

Pirelli & C. S.p.A. — Milano

# Peers & Markets

Week ending 28<sup>th</sup> July 2008

**A medium term downsize for  
the US and EU economy**



Investor Relations

# Markets

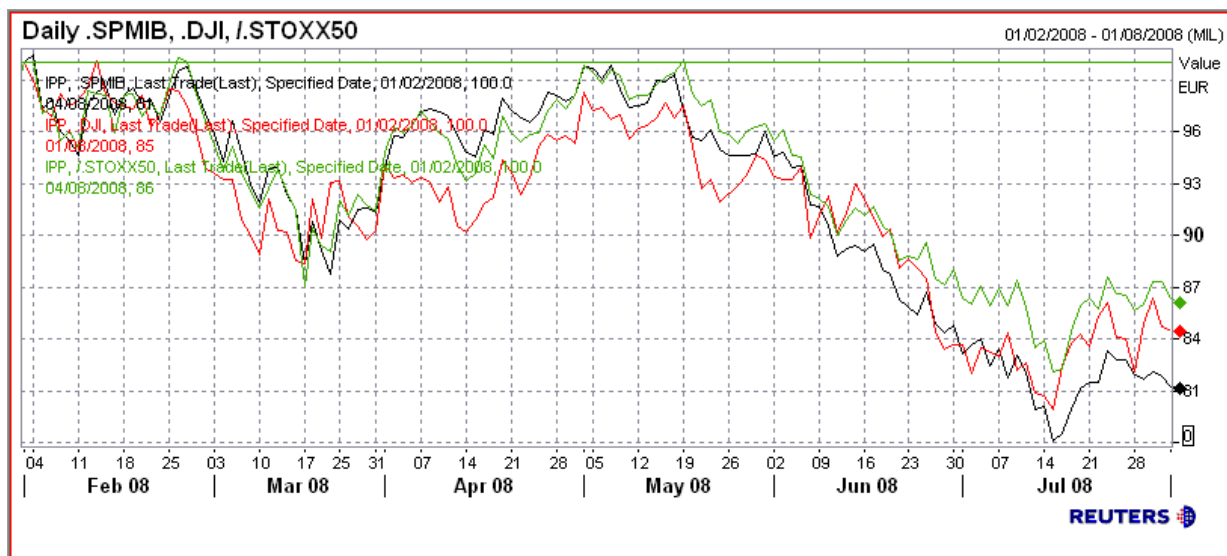
**USD** On Friday, the 1<sup>st</sup> of August, both the employment report and the ISM manufacturing Index reported a less than expected drop. Although the mixed signals of a recovery in the US economy remain, backed by its monetary and fiscal policies, the actual situation is “uncertain”. The dollar however reacted positively to the figures and gained some ground. The continuation of this recovery trend faces a risk in case there is no confirmation of a medium term improvement

**EUR** Based on US data the Euro adjusted by about one point to 1.5511 EUR/USD. Thus, the exchange rate closed below the bullish trend for four days in a row, but still able to usher in a bearish trend, which will require that it reaches the 1.5356 -1.5319 area. On Thursday the ECB meets: Expectations are that, although inflation is still on the rise, Trichet will not call for a rise in interest rates given the crisis faced by various European economies. If this were to be the case the adjustment of the exchange rate could continue. The first approximate figure of the Italian GDP will be issued on Friday, expected to be slowing down to 0.0% from 0.5%.

**GBP** Based on US data, on Friday the Pound dipped below 1.98 GBP/USD. In this case it was affected also by the very negative manufacturing PMI that came in lower than expected at 44.3, down from 45.8 against expectations of just 45.5. On Thursday the Bank of England meets. Given the poor performance of the economy, a rise in interest rates is not expected although BoE's Besley had voted for an immediate restriction.

**JPY** Unlike the Euro or the Pound the Yen was not affected much by US data, keeping on with its slightly rising trend vs the dollar, probably thanks to the fall in markets. The EUR/USD adjustment amplified the rise versus the Euro. Before moving onto a path of “definitive” rise, the Japanese currency will have to go through an initial, albeit limited, phase of weakness, above all due to the spread of the exchange rate which is still very adverse.

