



ASTALDI

ASTALDI SOCIETÀ PER AZIONI

BOARD OF DIRECTORS' REPORT

PURSUANT TO ARTICLES 72 AND 92

OF CONSOB REGULATIONS NO. 11971/99

AND ARTICLE 3 OF MINISTERIAL DECREE NO. 437/1998

Dear Shareholders,

The Board of Directors of Astaldi S.p.A. hereby makes known the following with regard to the proposals the Board plans to submit to the attention of the forthcoming Extraordinary and Ordinary Shareholders' Meeting convened on 5 November 2010 (first call), and on 8 November 2010 (second call).

EXTRAORDINARY MEETING

Amendments to the Bylaws

Dear Shareholders,

With regard to the sole item on the agenda of the Extraordinary Meeting, we wish to submit for your examination the following proposed amendments to be made to the company's Bylaws which we consider necessary and appropriate.

Specifically, it is proposed to amend the following articles of the company's Bylaws:

- **Art. 11** – with regard to the shareholders' right to take part in the Shareholders' Meeting and to exercise voting rights, where, in compliance with Italian Legislative Decree No. 27 of 27 January 2010 which implements Directive 2007/36/EC introducing the obligation for shareholders to request the issue and forwarding of certification by brokers, specific reference to the procedures and terms of law for fulfilling said formalities is proposed;
- **Art. 12** – in relation to the exercise of voting rights by proxy at the Shareholders' Meeting where, in compliance with the aforementioned Legislative Decree which provides for the company's Bylaws to include at least one electronic procedure for notifying the proxy the shareholders are entitled to avail themselves of, inclusion in the Bylaws of the possibility for shareholders to use a dedicated section of the company's website for this purpose is proposed, in accordance with the procedures that shall be listed in the notice calling the Shareholders' Meeting, in compliance with current legislation;
- **Art. 12** – in relation to the exercise of voting rights by proxy at the Shareholders' Meeting where, in compliance with the aforementioned Legislative Decree which orders the appointment of a so-called "mutual representative" to whom shareholders may grant proxy unless the bylaws state otherwise, a provision which expressly excludes this faculty is proposed.

In relation to the above, please find attached a table containing the wording of the current bylaws placed alongside the proposed wording, and we ask the Shareholders, when in

agreement, to approve the aforementioned proposals, as shown in the aforementioned table (Annex 1).

It must be noted that the proposed amendment does not fall into the field of application of Article 2437 of the Italian Civil Code and hence, shareholders not participating in the relative resolutions shall not be entitled to withdraw as regards all or part of their shares.

ORDINARY MEETING

1. Amendments to the Shareholders' Meeting Regulations.

Dear Shareholders,

With regard to the first item on the agenda of the Ordinary Meeting, we would like to submit for your examination the document containing the new Shareholders' Meeting Regulations highlighting the amendments we consider are necessary and appropriate to adopt by virtue of enforcement of the aforementioned Legislative Decree No. 27 of 27 January 2010 implementing Directive 2007/36/C and the related proposals to amend the Bylaws as outlined above.

The shareholders are requested, when in agreement, to approve said proposal, as detailed in the aforementioned document (Annex 2).

2. Incentive Scheme. Resolutions pertaining thereto and arising therefrom.

Dear Shareholders,

With regard to the second item on the agenda of the Ordinary Meeting, it must be remembered that with the approval of the 2009 draft financial statements and consequent

allocation of free shares, the “Incentive Scheme” approved by the Shareholders’ Meeting of 27 June 2007 for the 2007/2009 three-year period reached expiry.

Having stated the above, in light of the assessments performed over recent months and the proposal put forward by the Remuneration Committee, the Board of Directors, which met on 3 August 2010, has drawn up a proposal in this regard.

The proposal consists in an incentive scheme based on a bonus system aimed mainly at allocating Astaldi S.p.A. shares to five top managers, i.e. the Chief Executive Officer and the four General Managers.

Specifically, the “Incentive Scheme” shall be based on the following principles:

- 1) it shall concern the 2010-2012 three-year period;
- 2) it shall be based on a bonus system awarded on an annual basis over the three-year period upon achievement of annual performance targets set by the Board of Directors, at the proposal of the Remuneration Committee. A relative “grade” shall also be assigned to each target on this occasion;
- 3) it shall provide for the free allocation, in relation to each year and in notional terms, of no. 100,000 shares to the Chief Executive Officer and no. 34,000 shares to each General Manager upon achievement of the set targets;
- 4) awarding of the bonus – in the event of achievement of the set targets – as regards the Chief Executive Officer, shall entail the physical consignment of shares of a number equal to the aforementioned notional amount of no. 100,000 shares.

