

Exprivia

1H08 on the Rise

Exprivia - Key estimates and data					
Y/E December		2007A	2008E	2009E	2010E
Revenues	EUR M	65.8	92.5	100.1	108.9
EBITDA	EUR M	10.1	14.2	15.9	17.6
EBIT	EUR M	7.9	11.1	12.5	13.9
Net income	EUR M	3.4	6.4	8.0	6.1
Dividend ord.	EUR	0.00	0.00	0.00	0.00
Adj. EPS	EUR	0.08	0.14	0.16	0.12
EV/EBITDA	x	8.2	5.8	5.3	4.5
Adj. P/E	x	14.2	8.5	7.4	9.7

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Banca IMI SpA is Specialist to Exprivia SpA

- Good 1H08 results.** As expected, Exprivia closed its 2Q08/1H08 with good results, continuing to reflect the contributions of the two acquisitions (Svmservice and Wel.Network), consolidated as from August 2007. Net revenues jumped to EUR 43M (+92.3% yoy, beating our expectations of EUR 40M), EBITDA reached EUR 6.1M (up by 121% yoy) and EBIT more than doubled to EUR 5M (+164% yoy). The group also improved its relative performances: the EBITDA margin passed from 13% to 15% while the EBIT margin came in at 12% from 9% at the end of 1H07. As a result, net profit was EUR 2.6M (vs. EUR 0.6M at the end of 1H07).
- Still a healthy financial profile.** From a financial standpoint, the group's NFP worsened in absolute terms by 18.2% compared with YE07, despite leverage remaining broadly below 1.0x (0.83x vs. 0.74x), confirming a healthy financial profile. We highlight that at July 2008, Exprivia approved a capital increase (ending in August) for EUR 10M (through the issue of 8,783,460 new ordinary shares). This cash injection, not included in 1H08 figures, should contribute to the group's YE08 financial structure.
- 2008 targets confirmed; estimates unchanged.** Following 1H08 results, Exprivia's management confirmed its financial targets for the year-end (2008 revenue between EUR 90-95M and profitability above 2007 levels). We highlight that Exprivia, at the beginning of the year, also gave an indication of EUR 100M of revenue, including the contribution from external growth. On the latter front, the group has recently acquired a Spanish start-up company, through which Exprivia is set to enter a new key European market. However, we have conservatively left our estimates unchanged, only reflecting like-for-like expected growth. We believe the negative impact of the economic uncertainty on corporate IT spending will not be a concern until 2009 (the sector is late-cyclical).
- Rating upgraded from Reduce to HOLD.** Based on our updated DCF model and a multiples comparison, we set a **target price of EUR 1.18/share**, 1.9% above the current level. We therefore change our rating on the stock from **Reduce to HOLD**, also considering the group's positive current trend and its recent outperformance versus the Italian IT sector.
- Key risks.** We continue to believe that the main risks to our valuation come from a worse than expected IT sector trend for the rest of the year, a more difficult than forecasted integration with the newly-acquired companies and an aggressive external growth strategy. The stock's low liquidity should also be taken into account.

4 September 2008

HOLD

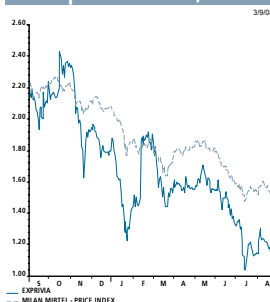
Target Price: EUR 1.18

IT & Technology
Results Note & Change
in Rating

Intesa Sanpaolo
Research Department

Sabrina Maggio
Research Analyst
+39 02 7261 2294

Price performance, -1Y



Source: Thomson Reuters

Data priced on 02.09.2008

Target price (€)	1.2
Target upside (%)	1
Market price (€)	1.2
52-week range (€)	2.4/1
Market cap (€ M)	53.9
No. of shares (M)	46.3
Free float (%)	37.9
Major shareholder	Abaco S&S,
(%)	52.7
Reuters	XPR.MI
Bloomberg	XPR IM
Mibtel	22474

Performance %			
	Absolute	Rel. to Mibtel	
-1M	2.0	-1M	-2.1
-3M	-24.7	-3M	-13.7
-12M	-47.6	-12M	-19.2