## S&P/MIB VS DJ EURO STOXX 50 AND DOW JONES INDUST. AVG. Performance of the last 24 weeks



# Markets

	Official	Pch change (%)**					Last 52 Weeks		Daily average Volumes***	
	Close	1 W*	1 M	6 M	1 Y	YTD	MIN PRICE	MAX PRICE	1 W	1 M
<b>EUROPE</b>										
DJ Euro Stoxx	310.860	(1.5)	(1.3)	(15.5)	(24.3)	(25.1)	291.77	433.16	na	na
S&P/MIB	28130.000	(1.9)	(2.3)	(18.7)	(28.6)	(27.0)	26,464.00	41,158.00	612,625,054	733,851,161
FTSE 100	5354.700	0.0	(2.3)	(11.2)	(14.3)	(17.1)	5,071.10	6,751.70	1,430,400,776	1,619,377,221
DAX	6396.460	(0.6)	1.3	(8.2)	(14.4)	(20.7)	5,999.32	8,117.79	143,460,826	166,642,185
CAC 40	4314.340	(1.4)	(0.6)	(13.3)	(23.7)	(23.2)	4,002.87	5,882.07	155,213,930	186,698,775
IBEX 35	11569.500	(0.2)	(1.7)	(14.3)	(20.7)	(23.8)	10,932.40	16,040.40	258,423	272,404
<b>UNITED STATES</b>										
DJ Industr. Average	11326.320	(0.4)	(0.5)	(11.1)	(15.2)	(14.6)	10,827.71	14,198.10	204,581,234	257,004,692
S&P 500	1260.310	0.2	(1.9)	(9.7)	(14.0)	(14.2)	1,201.00	1,576.06	4,010,535,117	4,072,042,351
NASDAQ Composite	2310.960	0.0	0.3	(4.2)	(9.5)	(12.9)	2,155.42	2,861.51	843,091,190	952,706,400
<b>ASIA</b>										
Nikkei 225 (Giappone)	13094.590	(1.8)	(2.7)	(3.0)	(22.4)	(14.5)	11,691.00	17,488.97	116,215	121,013
Hang Seng (HK)	22862.600	0.5	3.4	(5.2)	1.8	(17.8)	19,386.72	31,958.41	1,565,322,678	1,994,522,274
All ordinaries (Australia)	4978.000	(1.0)	(5.4)	(15.4)	(16.9)	(22.5)	4,880.00	6,873.20	815,801,575	992,006,010
Strait Times (Singapore)	2906.070	(0.6)	(0.0)	(3.4)	(15.0)	(16.1)	2,745.96	3,906.16	164,368,700	178,467,667
BSE 30 (India)	14656.690	2.7	13.1	(19.7)	(1.9)	(27.8)	12,514.02	21,206.77	27,874	28,616
<b>EMIRATES</b>										
Abu Dhabi	4954.730	(0.2)	0.5	8.5	45.1	9.3	3,327.34	5,158.66	118,058,054	na
Dubai	5410.230	(0.9)	(0.7)	(2.3)	27.9	(8.9)	3,961.19	6,320.44	165,449,527	na
<b>BRAZIL</b>										
Itel (indice TLC)	1182.990	2.0	(2.6)	(13.6)	(4.7)	(3.3)	1,062.30	1,405.88	na	na
Bovespa	57630.350	0.8	(9.1)	(5.6)	6.3	(9.8)	44,937.65	73,920.38	1,162,057	1,228,591

\* Variation calculated as per price on Friday

\*\* Variation calculated based on current price

\*\*\* Number of pieces exchanged

## EXCHANGE RATES

	EUR	USD	GBP	YEN	REAL
EUR		1.56	0.79	168.40	2.44
USD	0.64		0.51	108.13	1.56
GBP	1.26	1.97		212.70	3.08
YEN	0.01	0.01	0.00		0.01
REAL	0.41	1.56	3.08	69.06	

# Markets

## SECTORS PERFORMANCE

	Official	Pch change (%) <sup>1-2*</sup>				
	Close	1 W <sup>2</sup>	1 M	6 M	1 Y	YTD
<b>EUROPE</b>						
<b>Auto</b>	247.820	(6.4)	0.3	(19.9)	(34.2)	(31.3)
<b>Banks</b>	291.830	(2.0)	5.4	(21.8)	(40.3)	(31.2)
<b>Industrial</b>	420.540	0.1	(0.6)	(13.0)	(23.4)	(24.9)
<b>Insurance</b>	188.280	0.3	1.8	(16.1)	(30.2)	(25.3)
<b>Finance</b>	308.350	0.5	2.2	(19.8)	(28.2)	(25.3)
<b>Media</b>	165.610	0.9	6.3	(19.1)	(32.2)	(26.9)
<b>Oil&amp;Gas</b>	367.700	0.1	(10.3)	(4.0)	(15.3)	(16.8)
<b>Tech.</b>	232.400	(0.6)	8.7	(16.8)	(27.4)	(23.6)
<b>TLC</b>	264.940	1.1	(3.3)	(23.0)	(17.9)	(28.3)
<b>Utilities</b>	441.010	(0.4)	(2.3)	(10.5)	(8.2)	(19.6)
<b>FTSE EPRA Eu</b>	1824.550	1.3	(0.7)	(16.1)	(26.4)	(15.6)
<b>UNITED STATE</b>						
<b>Auto</b>	94.130	(5.9)	(2.5)	(38.0)	(50.0)	(36.5)
<b>Banks</b>	326.920	6.9	19.1	(26.6)	(35.1)	(20.6)
<b>Industrial</b>	313.170	(0.3)	0.7	(7.3)	(11.8)	(10.9)
<b>Insurance</b>	326.270	2.7	0.1	(21.7)	(27.3)	(25.0)
<b>Oil&amp;Gas</b>	638.870	0.3	(15.2)	4.5	6.1	(6.0)
<b>Tech.</b>	550.090	(0.5)	(2.1)	(3.3)	(10.6)	(14.8)
<b>Tyres</b>	58.730	(1.9)	7.4	(29.7)	(35.2)	(33.5)
<b>TLC</b>	135.430	(2.3)	(6.1)	(16.5)	(28.4)	(24.6)
<b>Utilities</b>	178.160	(1.5)	(10.2)	(7.6)	(5.7)	(12.9)

