**; here, the indices can be consulted using the following RICs:

Comit Globale	.BCII
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Comit Performance	.BCIP
Comit Globale R	.BCIIR
Comit Performance R	.BCIPR
Comit NM	.BCINM
Comit NM R	.BCINMR
Comit Globale+	.BCIG+
Comit Performance+	.BCIP+
Comit Globale+ R	.BCIG+R
Comit Performance+ R	.BCIP+R
Comit Globale R 10/40	.BCIR1040
Comit Performance R 10/40	.BCIPR1040

and on the pages BCII (Comit Globale and sectors), BCID (Comit Performance), BCIE (Comit Globale R and sectors, Comit Performance R), and BCIN (Comit NM, Comit NM R, Comit Globale+, Comit Performance+, Comit Globale+ R, Comit Performance+ R, Comit Globale R 10/40 and Comit Performance R 10/40).