Source: Intesa Sanpaolo Research estimates and Thomson Reuters

Contents

Acquisitions still drove 1H08 performance	3
IT Sector: Macro Trend should not be a concern till 2009	5
2008E-10E Earnings Revision	6
Valuation	7

Acquisitions still drove 1H08 performance

As expected, Exprivia' 1H08 results were particularly good both in terms of growth and profitability, thanks to the positive contribution of the newly-acquired companies (Wel.Network and Svmservice). Net revenues were up 92.3% yoy (on a like-for-like basis, the revenue improvement would have been 13% yoy), while EBITDA and EBIT more than doubled on a year on year basis. The group also improved its relative performances: the EBITDA margin passed from 13% to 15% while the EBIT margin reached 11.8% from 8.6% at the end of 1H07. As a result, net profit rose to EUR 2.6M from EUR 0.6M in 1H07. We highlight that 1H08 revenues were 7% above our expectations while all the other figures were substantially in line.

1H08 on the rise

1H08 Results & Estimates					
EUR k	1H07A	1H08A	Chg. %	1H08E	Diff. %
Net Revenues	22,085	42,475	92.3	39,574	7.3
EBITDA	2,778	6,149	121.3	6,049	1.7
EBITDA Margin (%)	12.6	14.5	15.1	15.3	
EBIT	1,893	5,005	164.4	5,096	-1.8
EBIT Margin (%)	8.6	11.8	37.5	12.9	
Net Income	638	2,590	306.0	2,537	2.1

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

As shown in the table below, revenues from the finance vertical market (finance solutions, capital market and credit management) were substantially flat. Revenues from the industry vertical market grew by 78% yoy driven by the Wel.Network's contribution. Revenues from PA & Utilities rose by 63% yoy supported by the group' strategy to increasingly focus on final customers developing "business intelligence" ad hoc solutions. Finally, revenues from the healthcare vertical market benefited from the positive contribution from Svmservice, specialised in the medical imaging field, which rose by 351% yoy. We highlight that the healthcare vertical market performed above Exprivia's targets.

Industry & Healthcare the best performers

Exprivia-Revenue breakdown by vertical market			
EUR K	1H07A	1H08A	Chg. %
Finance	5,595	5,599	0.07
Industry	7,462	13,250	77.57
Public Administration	5,999	9,752	62.56
Healthcare	3,029	13,672	351.37
Other	0	201	NM
Total Revenues	22,085	42,474	92.32
Finance (%)	25.33	13.18	
Industry (%)	33.79	31.20	
Public Administration (%)	27.16	22.96	
Healthcare (%)	13.72	32.19	
Other (%)	0.00	0.47	

A: actual; Source: Company data

As for the group's financial structure, the net consolidated financial position on 30 June 2008 stood at EUR 40.1M compared with EUR 33.9M at 31/12/07. Around EUR 3.6M of this variation is due to the increase in investments (following the Svmservice and Wel.Network acquisitions) and EUR 2.6M to the extension of the order reception timing and credit collection. However, the balance between short and medium/long term debt improved: 1H08 medium/long-term debt covered around 56% of NFP vs. 60% at the end of 2007. In addition, leverage remained broadly below 1.0x (0.83x vs. 0.74x), confirming a healthy financial profile.

Some details on debt

Exprivia-NFP			
EUR K	2007	1H08A	Chg. %
Net Cash	-6,171	-5,381	-12.80
Net short term debt	19,725	22,942	16.31
Net long term debt	20,402	22,583	10.69
NFP	33,956	40,144	18.22
D/E (x)	0.74	0.83	

A: actual; Source: Company data

We also highlight that in July, Exprivia approved a capital increase for a total of EUR 9.9M, through the issue of 8,783,460 new ordinary shares that have been made available through a rights offering at a price of EUR 1.138/share. Shareholders had the right to purchase 21 new ordinary shares every 100 existing shares, from 14 July to 1 August 2008 inclusive. The option rights not exercised were offered on the Stock Exchange. Cattolica Partecipazioni guaranteed the whole subscription of any unsubscribed rights.

In July a capital increase was approved and then subscribed

IT Sector: Macro Trend should not be a concern till 2009

According to IT sector reports (Source Assinform & Sirmi), in 1H08, the Italian market grew at a stronger pace than the rest of the national economy, confirming the recovery of IT demand which began in 2004. The reports indicated that this trend is likely to continue for the rest of 2008 as demand weakness is unlikely to hit before 2009. See table below.