## FOREX & FIXED INCOME

	Latest	Yld (bid)	Coupon(%)
<b>Bund (10 anni) €</b>	99.10	4.36	4.25
	Latest	Yld (bid)	Coupon(%)
<b>BTP 2 anni</b>	99.94	4.52	4.50
<b>BTP 5 anni</b>	98.02	4.78	4.25
<b>BTP 10 anni</b>	96.92	4.95	4.50
	Latest (%)		
<b>Euribor 365 3M</b>	5.04		
<b>EURO LIBOR</b>	4.97		

# Pirelli & C.

The week ended negatively on Friday with markets slowing down in Europe and in the Us. Pirelli & C. common stock closed at -3.4%. the short term trend is slowing down. Every rise up to 0.4005 can act as a resistance. The medium term trend is still bear this week. Volatility increased during the last month. Careful about getting too close to the support level of 0.387, and a possible rebound from this point. Any changes to the bear trend, compared to the RSI that confirm this, should be kept in check.

## PIRELLI SHARES PERFORMANCE

	Official	Pch change (%)**				
	Close	1 W*	1 M	6 M	1 Y	YTD
Camfin	0.686	0.7	(2.1)	(47.4)	(55.3)	(46.9)
Pirelli & C. Ord.	0.397	(3.4)	(6.1)	(27.9)	(37.7)	(32.6)
Pirelli & C. Risp.	0.376	(1.4)	(2.7)	(37.8)	(38.8)	(40.5)
Pirelli Real Estate	13.261	1.2	10.5	(51.8)	(65.0)	(47.2)
Mediobanca	9.251	(11.2)	(11.9)	(27.8)	(38.9)	(34.5)
RCS	1.452	(2.8)	6.1	(43.1)	(64.1)	(51.3)
Telecom italia ord.	1.131	(7.4)	(12.1)	(44.1)	(41.1)	(46.8)
Telecom italia risp.	0.851	(8.6)	(18.6)	(44.3)	(45.7)	(47.6)
Telecom italia media ord.	0.094	3.1	3.5	(43.8)	(63.8)	(60.3)
telecom italia media risp.	0.090	11.1	0.0	(43.0)	(64.0)	(59.4)