While, as regards the General Managers, the awarding of bonuses may entail, alternatively:

- 4A) as regards half of the amount, allocation of a gross sum, in cash, equal to the corresponding counter value of no. 17,000 shares for each of the General Managers, valued at the share price equal to the arithmetical average of the closing prices of Astaldi ordinary shares traded on the market during the last quarter prior to the date of assignment, while as regards the other half, allocation of a number of shares

equal to 17,000 for each of the General Managers. In any case, the assignment in cash may not exceed 50% of the agreed (and standard) fees paid annually to each General Manager for the position held;

4B) physical consignment of shares of a number equal to the aforementioned notional amount of no. 34,000 shares for each of the General Managers multiplied by an inducement factor equal to 1.12; therefore, in this case, the shares allocated to each of the General Managers shall be equal to no. 38,000;

5) bonuses awarded annually shall be considered inclusive of taxes;

6) for the purpose of correct interpretation of the Incentive Plan, the following definitions shall apply:

- “*assignment date*”: the date of the resolution in which the Board of Directors – or the corporate body appointed by the latter – approves the draft financial statements and verifies the achievement of performance targets previously set in relation to each financial year;
- “*physical consignment*”: the actual free allocation of shares which shall be performed, subsequent to the Shareholders’ Meeting to approve the financial statements, in the same months as relative dividends shall be distributed.

Therefore, the Scheme shall provide for the shares in question to be allocated and physically consigned to beneficiaries in the year following the reference year;

7) the Scheme shall provide for a “grade” to be assigned to each performance target; this means that 100% of the bonus shall be allocated in the event of all the set targets being achieved. Should one of the targets fail to be met, the shares allocated shall consequently be reduced on the basis of the “grade” – as defined by the Board of Directors (see point 2) – of the target that has not been met;

8) as regards the “physical consignment” of shares, the Scheme must also provide for share lock-up with regard to each allocation, with the characteristics listed below.

As regards the Chief Executive Officer:

- 8a) 12-month lock-up in relation to 25% of the shares allocated annually;
- 8b) 24-month lock-up in relation to an additional 25% of the shares allocated annually;
- 8c) 36-month lock-up in relation to the remaining 50% of the shares allocated annually.

As regards General Managers:

8aa) in the event of awarding of bonuses as per point 4A), 36-month lock-up in relation to 100% of the shares allocated annually;

8bb) in the event of awarding of bonuses as per point 4B):

- 12-month lock-up in relation to 25% of the shares allocated annually;
- 24-month lock-up in relation to an additional 25% of the shares allocated annually;
- 36-month lock-up in relation to the remaining 50% of the shares allocated annually;

- 9) therefore, this system rewards the top managers' contribution to creating value in keeping with the principle of aligning interests between management and shareholders. The creation of value which must, therefore, be expressed through both the achievement of set performance targets and increase in value of the share on the stock exchange;
- 10) reference must be made to the following documentation for all matters not specifically provided for:

10a) the Regulations in the process of being drafted which shall regulate all the criteria and conditions for actual allocation, including the criteria for modulating targets;

10b) the Memorandum which the company shall make available to the public as per Article 84-bis, subsection 1 of CONSOB Regulations No. 11971/99.

Therefore, the company's Shareholders are requested to approve the aforementioned general criteria formulated by the Board of Directors, as well as to grant the Board of

Directors the powers to draft Regulations for the Scheme in question which take into account the guidelines approved by the Shareholders' Meeting.

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The Board of Directors also proposes to grant the Deputy Chairman, Giuseppe Cafiero, an end-of-career bonus to acknowledge all the work he has done for Astaldi Group over the course of more than twenty-five years during which he has held various working and managerial positions and, specifically, during the last decade, top positions in the capacity of General Manager, and more recently, Chief Executive Officer.

In brief, said proposal entails the assignment to Mr. Cafiero of a special bonus amounting to EUR 700,000.00 to be paid as follows:

- a first tranche equal to 50% of the whole amount by November 2010;
- a second tranche equal to the remaining 50% of the whole sum by January 2011;
- each tranche shall consist in the disbursement of shares and cash equal respectively to 1/3 and 2/3 of the whole sum in question.

Therefore, the company's Shareholders are requested to approve the aforementioned general criteria formulated by the Board of Directors, as well as to grant the Board of Directors the powers to perform the above in compliance with the criteria approved by the Shareholders' Meeting.