IT sector outperformed in 1H08

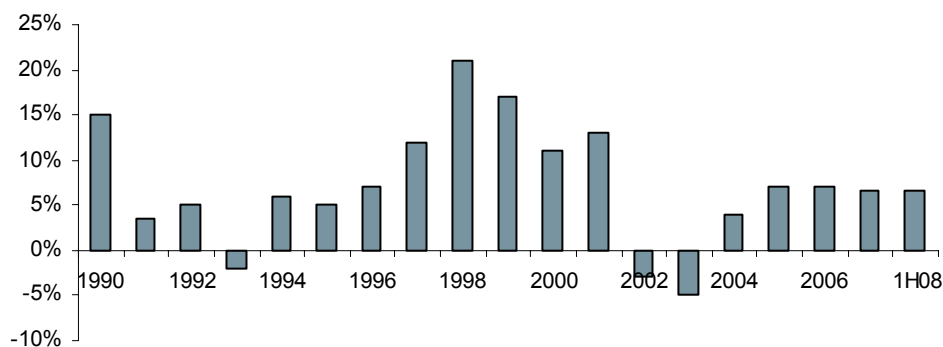
Italian IT Spending						
EUR M	2Q07	2Q08	Chg. %	1H07	1H08	Chg. %
Hardware	2,174	2,330	7.17	4,420	4,655	5.33
Software	990	1,030	4.04	1,981	2,056	3.74
IT Services	2,586	2,653	2.61	5,135	5,260	2.43
Total IT	5,749	6,012	4.58	11,536	11,971	3.77
Hardware (%)	37.81	38.75		38.31	38.89	
Software (%)	17.21	17.12		17.18	17.17	
IT Services (%)	44.98	44.13		44.51	43.94	

Source: Sirmi Spa- July 2008

Within the Italian economic context, sector reports provide a slightly positive evaluation of the IT market, supported by the fact that part of the economy is seeking out innovation with a view to increasing competitiveness and taking on the global market. Despite this, the impact of economic uncertainty on corporate IT spending, which is likely to negatively affect revenues growth, profitability and market shares, is still a concern. However, the sector is late-cyclical and historically it has lagged downturns by 6-12 months. As such, we do not see a reversal of the current trend until 2009.

A reversal of the trend likely in 2009

European IT Services- Organic Growth



Source: PAC

2008E-10E Earnings Revision

Following the solid 1H08 results, Exprivia's management confirmed its financial targets for the year-end. Given this and the likely impact of economic uncertainty on corporate IT spending (IT sector is late-cyclical) we have left our estimates unchanged. Our forecasts are in line with the group's targets set at end-2007 and then confirmed.

Our forecasts remain unchanged

In detail:

- Our revenue forecast reflects the group's 2008 target of EUR 90-95M. We highlight that Exprivia also indicated a EUR 100M revenue level including the contribution from external growth. Note that at the beginning of the year, Exprivia announced its intention to continue to grow through acquisitions, with an eye to becoming one of the top ten Italian players in the sector and possibly embarking on an internationalisation process. In line with this target, in July 2008, the group underwrote a capital increase in Exprivia SL (a Spanish start-up), acquiring the possession of 60% of the company. The aim of Exprivia SL is to become a reference point in the Catalonia area in the IT health context and later in the whole of Spain.
- Our margin outlook is still conservative especially on possible synergies and cost savings from the integration of the recently-acquired companies. Should the integration be more successful, the group's profitability could be higher than expected;
- Our consolidated 2008E NFP (EUR 28M, D/E 0.50x) includes the impact of the capital increase (subscribed during the summer) for an overall of EUR 10M (of which EUR 5M covered by a deposit that Abaco Innovazione made in November 2007, were already included in our estimates).
- Our 2009-10E forecasts continue to incorporate sustainable revenues' growth (considering the IT software & services sector trend and the group's current domestic market share) and a steady increase at the margins level (justified by the group's profitability achieved over the past two years).