\* Variation calculated as per price on Friday

\*\* Variation calculated based on current price

## Stock valuation

Sconto Vs NAV @ 01.08.2008: -15.94%

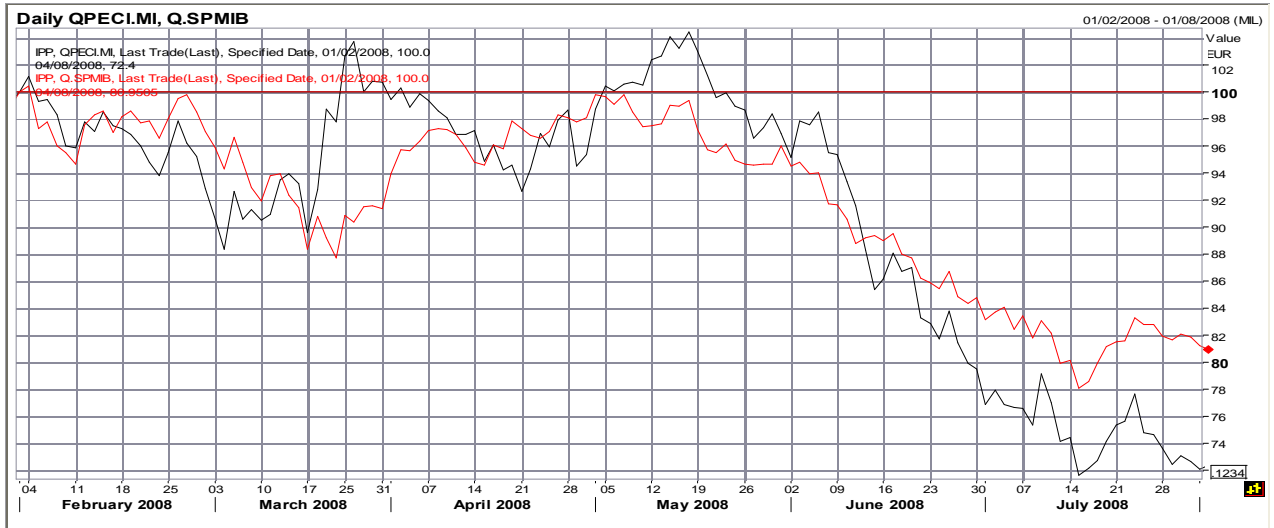
NAV per Share: € 0.47

Consensus TP: € 0.56

# Pirelli & C.

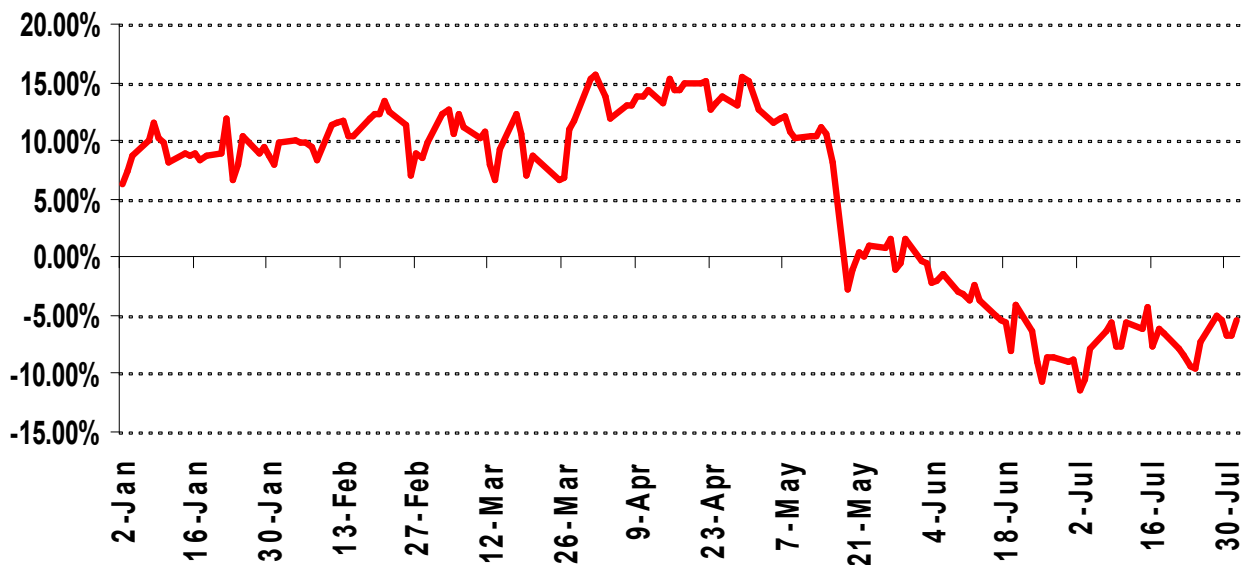
## PIRELLI SHARES & C. VS S&P/MIB

Performance of the last 6 months



## PIRELLI RISPARMIO vs PIRELLI ORDINARIA

(from 01/02/2008)



# Sectors

## Tyre

### Michelin

- Results of the 1H 2008: net profits fell by 1.6% to €430 million, sales dropped 1.9% to €8.2 billion (+4.2% in terms of constant value). The fall in working profit prior to outstanding entries is more marked, down by 17.8% due to the rise in prices of raw materials. Once again, the French Group saw a fall, from 9.8% to 8.6% of its targeted earnings before interest and taxes (prior to outstanding entries) and it has also raised to 750 million (from previous 600) its extra cost estimates due to the increasing raw material prices. The Group also confirmed its strategy that foresees an improvement in competitiveness, product differentiation and greater emphasis on markets that show strong growth. *(Reuters)*

-DB Cut its PT for Michelin from €92 to €75, however asserting that there is a chance that the firm can reabsorb two-thirds of the negative impact of raw materials. *(Dow Jones Newswires)*

### Continental

- A hostile takeover bid worth \$18 billion for Continental has been launched. The Bafin, the German equivalent of the Consob, approved Schaeffler's documents for a voluntary takeover bid that began on the 30<sup>th</sup> of July and will end on the 27<sup>th</sup> of August; the price is set at 70.12 euro/share (The board rejected the price as it deems that it is too low). *(Dow Jones Newswires)*

- Results of the 2Q: EBIT -4% (€455.7 million), ROS at 6.9% (down from 11.4%), forecasts for the 2008 adjusted EBIT margin are around 9.3%, production in the US is decreasing. *(Dow Jones Newswires)*

### Yokohama

Investments expected in Russia and Brazil (where it already exports tyres) to construct production units for passenger car tyres starting in 2010. The company would be the first to have a production unit in Russia and would stand next to Bridgestone in Brazil, aiming to be present in markets showing strong growth and to cut down export related costs. For 2011 sales in Russia is expected to be 2.5 million pieces (+150% vs 07/08) 1.2 million pieces in south America (+25-50% vs 07/08). *(Reuters)*