Rome, 22 September 2010

On behalf of the Board of Directors
(Chairman)

AMENDMENTS TO BY-LAWS

Current wording	Proposed wording
<p>ART. 11 <i>"Shareholders with voting rights shall be entitled to take part in the Shareholders' Meeting provided the broker responsible for their accounts has forwarded the documentation certifying ownership of the relative shares within two days prior to the date of first call of the Shareholders' Meeting".</i></p>	<p>ART. 11 <i>"All parties with voting rights as testified by relevant certification issued and notified by brokers in accordance with the procedures and terms provided for by law, shall be entitled to take part in the Shareholders' Meeting".</i></p>
<p>ART. 12 <i>"Each ordinary share entitles the holder to one vote. All shareholders entitled to take part in the Shareholders' Meeting may elect to be represented by proxy by another person, including a non-shareholder, pursuant to current legislation and regulations. The Chairman of the Shareholders' Meeting shall be responsible for checking the right of proxies to take part".</i></p>	<p>ART. 12 <i>"Each ordinary share entitles the holder to one vote. All shareholders entitled to take part in the Shareholders' Meeting may elect to be represented by proxy by another person, including a non-shareholder, pursuant to current legislation and regulations. The Chairman of the Shareholders' Meeting shall be responsible for checking the right of proxies to take part.</i> <i>All shareholders may perform electronic notification of the proxy by using the dedicated section of the company's website in accordance with the procedures listed in the notice calling the Shareholders' Meeting, in compliance with current legislation.</i> <i>The company shall not avail itself of the faculty as per Article 135 undecies, subsection 1 of the Finance Consolidation Act concerning the "mutual representative".</i></p>

SHAREHOLDERS' MEETING REGULATIONS

Part I

PRELIMINARY PROVISIONS

Art. 1

Field of application

1. These regulations shall be used to regulate ~~O~~rdinary and ~~E~~xtraordinary Shareholders' Meetings.
2. These regulations shall be made available to shareholders at the company's registered offices and at the venues for shareholders' meetings.

Part II

FORMATION

Art. 2

Involvement in, participation in and attendance of shareholders' meetings

1. Shareholders and ~~parties with other holders of~~ voting rights may take part in the shareholders' meeting.
2. General Managers, Deputy General Managers, company managers and representatives of the independent auditing firm responsible for certification of the financial statements, as well as directors, auditors and group company managers may participate in the shareholders' meetings. Company and group company employees as well as other individuals whose presence is deemed useful by the Chairman of the Shareholders' Meeting in relation to the items to be discussed or activities to be carried out, may also participate in the meeting.
3. Experts, financial analysts and accredited journalists may also attend the meeting with the Chairman's consent.
4. Prior to outlining the items on the agenda, the Chairman shall inform the Meeting of the participation and attendance of the individuals listed under points 2 and 3 herein.

Art. 3

Checking of entitlement to take part in the meeting and access to the premises

1. Checking of entitlement to take part in the shareholders' meeting shall be performed at the meeting venue at least one hour prior to the time set for the start of the meeting, unless stated otherwise in the notice calling the meeting.

Once the time set for the start of the meeting has elapsed, checking shall be performed for the sole purpose of verifying entitlement to take part in the meeting of the parties already waiting to access the premises.

2. The parties entitled to take part in the meeting must show the staff members appointed by the company at the entrance to the premises where the meeting shall be held, a personal identity document and certification as listed in the notice calling the shareholders' meeting. The staff members appointed by the company shall issue a specific document to be kept for the period during which the meeting is held.

3. Without prejudice to the law provisions regarding notification to the issuer by brokers with regard to parties with voting rights, ~~in~~ in order to facilitate checking of entitlement to take part in the meeting, shareholders may forward documentation certifying said right to the company's legal affairs and corporate governance department in accordance with the procedures and terms set forth in the notice calling the meeting.

4. In order to facilitate checking of relative powers of representation, the parties taking part in the meeting in the capacity of legal or voluntary representative of shareholders and ~~holders of parties with~~ voting rights may forward documentation certifying said right to the company's legal affairs and corporate governance department in accordance with the procedures and terms set forth in the notice calling the meeting.

5. Unless decreed otherwise by the Chairman of the Shareholders' Meeting, photographic or video equipment and similar, as well as registration equipment of any kind and mobile telephones, with the sole exception of close circuit television footage, may not be used inside the premises where the meeting is held. Should the Chairman choose to authorise the use of said equipment, he/she shall be responsible for determining relative conditions of use and restrictions.

Art. 4

Constitution of the Shareholders' Meeting and commencement of proceedings

1. The party listed in the Bylaws shall take the chair of the Shareholder's Meeting at the time set forth in the notice calling the meeting.

2. The Chairman shall be assisted by a secretary who may also be a non-shareholder. The Chairman may also request the assistance of a secretary in the event of the minutes being drafted by a notary public. The secretary and notary public may be assisted by individuals selected by them, and avail themselves of registration equipment for the sole purpose of helping them draft the relative minutes.

3. The Chairman may be assisted by parties authorised to take part in the meeting, appointing them to outline the items on the agenda and answer any questions raised in relation to said matters.