Exprivia-Key Financial Figures				
Income Statement	2007A	2008E	2009E	2010E
Revenues	65.8	92.5	100.1	108.9
EBITDA	10.1	14.2	15.9	17.6
EBITDA Margin (%)	15.3	15.3	15.9	16.2
EBIT	7.9	11.1	12.5	13.9
EBIT margin (%)	11.9	11.9	12.5	12.8
Net Profit	3.4	6.4	8.0	6.1
NFP	34.0	28.4	25.8	20.6
D/E	0.74	0.50	0.42	0.31

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Valuation

Our updated DCF model returns a fair value of EUR 1.44/share, 26% above the current level. Our model is based on the following assumptions: a 8.27% WACC (4.75% risk-free rate, replacing the previous 4.5%, and a 5.5% equity risk premium, replacing the previous 4.5%, and a levered beta of 1), an explicit forecast period through 2011E (replacing the previous 2010E) and a terminal value growth of 0%. We highlight that our assumptions take into account the negative macroeconomic outlook.

Our updated DCF model returns a fair value of EUR 1.44/share

Exprivia-WACC Calculation	
WACC	%
Risk-free	4.75
Risk Premium	5.50
Beta	1.01
Cost of Capital	10.29
Cost Net of Debt	5.56
Gearing 07	0.43
WACC	8.27

E: estimates; Source: Company data and Intesa Sanpaolo Research

Exprivia-DCF Calculation						
EUR K	2007A	2008E	2009E	2010E	2011E	LT
EBIT	7,864	11,052	12,513	13,899	15,988	15,988
EBIT Margin %	11.9	11.9	12.5	12.8	13.0	13.5
Taxes	-2,970	-2,443	-2,643	-6,259	-6,809	-6,809
NOPAT	4,894	8,608	9,870	7,640	9,179	9,179
D&A	2,235	3,141	3,398	3,696	4,021	4,021
OCF	7,129	11,749	13,267	11,336	13,200	13,200
Chg. In WC	-2,676	-5,088	-5,189	-770	-838	-838
Capex	-34,882	-4,258	-3,299	-1,747	-1,747	-1,747
FCF	-30,429	2,403	4,780	8,819	10,615	10,615
WACC (%)	8.27					
TV Growth %	0.00					
Sum	20,969					
TV	86,247					
EV	107,215					
NFP 2007A	33,956					
Equity	73.259					
Fair Value (EUR/share)	1.44					

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

We also ran a sensitivity analysis, as shown below:

Exprivia - Sensitivity Analysis					
WACC (%)	Perpetuity Growth Rate %				
	0.00%	0.50%	1.00%	1.50%	2.00%
7.3%	1.69	1.83	2.00	2.19	2.42
7.8%	1.56	1.68	1.83	1.99	2.19
8.3%	1.44	1.55	1.68	1.82	1.99
8.8%	1.34	1.44	1.55	1.67	1.82
9.3%	1.25	1.34	1.43	1.54	1.67

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

In terms of multiples, we continue to consider the two Italian system integrators (Engineering and Reply) as the most similar to Exprivia in terms of business model. As shown in the table below, Exprivia still trades at EV/Sales and EV/EBITDA multiples above its peers, while the gap in terms of P/E has tightened.

In terms of multiples, the gap with peers has tightened

Exprivia Multiples Comparison											
X	Price (EUR)	Cap. in EUR M	EV/Sales			EV/EBITDA			P/E		
			08E	09E	10E	08E	09E	10E	08E	09E	10E
Engineering	23.50	293.75	0.49	0.45	0.39	4.87	3.69	3.02	10.88	7.16	6.37
Reply	21.90	198.85	0.57	0.48	NA	3.91	3.30	NA	10.19	9.24	NA
Average			0.53	0.47	0.39	4.39	3.50	3.02	10.53	8.20	6.37
Exprivia	1.16	57.81	0.88	0.79	0.67	5.75	5.27	4.45	8.45	7.39	9.69
<i>vs. average %</i>			<i>64.5</i>	<i>68.4</i>	<i>74.2</i>	<i>31.0</i>	<i>50.7</i>	<i>47.5</i>	<i>-19.8</i>	<i>-9.9</i>	<i>52.1</i>

Source: JCF and Intesa Sanpaolo Research estimates

Taking the peer average of 2008-10E EV/EBITDA and P/E multiples (the multiples we consider to be more meaningful in terms of factoring in the group's ability to create value for its shareholders), we obtain a value of approx. EUR 0.91/share, 20% below the current level.