### Hankook

The company declares that it has recorded a 13% decrease (compared to 2007) in net profits in the 2Q due to rising process of raw materials (+24.3%) and high marketing costs. Operating profit shows a decrease by 9.4%, whilst sales are up 20%. *(Dow Jones Newswires)*

### Goodyear

Results of the 1H 2008: net income +34% (earnings from continuing operations \$0.66 vs \$0.60 forecasted by analysts). In June, the company had already communicated its intention to expand in emerging markets and to delocalize half of its production to these countries with lower production costs. *(Reuters)*

## Performance of the week

**Best:** Yokohama -0.2%

**Worst:** Michelin -14.2%

# Sectors

## Tyre

### PIRELLI & C. VS PEERS TYRE

	Official Close	Pch change (%)**					Last 52 Weeks		Daily average Volumes***	
		1 W*	1 M	6 M	1 Y	YTD	MIN PRICE	MAX PRICE	1 W	1 M
Pirelli & C ordinaria	0.397	(3.4)	(6.1)	(27.9)	(37.7)	(32.6)	0.39	0.70	20,263,572	30,514,550
Pirelli & C rispirmio	0.376	(1.4)	(2.7)	(37.8)	(38.8)	(40.5)	0.36	0.72	171,925	305,631
Continental	72.650	(0.3)	14.7	2.8	(30.1)	(18.4)	50.90	106.00	1,530,538	3,636,771
Michelin	41.000	(14.2)	(10.7)	(38.3)	(56.8)	(47.8)	40.81	101.17	2,199,067	2,021,429
Nokian	27.370	(5.1)	(9.7)	16.4	13.6	13.8	19.04	33.73	928,157	867,770
Goodyear	19.200	(1.5)	6.5	(26.4)	(30.2)	(32.0)	15.56	31.36	4,214,969	4,463,426
Cooper	9.080	(5.5)	16.3	(49.0)	(59.1)	(45.2)	7.05	26.02	805,634	1,336,295
Bridgestone	1700.000	(6.0)	4.7	(6.3)	(31.9)	(14.5)	1,493.00	2,690.00	3,815,680	4,961,957
Sumitomo	1423.000	(4.2)	2.1	(12.6)	(39.8)	(17.8)	653.00	1,488.00	1,024,520	1,223,167
Toyo	299.000	(9.4)	(13.8)	(14.6)	(45.9)	(28.3)	245.00	690.00	701,000	1,010,300
Yokohama	518.000	(0.2)	4.2	(11.9)	(37.7)	(22.2)	436.00	904.00	1,397,200	1,706,567
Hankook	14550.000	(2.7)	(1.7)	(5.2)	(29.2)	(18.7)	12,400.00	21,950.00	488,596	861,338
Kumho	7080.000	(13.2)	(20.5)	(37.6)	(54.0)	(49.4)	7,080.00	17,150.00	418,193	237,786

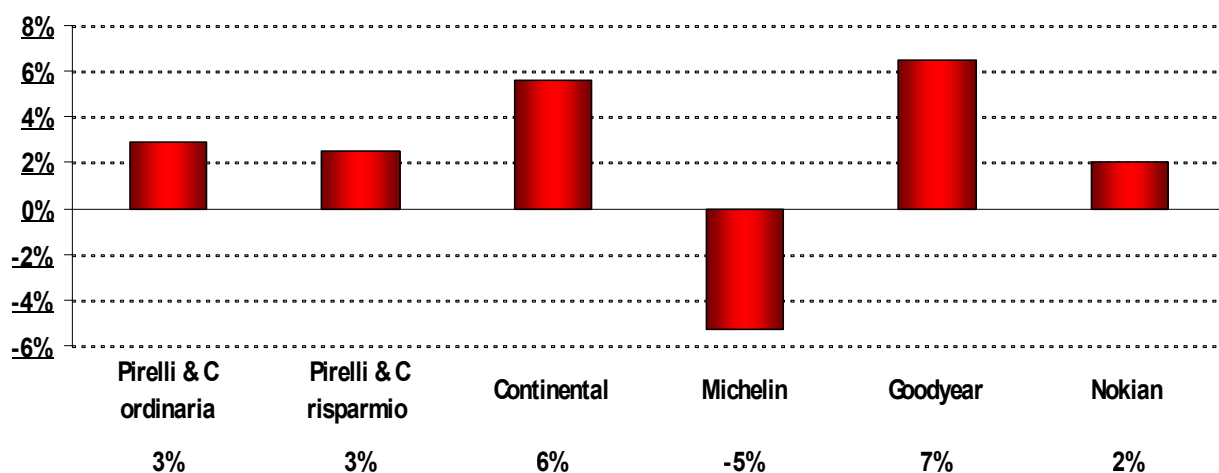
\* Variation calculated as per price on Friday

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\*\*\* Number of pieces exchanged

