

BIIt Indices Transition to FTSE Italia Series

The FTSE Italia Index Series is designed to represent the performance of Italian shares listed on MTA and Mercato Expandi markets of Borsa Italiana, providing investors with a comprehensive and complementary set of indices which measure the performance of the Italian equity market. Once a significant number of listed shares are reached, a FTSE Italia AIM Index will be also launched.

The FTSE Italia Index Series has been designed based on industry best practice using FTSE's internationally recognised experience of index design standards which are representative of equity markets structure. As a result, the new indices are attractive to a broad range of investors and intermediaries seeking to develop structured products based on indices. As such, the series represents a standard and transparent basis for investors to assess measure and gain access to the Italian equity market.

The main differences between the current BIIt index structure and the new FTSE Italia Index Series are:

- a) The FTSE MIB will substantially retain the same methodology used for the current S&P/MIB.
- b) The fragmented and non standardised structure of informative indices will be replaced by a package of three main indices (containing large, mid and small companies) whose aggregated constituents would form the FTSE Italia All Share index. These indices are complemented by a Micro Cap index for those stocks not matching FTSE's liquidity criteria, while an ad hoc index for shares of the Star segment will be maintained, as it will be the case for the Mib Storico, the oldest Borsa Italiana's index.
- c) The domestic sectoral classification managed by Borsa Italia will be replaced by the international standard of ICB (Industry Classification Benchmark).
- d) The adoption of FTSE's standard free float approach and the introduction of stock capping within the indices supports the use of indices as benchmarks and as the basis of structured products.

Principles for inclusion in the FTSE Italia Index Series:

- Universe: shares listed on BIIt MTA and Mercato Expandi (AIM Italia will have its own index once a significant number of listings are reached).
- Eligibility: exclusion of dual class shares (only one share per company), and foreign companies and filter for minimum liquidity and minimum free float criteria.
- FTSE MIB Index created by the Italian Indices Policies Committee with the most liquid and capitalised shares.
- FTSE Italia Mid Cap Index created with the subsequent 60 largest eligible shares by full market capitalisation.
- FTSE Italia Small Cap index created with all the remaining eligible shares
- FTSE Italia All Share index created by aggregating the large, mid and small cap indices.
- FTSE Italia Mib Storico calculated at end of the trading session on the FTSE Italia All Share constituents, using the volume weighted average price.
- FTSE Italia Sector Indices created from the FTSE Italia All Share constituents, selected in line with ICB standard classification.
- FTSE Italia Micro Cap Index created with all shares not matching the liquidity criteria and below the smallest stock in the FTSE MIB index.
- FTSE Italia STAR created with all Star segment eligible shares (having met the liquidity criterion).

All indices, with the exception of Mib Storico, will be free float adjusted.

Foreign shares will be eligible only for the inclusion in the FTSE MIB (and therefore in FTSE Italia All Share).

Most indices will be capped: FTSE MIB at 15%; FTSE Italia Mid Cap, FTSE Italia Small Cap, FTSE Italia Micro Cap, FTSE Italia Star and FTSE Italia AIM at 10%.

The existing structure of BIit indices will be affected in this way:

- S&P/MIB, Mib Storico and All Stars will be substituted by similar indices in the FTSE Italia Index Series, using the same constituents and continuing from the current index values;
- Mibtel and Midex will be discontinued and replaced by new indices FTSE Italia All Share and FTSE Italia Mid Cap;
- Mib sectoral indices will be discontinued and replaced by the new FTSE Italia Sector indices based on the global ICB standard;
- Mib30, Mex, MiB R, MiB rnc, and the after hours indices will be discontinued.
- Two new indices, FTSE Italia Small Cap, and FTSE Italia Micro Cap will be introduced.

CURRENT AND NEW STRUCTURE (indicative figures for end March 2009)

Type of Index	Indices	# shares	% mkt cap	% turnover	% trades
Large Cap/Blue Chip	Current: S&P/MIB	40	~79%	~93%	~79%
	New: FTSE MIB	40	~79%	~93%	~79%
Mid Cap	Current: Midex	~30	~9%	~3%	~9%
	New: FTSE Italia Mid Cap	60	~12%	~4%	~10%
Small Cap	Current: No equivalent (only Mex)				
	New: FTSE Italia Small Cap	~150	~4%	~1%	~6%
All Shares	Current: Mibtel	~275	~98%	~99%	~99%
	New: FTSE Italia All Share	~250	~95%	~97%	~94%
Sector	Current: Mib Sectoral				
	New: FTSE Italia Sector Indices (based on ICB standard)	66 standalone indices			
All shares (end of day, vwap)	Current: Mib Storico	~275	~98%	~99%	~99%
	New: FTSE Italia Mib Storico	~250	~95%	~97%	~94%
Micro Cap	New: FTSE Italia Micro Cap	~25	~1%	< 0.5%	< 0.5%
AIM Market	New: FTSE Italia AIM
Star segment	Current: All Stars	~75	~3.5%	~1%	~4%
	New: FTSE Italia Star	~75	~3.5%	~1%	~4%

A full set of Ground Rules covering the methodology for FTSE MIB and all of the indices above can be found at www.ftse.com/italia, alongside performance information, and product specifications and all other available information. FTSE will be happy to assist with further questions – please contact info@ftse.com