	EV/EBITDA			P/E		
	2008E	2009E	2010E	2008E	2009E	2010E
Peer Average Multiples	4.39	3.50	3.02	10.53	8.20	6.37
Exprivia EV	62	56	53			
NFP	28	26	21			
Equity Value	34	30	33			
Value/Share EUR	0.73	0.59	0.64	1.45	1.29	0.76
Average EUR	0.91					

Source: JCF and Intesa Sanpaolo Research estimates

Taking the average of our DCF and multiples analysis, we set a target price for Exprivia's of EUR 1.18, 1.9% above the current level. We therefore change our rating on the stock from **Reduce** to **HOLD**.

On the average of DCF and multiples, we upgrade our rating from Reduce to HOLD

Exprivia Valuation	
Valuation in EUR	
DCF	1.44
Multiples	0.91
Average	1.18
<i>vs. MKT %</i>	<i>1.19</i>

Source: JCF and Intesa Sanpaolo Research estimates

Exprivia - Key figures

Sector	IT & Technology	Mkt price EUR/Share	Ordinary		Rating
REUTERS CODE	XPR.MI	Target price EUR/Share	1.16		HOLD
Values per share (EUR)	2006A	2007A	2008E	2009E	2010E
No. ordinary shares (M)	33.9	41.9	46.3	50.7	50.7
No. NC saving/preferred shares (M)	0.0	0.0	0.0	0.0	0.0
Total no. of shares (M)	33.9	41.9	46.3	50.7	50.7
Adj. EPS	0.0	0.1	0.1	0.2	0.1
CFPS	0.1	0.2	0.2	0.2	0.2
BVPS	0.8	1.1	1.2	1.2	1.3
Dividend Ord	0.0	0.0	0.0	0.0	0.0
Dividend SAV Nc	0.0	0.0	0.0	0.0	0.0
Income statement (EUR M)	2006A	2007A	2008E	2009E	2010E
Sales	47.0	65.8	92.5	100.1	108.9
EBITDA	5.6	10.1	14.2	15.9	17.6
EBIT	3.4	7.9	11.1	12.5	13.9
Pre-tax income	2.4	6.4	8.8	10.6	12.3
Net income	1.1	3.4	6.4	8.0	6.1
Adj. net income	1.1	3.4	6.4	8.0	6.1
Cash flow (EUR M)	2006A	2007A	2008E	2009E	2010E
Net income before minorities	1.1	3.4	6.4	8.0	6.1
Depreciation and provisions	2.4	5.3	3.1	3.4	3.7
Change in working capital	-7.0	-2.7	-5.1	-5.6	-2.8
Operating cash flow	-3.5	6.0	4.4	5.8	7.0
Capital expenditure	-1.8	-1.4	-1.4	-1.5	-1.5
Other (uses of Funds)	-0.7	-33.5	-2.9	-1.8	-0.2
Free cash flow	-6.0	-28.9	0.2	2.5	5.3
Dividends and equity changes	0.0	11.6	0.0	0.0	0.0
Net cash flow	-6.0	-17.3	0.2	2.5	5.3
Balance sheet (EUR M)	2006A	2007A	2008E	2009E	2010E
Net capital employed	45.3	79.6	85.0	87.5	86.7
of which associates	0.0	0.0	0.0	0.0	0.0
Net debt/-cash	16.8	34.0	28.4	25.8	20.6
Minorities	0.2	0.2	0.2	0.2	0.2
Net equity	28.4	45.4	56.3	61.4	65.9
Market cap	39.5	48.8	53.9	59.0	59.0
Minorities value	0.0	0.0	0.0	0.0	0.0
Enterprise value (*)	56.2	82.8	82.3	84.9	79.6
Stock market ratios (x)	2006A	2007A	2008E	2009E	2010E
Adj. P/E	35.5	14.2	8.5	7.4	9.7
P/CEPS	11.3	5.6	5.7	5.2	6.0
P/BVPS	1.4	1.1	1.0	1.0	0.9
Dividend yield (% ord)	0.0	0.0	0.0	0.0	0.0
Dividend yield (% sav)					
EV/sales	1.2	1.3	0.9	0.8	0.7
EV/EBITDA	10.1	8.2	5.8	5.3	4.5
EV/EBIT	16.4	10.5	7.4	6.8	5.7
EV/CE	1.2	1.0	1.0	1.0	0.9
D/EBITDA	3.0	3.4	2.0	1.6	1.2
D/EBIT	4.9	4.3	2.6	2.1	1.5
Profitability & financial ratios (%)	2006A	2007A	2008E	2009E	2010E
EBITDA margin	11.8	15.3	15.3	15.9	16.2
EBIT margin	7.3	11.9	11.9	12.5	12.8
Tax rate	53.6	47.6	27.7	24.8	50.7
Net income margin	2.3	5.2	6.9	8.0	5.6
ROE	3.9	7.6	11.3	13.0	9.2
Debt/equity ratio	0.6	0.7	0.5	0.4	0.3
Growth (%)		2007A	2008E	2009E	2010E
Sales		40.0	40.5	8.2	8.8
EBITDA		81.9	40.5	12.1	10.6
EBIT		129.8	40.5	13.2	11.1
Pre-tax income		171.7	37.7	20.8	16.1
Net income		213.7	85.6	25.6	-23.9
Adj. net income		208.3	85.6	25.6	-23.9