### TYRE SEGMENT VS DJ STOXX INDUSTRIAL

Performance for last week



# Sectors

## Tyre

Multiple Market Consensus for Peers Tyre @ 01/08/08

Sources: Thomson One; Reuters

	P/E		EV/SALES		EV/EBITDA		EV/EBIT	
	2008E	2009E	2008E	2009E	2008E	2009E	2008E	2009E
Bridgestone	14.5x	11.2x	57%	53%	5.0x	4.4x	9.4x	7.7x
Michelin	7.0x	5.7x	56%	53%	3.8x	3.3x	5.9x	5.0x
Goodyear	6.5x	5.3x	32%	29%	3.2x	2.7x	4.7x	3.9x
Continental	13.5x	10.1x	84%	77%	6.1x	5.4x	10.4x	8.6x
Nokian	13.9x	11.2x	281%	232%	9.4x	7.6x	11.1x	8.9x
Sumitomo	13.4x	10.1x	71%	68%	6.1x	5.5x	11.6x	9.9x
Yokohama	13.3x	11.1x	56%	54%	5.9x	5.5x	12.7x	11.0x
Toyo	20.7x	11.2x	40%	38%	5.7x	5.0x	17.5x	13.0x
Hankook	11.2x	8.6x	91%	82%	4.9x	4.3x	11.5x	8.4x
Kumho	16.0x	7.6x	71%	68%	6.1x	5.4x	13.0x	10.4x
Cooper	11.9x	7.2x	28%	25%	3.6x	2.8x	5.1x	3.2x
<b>max</b>	20.7x	11.2x	281%	232%	9.4x	7.6x	17.5x	13.0x
<b>min</b>	6.5x	5.3x	28%	25%	3.2x	2.7x	4.7x	3.2x
<b>median</b>	13.4x	10.1x	57%	54%	5.7x	5.0x	11.1x	8.6x
<b>average</b>	12.9x	9.0x	79%	71%	5.4x	4.7x	10.3x	8.2x

**Note regarding Yokohama and Toyo:** the columns marked 2008 include the estimates for the 2009 FY, from April 2008 to March 2009; The columns marked 2009 are filled in with estimates for the 2010 FY, from April 2009 to March 2010.

**Note regarding Hankook and Kumho:** the figures provided by Thomson One are "parent"

**Standard Method:** considering DEFICIT from Funded pension funds (defined contribution)

# Sectors

## Real Estate

Positive week for real-estate indices ( though still highly negative since the beginning of 2008). The sector garnered some positive semester results, attained by Klepierre (France) and Metrovacesa (Spain), inspite of the continuous difficulties in the American market where the S&P Case Shiller index, (that measures the tendency of prices in the main twenty metropolitan areas of the US) observed a monthly 0.9% decrease and an annual 15.8% decrease. PRE recorded a +1.4% weekly figure, waiting for the semester results (4th of August 2008).

**Bnl Fondi Immobiliari, Fimit, Pirelli Re, Beni Stabili e Aedes** will participate in a bid for the real estate investment trust of the Cassa Ragionieri, that will end by the last weeks of September and will see the allocation of 1,600 real estate residential units.

The listed real estate investment trusts of **Beni Stabili Gestioni sgr. Securifondo** recorded a 1.49% in the first semester of 2008, It's real estate is valued at 157.6 million Euros. In particular Immobilium 2001 performed well with 1.22%, with property worth 146.9 million and real estate estimated at 133.78 million, growing by 19.89% compared to December. Finally, the Invest Real Security fund performed well, 1.67%, property valued at 155.2 million and a real estate valuation of 197.22 million Euros growing by 6.63% compared to the end of year.

**Ipi** closed its first semester of the financial year with revenues equal to 22.44 million, up slightly compared to the 20.77 million figure recorded in this same period last year. Furthermore, indebtedness fell by 12.92 million to 275 million, compared to the financial situation recorded on the 31st of December 2007. The company is negotiating with Risanamento to exit the redevelopment of the municipality of Sesto San Giovanni.