4. The Chairman may also be assisted by external assistants invited to take part in the meeting.

5. The Chairman, including at the request of appointed staff, shall resolve any disputes regarding entitlement to take part in the meeting.
6. The Chairman shall make known the number of shareholders and ~~other holders of parties with~~ voting rights present, and shall also state the share of capital represented by said parties. Once the Chairman has checked that the meeting is duly constituted, he shall declare the start of proceedings.
7. Should the quorum needed fail to be reached, the Chairman shall inform the meeting of this and defer discussion of the items on the agenda to the next call.

Part III DISCUSSION

Art. 5

Agenda

1. The Chairman and, at his/her request, the parties assisting him/her pursuant to Article 4, subsection 3 of these regulations, shall outline the items on the agenda and the proposals submitted for approval by the Shareholders' Meeting. While discussing said items and proposals, the Chairman may adopt a different order from the one listed on the notice calling the meeting provided the Shareholders' Meeting does not raise any objections, and may request that all or some of the items on the agenda be discussed all together.

Art. 6

Speakers and replies

1. The Chairman of the Shareholders' Meeting shall moderate the discussion, giving the floor to directors, auditors and other parties that have asked to speak in compliance with this article.
2. Parties with voting rights shall be entitled to take the floor with regard to the items on the agenda on a single occasion only, making observations and requesting information. The parties with voting rights may also formulate proposals. Requests to take the floor may be made until the Chairman has declared the close of discussion of the item on the agenda.
3. The Chairman shall establish the procedures for requesting to take the floor and the order in which the parties are to speak.
4. The parties with voting rights may also ask questions prior to the start of the Shareholders' Meeting. In this case, the question must be raised in writing within the third working day prior to the date of first call of the Shareholders' Meeting, in accordance with the procedures set forth by the company in the notice calling the meeting. The Chairman shall read said questions in the order he establishes.

54. The Chairman and, at his/her request, the parties assisting him/her pursuant to Article 4, subsection 3 herein, shall reply to speakers once all the parties taking the floor with regard to the items under discussion have finished speaking, or after each individual has finished speaking.

5. The parties that request to take the floor shall be entitled to make a brief reply.

6. The Chairman, taking into account the nature and importance of the individual items under discussion as well as the number of parties requesting to take the floor, shall establish in advance the length of time for each speaker and the relative replies in order to ensure that the Shareholders' Meeting may complete its activities in a single session. The Chairman shall invite the speaker to bring his/her speech to a close prior to the end of the length of time allocated.

7. Once the speeches, answers and replies, if any, have been completed, the Chairman shall bring the discussion to a close.

Art. 7

Interruption of proceedings

1. During the meeting, the Chairman may interrupt proceedings for a short period, justifying said decision, should he/she consider it appropriate to do so.

Art. 8

Chairman's Powers

1. In order to ensure the correct holding of meetings and exercise of rights by the parties taking part, the Chairman may interrupt the speaker should the party in question not be entitled to take part or continue to speak once the maximum length of time allocated by the Chairman has elapsed.

2. The Chairman may interrupt the speaker, subject to warning, should the speech in question clearly prove to be non-pertinent as regards the item under discussion.

3. The Chairman may interrupt the speaker should he/her use expressions or adopt behaviour considered improper or abusive, in the event of threats or in the case of incitement to violence or disorder.

4. Should one or more of the speakers prevent others from taking part in the discussion or behave in such a way as to generate a clear obstacle to correct holding of the meeting, the Chairman shall call the parties to order and request that they comply with the regulations. Should this prove to be in vain, the Chairman may request that the parties previously reprimanded leave the meeting for the period during which discussion is taking place.

Part IV

VOTING

Art. 9

Preliminary operations

1. Prior to the commencement of voting, the Chairman shall readmit to the meeting the parties excluded as per Article 8 herein.
2. Prior to the start of discussion, the Chairman may order that voting with regard to each item take place after the end of discussion of each item, or at the end of discussion of all or some of the items on the agenda.

Art. 10

Voting

1. Prior to the start of discussion, the Chairman shall establish the procedures for expressing, recording and counting votes.
2. Checking of votes shall be performed once voting has taken place and after this has been completed, the Chairman, including with the assistance of a secretary or notary public, shall announce the result of voting to the Shareholders' Meeting.

Part V

CLOSURE

Art. 11

Closure

1. Once the items on the agenda have been discussed and voting has taken place, the Chairman shall bring the meeting to a close.

Part VI

FINAL PROVISIONS

Art. 12

1. In addition to what is provided for herein, the Chairman may adopt any measures considered appropriate to ensure the correct holding of shareholders' meetings and exercise of rights of those taking part in the meeting.