(*) EV = Mkt cap+ Net Debt + Minorities Value - Associates A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Disclaimer

Analyst certification

The financial analyst who prepared this report, and whose name and role appear on the first page, certifies that:

(1) The views expressed on companies mentioned herein accurately reflect independent, fair and balanced personal views; (2) No direct or indirect compensation has been or will be received in exchange for any views expressed.

Specific disclosures

1. Neither the analyst nor any member of the analyst's household has a financial interest in the securities of the Company.
2. Neither the analyst nor any member of the analyst's household serves as an officer, director or advisory board member of the Company.
3. The analyst named in this document is not registered with or qualified by FINRA, the U.S. regulatory body with oversight over Banca IMI Securities Corp. Accordingly, the analyst may not be subject to NASD Rule 2711 and NYSE Rule 472 with respect to communicates with a subject company, public appearances and trading securities in a personal account. For additional information, please contact the Compliance Department of Banca IMI Securities Corp at 212-326-1133.
4. The analyst of this report does not receive bonuses, salaries, or any other form of compensation that is based upon specific investment banking transactions.
5. The research department supervisors do not have a financial interest in the securities of the Company.

This research has been prepared by Intesa Sanpaolo S.p.A. and distributed by Banca IMI S.p.A. Milan, Banca IMI S.p.A.-London Branch (a member of the London Stock Exchange) and Banca IMI Securities Corp (a member of the NYSE and NASD). Intesa Sanpaolo S.p.A. accepts full responsibility for the contents of this report and also reserves the right to issue this document to its own clients. Banca IMI S.p.A. and Intesa Sanpaolo S.p.A., which are both part of the Intesa Sanpaolo Group, are both authorised by the Banca d'Italia and are both regulated by the Financial Services Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this research may not be suitable for all investors. If you are in any doubt you should consult your investment advisor.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. No Intesa Sanpaolo S.p.A. or Banca IMI S.p.A. entities accept any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published together with the name of Intesa Sanpaolo S.p.A. and Banca IMI S.p.A.

Intesa Sanpaolo S.p.A. and Banca IMI S.p.A. have in place a Joint Conflicts Management Policy for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of this Policy is available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo S.p.A., 90 Queen Street, London EC4N 1SA. Intesa Sanpaolo S.p.A. has formalised a set of principles and procedures for dealing with conflicts of interest ("Research Policy"). The Research Policy is clearly explained in the relevant section of Intesa Sanpaolo's web site (www.intesasanpaolo.com).

Member companies of the Intesa Sanpaolo Group, or their directors and/or representatives and/or employees and/or members of their households, may have a long or short position in any securities mentioned at any time, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any of the securities from time to time in the open market or otherwise.

Intesa Sanpaolo S.p.A. issues and circulates research to Qualified Institutional Investors in the USA only through Banca IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1230.

Residents in Italy: This document is intended for distribution only to professional investors as defined in art.31, Consob Regulation no. 11522 of 1.07.1998 either as a printed document and/or in electronic form.

Person and residents in the UK: This document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the FSA.

US persons: This document is intended for distribution in the United States only to Qualified Institutional Investors as defined in Rule 144a of the Securities Act of 1933. US Customers wishing to effect a transaction should do so only by contacting a representative at Banca IMI Securities Corp. in the US (see contact details above).