## Performance of the week

**Best:** IVG +10.3%

**Worst:** Aedes -10.3%

# Sectors

## Real Estate

### PIRELLI RE VS PEERS PRE

	Official Close	Pch change (%)**					Last 52 Weeks		Daily average Volumes***	
		1 W*	1 M	6 M	1 Y	YTD	MIN PRICE	MAX PRICE	1 W	1 M
<b>Pirelli RE</b>	13.261	1.2	10.5	(51.8)	(65.0)	(47.2)	10.29	40.88	112,962	327,969
<b>Tecla</b>	492.010	0.0	(11.8)	(23.1)	(29.3)	(16.6)	na	na	na	na
<b>Olinca</b>	401.000	2.8	(1.1)	(20.6)	(36.2)	(20.1)	na	na	na	na
<b>Spazio Investment</b>	8.000	2.0	(6.4)	(19.9)	(32.2)	(32.5)	7.61	12.54	2,734	5,794
<b>ITALIA</b>										
<b>Gabetti</b>	1.123	4.1	(26.6)	(41.1)	(60.4)	(50.3)	0.92	3.24	10,743	33,092
<b>Beni Stabili</b>	0.704	3.9	10.4	1.4	(21.9)	(5.4)	0.57	0.96	4,292,716	4,189,248
<b>Aedes</b>	1.145	(10.3)	(13.8)	(54.1)	(76.4)	(67.2)	0.72	5.19	717,227	2,295,258
<b>Bastogi</b>	0.070	(3.6)	2.8	200.4	247.5	157.4	0.02	0.13	2,558,178	4,404,823
<b>Brioschi</b>	0.303	(0.5)	(6.8)	(21.5)	(39.4)	(36.2)	0.27	0.55	644,579	710,983
<b>Gabetti</b>	1.123	4.1	(26.6)	(41.1)	(60.4)	(50.3)	0.92	3.24	10,743	33,092
<b>IGD</b>	2.070	(0.0)	14.7	(2.7)	(27.7)	1.7	1.65	3.31	325,898	473,180
<b>IM Lombarda</b>	0.166	0.3	5.1	25.1	(16.8)	31.5	0.10	0.21	5,439,116	4,772,633
<b>IPI</b>	3.490	0.0	0.0	6.6	(38.5)	(6.4)	2.65	7.22	5,390	9,821
<b>Risanamento</b>	1.326	3.8	66.7	(56.7)	(73.5)	(64.1)	0.77	5.88	1,601,778	2,455,524
<b>ESTERO</b>										
<b>GERMANY</b>										
<b>Deutsche Wohnen</b>	24.000	(0.7)	(4.8)	(27.3)	(44.6)	(12.8)	21.41	45.45	447	1,916
<b>Patrizia Immobilien</b>	2.520	(5.6)	(15.4)	(46.2)	(77.8)	(51.2)	2.42	13.44	136,367	244,625
<b>IVG</b>	12.800	10.3	7.9	(45.3)	(50.0)	(45.7)	10.73	32.26	758,835	977,930
<b>Gagfah</b>	9.300	(1.0)	3.3	(27.2)	(34.6)	(21.7)	8.06	15.61	351,726	455,270
<b>Immoeast ag</b>	4.620	(4.1)	(13.5)	(26.0)	(49.3)	(37.3)	4.29	9.43	1,545,742	1,346,549
<b>Colonia RE</b>	6.900	(8.5)	1.6	(52.6)	(75.1)	(59.5)	5.88	29.80	58,112	62,828
<b>FRANCE</b>										
<b>Fonciere des regions</b>	81.750	2.0	4.1	(8.8)	(25.4)	(5.8)	70.64	119.80	59,868	91,903
<b>Gecina</b>	78.140	5.3	3.4	(18.3)	(34.7)	(27.2)	65.40	123.19	83,090	115,759
<b>Klepierre</b>	26.920	(8.9)	(14.5)	(27.8)	(28.1)	(23.0)	25.53	41.82	1,185,432	833,966
<b>Unibail rodamco</b>	143.010	2.1	(0.5)	(12.9)	(16.6)	(4.6)	123.84	190.45	434,935	572,757
<b>Mercurys</b>	29.450	3.8	4.2	15.5	14.7	12.5	21.90	32.50	95,157	75,675
<b>AUSTRIA</b>										
<b>Conwert</b>	9.470	0.9	(11.9)	(11.7)	(24.2)	(21.3)	8.60	14.12	155,213	224,900
<b>Ca Immobilien</b>	11.990	(0.4)	(4.8)	(14.3)	(34.5)	(21.6)	10.53	19.79	134,311	160,503
<b>Immofinanz</b>	5.830	0.0	(7.0)	(9.9)	(35.7)	(16.1)	5.35	9.50	1,166,625	1,583,610
<b>SPAGNA</b>										
<b>Sotogrande</b>										
<b>Inmobiliaria Colonial</b>	0.430	(2.3)	(2.3)	(70.2)	(87.6)	(75.6)	0.36	3.84	5,903,088	9,026,231
<b>Metrovacesa</b>	49.000	1.2	(14.8)	(40.7)	(38.1)	(40.0)	45.40	116.50	13,044	9,328
<b>Fadesa</b>	7.300	0.0	(53.5)	(47.9)	na	(56.8)	6.84	20.90	44,732	15,302