Valuation methodology

The Intesa Sanpaolo S.p.A. Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodology indicated above.

Equity rating key

In its recommendations, Intesa Sanpaolo S.p.A. uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

BUY: if the target price is 20% higher than the market price.

ADD: if the target price is 10%-20% higher than the market price.

HOLD: if the target price is 10% below or 10% above the market price.

REDUCE: if the target price is 10%-20% lower than the market price.

SELL: if the target price is 20% lower than the market price.

Target price: the market price that the analyst believes the share may reach within a one-year time horizon.

Market price: closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated, as shown on the first page.

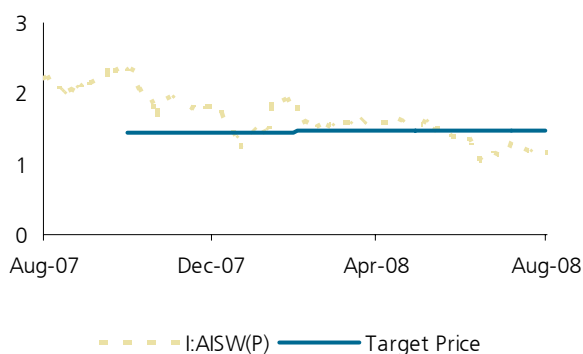
RATING SUSPENDED: the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances, including when Intesa Sanpaolo Group is acting in an advisory capacity in a merger or strategic transaction involving the company.

NO RATING: the company is or may be covered by the Research Department but no rating or target price is assigned.

Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo S.p.A. aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Banca IMI acts as sponsor or specialist are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo S.p.A.'s Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. Research is available on Banca IMI's web site (www.bancaimi.com or www.intesasanpaolo.com) or by contacting your sales representative.

Historical recommendations and market price trend (-1Y)



Historical recommendations and target price trend (-1Y)

Date	Rating	TP	Mkt Price
31-Oct-07	SELL	1.45	2.38
3-Mar-08	SELL	1.47	1.91
5-Mar-08	SELL	1.47	1.91
19-May-08	REDUCE	1.48	1.65

Specific disclosures

Banca IMI discloses interests and conflicts of interest, as defined by: Articles 69-quater and 69-quinquies, of Consob Resolution No.11971 of 14.05.1999, as subsequently amended and supplemented; the NYSE's Rule 472 and the NASD's Rule 2711; the FSA Policy Statement 04/06 "Conflicts of Interest in Investment Research – March 2004 and the Policy Statement 05/03 "Implementation of Market Abuse Directive", March 2005. The Intesa Sanpaolo Group maintains procedures and organisational mechanisms (Information barriers) to professionally manage conflicts of interest in relation to investment research. We provide the following information on Intesa Sanpaolo Group's conflicts of interest:

- 1 The Intesa Sanpaolo Group has a conflict of interest inasmuch as it plans to solicit investment banking business or intends to seek compensation from the Company in the next three months.
- 2 Banca IMI is a specialist relative to securities issued by EXPRIVIA SpA;
- 3 Banca IMI was financial advisor for Exprivia in the acquisition of Svimservice SpA of August 2007.

Intesa Sanpaolo Research Rating Distribution (at 1 August 2008)

Number of companies covered: 108	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage %	31	29	37	2	1
of which Intesa Sanpaolo's Clients % (*)	21	32	28	50	0

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

Intesa Sanpaolo Research Department – Head of Research Gregorio De Felice**Head of Equity & Credit Research**

Giampaolo Trasi	+39 02 7261 2297	giampaolo.trasi@intesaspaolo.com
-----------------	------------------	----------------------------------

Equity Research

Monica Bosio	+39 02 7261 2725	monica.bosio@intesaspaolo.com
Luca Bacoccoli	+39 02 7261 5026	luca.bacoccoli@intesaspaolo.com
Marta Caprini	+39 02 8796 2087	marta.caprini@intesaspaolo.com
Sergio Ciaramella	+39 02 7261 5688	sergio.ciaramella@intesaspaolo.com
Alberto Francese	+39 02 7261 2707	alberto.francese@intesaspaolo.com
Manuela Meroni	+39 02 7261 5937	manuela.meroni@intesaspaolo.com
Gian Luca Pacini	+39 02 7261 2971	gianluca.pacini@intesaspaolo.com
Bruno Permutti	+39 02 7261 5772	bruno.permutti@intesaspaolo.com
Fabio M. Picardi	+39 02 7261 2972	fabio.picardi@intesaspaolo.com
Roberto Ranieri	+39 02 7261 5011	roberto.ranieri@intesaspaolo.com
Lorenzo Re	+39 02 7261 2387	lorenzo.re@intesaspaolo.com