\* Variation calculated as per price on Friday

\*\* Variation calculated based on current price

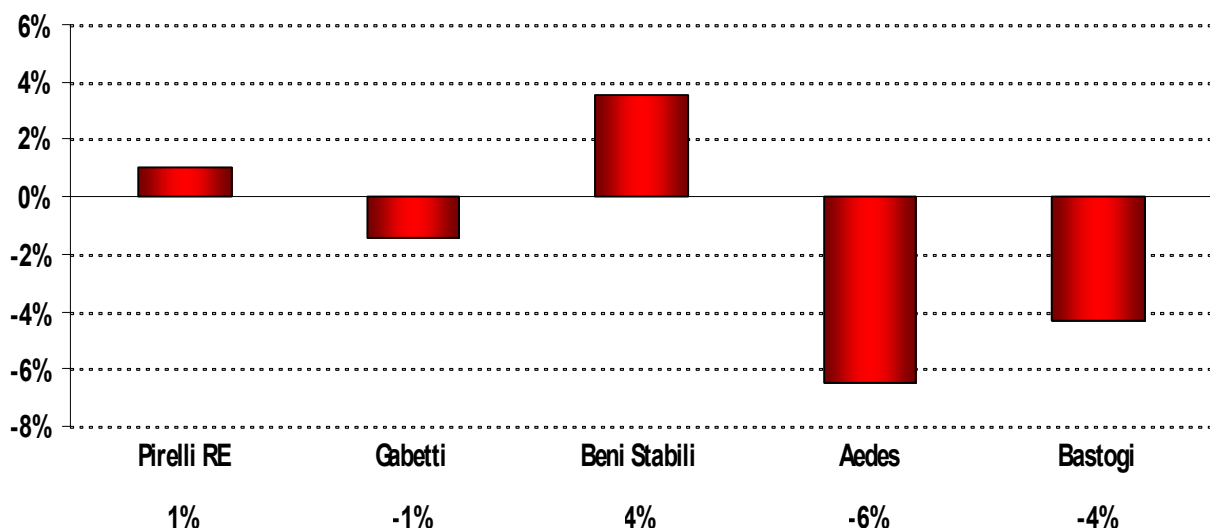
\*\*\* Number of pieces exchanged

# Sectors

## Real Estate

### REAL ESTATE SEGMENT VS INDICE EPRA EUROPE

Performance for last week



# Sectors

## TLC Equipment

Changes expected at the head of **Alcatel-Lucent**, Serge Tchuruk, the current President and the CEO, Patricia Russo, have announced their resignation in conjunction with the release of semester results. Tchuruk will leave the company from the 1st of October 2008, whilst Russo will stay to manage the transition phase till a CEO is appointed, her stay in office will be limited till the end of this year.

The French broadband operator **Iliad** ends its first semester with revenues increasing by 20%, it confirms its target of 3.25 million service members by the end of 2008.

**Telefonica's first semester closed with net profits decreasing by 6.2%**, to 3.59 billion(+29% excluding capital gains from transfers executed a year ago). The company has confirmed its 2008 targets its operating income before depreciation and amortisation (Oibda) grew between 7.5- 11% and revenues grew between 6-8%.

## Performance of the week

**Best:** JDS +0.2%

**Worst:** Avanex -14.1%

# Sectors

## TLC Equipment

### PIRELLI & C. vs PEERS PGT / PBS

	Official Close	Pch change (%) <sup>***</sup>					Last 52 Weeks		Daily average Volumes <sup>***</sup>	
		1 W <sup>*</sup>	1 M	6 M	1 Y	YTD	MIN PRICE	MAX PRICE	1 W	1 M
Pirelli & C ordinaria	0.397	(3.4)	(6.1)	(27.9)	(37.7)	(32.6)	0.39	0.70	20,263,572	30,514,550
Pirelli & Crisparmio	0.376	(1.4)	(2.7)	(37.8)	(38.8)	(40.5)	0.36	0.72	171,925	305,631
Netgear	15.240	(1.0)	11.2	(44.8)	(44.6)	(57.3)	12.41	37.00	581,713	821,188
D-link	40.500	(6.6)	0.9	(12.2)	(55.7)	(39.3)	36.76	99.73	5,861	4,653
Avanex	0.670	(14.1)	(38.0)	(21.2)	(60.8)	(33.0)	0.52	1.90	949,195	1,523,154
Cisco	21.990	(2.0)	(5.0)	(11.8)	(26.1)	(18.8)	20.56	34.24	47,787,535	54,468,996
Zyxel Comms	27.100	(6.6)	8.8	(11.7)	(54.7)	(35.7)	23.55	63.60	6,365	6,926
Adv Digital N	29.000	(6.5)	(3.3)	(1.7)	(52.4)	(9.4)	20.60	61.00	7,364	11,988
Kudelski	13.620	(4.8)	8.2	(22.4)	(66.9)	(39.3)	11.00	42.30	226,740	383,719
Amino Tech	51.000	(3.8)	(7.3)	(11.3)	(19.0)	(1.9)	44.05	68.50	24,241	17,433
Bookham	1.800	(9.5)	(4.3)	4.0	(28.3)	(24.4)	1.13	3.39	273,414	838,873
Alcatel-Lucent	3.890	(1.4)	5.3	(8.9)	(54.7)	(21.4)	3.24	8.68	25,527,943	21,410,226
JDS Uniphase Corp.	10.960	0.2	(3.4)	3.4	(23.7)	(17.6)	9.49	16.05	3,124,408	4,334,981

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\*\*\* Number of pieces exchanged

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