MAC & Corporate Broking Research

Maria Paola Toschi	+39 02 7261 2293	maria.toschi@intesaspaolo.com
Sabrina Maggio	+39 02 7261 2294	sabrina.maggio@intesaspaolo.com
Serena Polini	+39 02 7261 2292	serena.polini@intesaspaolo.com

Research Production

Anna Whatley	+39 02 7261 2763	anna.whatley@intesaspaolo.com
Cinzia Bovina	+39 02 7261 5437	cinzia.bovina@intesaspaolo.com
Bruce Marshall	+39 02 7261 2278	robert.marshall@intesaspaolo.com
Annita Ricci	+39 02 7261 2279	annita.ricci@intesaspaolo.com

Banca IMI**Institutional Sales**

Nicola Maccario	+39 02 7261 5517	nicola.maccario@bancaimi.com
Insaf Amri	+39 02 7261 5897	insaf.amri@bancaimi.com
Carlo Cavalieri	+39 02 7261 2722	carlo.cavalieri@bancaimi.com
Francesca Guadagni	+39 02 7261 5817	francesca.guadagni@bancaimi.com
Gregory Halvorsen	+39 02 7261 5857	gregory.halvorsen@bancaimi.com
Claudio Manes	+39 02 7261 5542	claudio.manes@bancaimi.com
Nicola Mastrototaro	+39 02 7261 2976	nicola.mastrototaro@bancaimi.com
Robert Meier	+39 02 7261 2158	robert.meier@bancaimi.com
Laura Spinella	+39 02 7261 5782	laura.spinella@bancaimi.com
Daniela Stucchi	+39 02 7261 5708	daniela.stucchi@bancaimi.com

US Institutional Sales

Jack Del Duca	+1 212 326 1234	DelDucaJ@bancaimius.com
Barbara Leonardi	+1 212 326 1232	LeonardiB@bancaimius.com

Sales Trading

Roberto Gussoni	+39 02 7261 5929	roberto.gussoni@bancaimi.com
Adele Marchetti	+39 02 7261 5880	adele.marchetti@bancaimi.com
Lorenzo Pennati	+39 02 7261 5647	lorenzo.pennati@bancaimi.com
Stefano Rivarola	+39 02 7261 5420	stefano.rivarola@bancaimi.com
Mark Wilson	+39 02 7261 2758	mark.wilson@bancaimi.com

Securities Lending

Carlo Antonioli	+44 207 894 2444	carlo.antonioli@bancaimi.co.uk
-----------------	------------------	--------------------------------

Corporate Brokerage

Danilo Brusa	+39 02 7261 5917	danilo.brusa@bancaimi.com
Fabrizio Speroni	+39 02 7261 5894	fabrizio.speroni@bancaimi.com

Market Hub – Brokerage & Execution

Italian Equities - Sergio Francolini	+39 02 7261 5859	sergio.francolini@bancaimi.com
Foreign Equities - Francesco Riccardi	+39 02 7261 2901	francesco.riccardi@bancaimi.com

Market Hub – Exchange Traded Derivatives

Matteo Massardi	+39 02 7261 2407	matteo.massardi@bancaimi.co.uk
Biagio Merola - Milan	+39 02 7261 2420	biagio.merola@bancaimi.com
Duncan Barker - London	+39 02 7261 2427	duncan.barker@bancaimi.co.uk

Market Hub – @ sales

Giovanni Spotti	+39 02 7261 2339	giovanni.spotti@bancaimi.com
-----------------	------------------	------------------------------

Banca IMI SpA

Piazzetta Giordano Dell'Amore, 3
20121 Milan, Italy
Tel: +39 02 7261 1

**Banca IMI
Securities Corp.**

1 William Street
10004 New York, NY, USA
Tel: (1) 212 326 1230

**Banca IMI
London Branch**

90 Queen Street
London EC4N 1SA, UK
Tel +44 207 894 2600