



**ASTALDI SOCIETÀ PER AZIONI**

**BOARD OF DIRECTORS' REPORT**

**PURSUANT TO ARTICLE 125-TER**

**OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998**

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 forthcoming Shareholders' Meeting scheduled for 18 April 2011 in first call, and for 19 April 2011 in second call.

**1) Approval of annual financial statements for the year ending 31 December 2010. Related and consequent resolutions**

Dear Shareholders,

With regard to the first item on the agenda of the Shareholders' Meeting, please refer in full to Astaldi S.p.A.'s Annual Financial Report at 31 December 2010 which shall be approved during the Board meeting scheduled for 16 March 2011 and made available in compliance with the procedures and timeframe provided for in Article 154-ter of the Italian Legislative Decree No. 58/98 (Finance Consolidation Act) together with the proposal regarding dividend distribution.

**2) Appointment of a Director**

Dear Shareholders,

On 25 February 2011, Mr. Vittorio Di Paola, appointed Company Director by the Ordinary Shareholders' Meeting of 23 April 2010, informed Astaldi S.p.A. and the Board of Auditors of his intention to step down from said office with immediate effect.

Therefore, during the next Board meeting scheduled for 16 March 2011, the company's Board of Directors shall undertake to fulfil what is provided for in Article 2386 of the Italian Civil Code and Article 17 of the Company's By-Laws.

Therefore, you are invited as of now to elect a new Company Director in order to bring the number of Company Directors to 13, as set forth in the resolution passed by the company's Ordinary Shareholders' Meeting of 23 April 2010.

In this regard, it must be recalled that the Company Director who has stepped down from office belonged to the slate submitted by the majority shareholder. With regard to the election of a new Company Director, the Company's By-Laws do not

provide for the submission of slates and hence the Shareholders' Meeting shall resolve by relative majority upon the names that shall be put forward to the shareholders, as provided for in Article 14 of the Company's By-Laws.

It must also be noted that the Company Director that has stepped down from office did not hold the independence requisites provided for in the Italian Legislative Decree No. 58/98 (Finance Consolidation Act) and in the Self-Regulation Code for Listed Companies, as per the assessment performed by the Board of Directors during the meeting held on 23 April 2010. Hence it is not necessary for the new proposed Company Director to hold said requisites given that the Board of Directors does not have to be re-composed in this sense.

In any case, it must be remembered that, pursuant to Article 2387 of the Italian Civil Code and Article 16 of the Company's By-Laws, only individuals who meet the following requirements may be put forward for the position of Company Director:

- a) individuals boasting a total of at least three years experience in:
  - management and auditing activities or managerial duties within stock companies with a share capital of no less than two million Euros;
  - professional activities or tenured university teaching of legal, economic, financial or technical-scientific subjects related to the construction sector in general, public and private works and the undertaking and performance of concession works;
  - management duties within public organisations or public administrations working in the credit, financial and insurance sectors or in the sectors as listed above;
- b) individuals that are not directors or employees of rival businesses and individuals that do not provide consulting services to or work with said rival companies;
- c) individuals not involved in disputes in progress involving the Company or companies belonging to the group;
- d) individuals holding the requisites set forth in the codes of conduct the Company complies with.

Moreover, solely the individuals that have provided the statements and documents required by the Company's By-Laws and current legislation at the date of the Shareholders' Meeting may be put forward for the office of Company Director.

The Company Director thus appointed shall remain in office until the natural expiry of the current Board of Directors' term of office and hence until the Shareholders' Meeting approving the Company's financial statements for the year ending 31 December 2012.

Therefore, we ask you to pass all appropriate resolutions in this regard.

**3) Awarding of legal auditing assignment for the 2011-2019 period. Related and consequent resolutions.**

Dear Shareholders,

With regard to the second item on the agenda, we would like to remind you that the auditing assignment awarded to *Reconta Ernst & Young S.p.A.* shall come to an end with auditing of the statutory and consolidated financial statements for the 2010 financial year.

Therefore, in this regard, please refer in full to the proposal for awarding of the legal auditing assignment drawn up by the Board of Auditors pursuant to Article 13 of the Italian Legislative Decree No. 39/2010 and attached hereto.

Therefore, we ask you to pass all appropriate resolutions in this regard.

**4) Resolutions regarding the purchase and sale of treasury shares.**

Dear Shareholders,

With regard to the fifth item on the agenda, please refer in full to the content of the "*Directors' Report pursuant to Articles 73 and 93 of CONSOB Regulation No.*

11971/99”, which shall be published in accordance with the procedures and terms provided for in Article 73 of CONSOB Regulation No. 11971/99 (“*CONSOB Issuers’ Regulation*”).

Therefore, you are invited as of now to approve the plan for the purchase and sale of treasury shares in accordance with the terms and procedures that shall be detailed in the Report in question.

Rome, 9 March 2011

On behalf of the Board of Directors  
(Signed, Chairman)

**ASTALDI S.P.A.**

**BOARD OF AUDITORS' PROPOSAL FOR AWARDING OF THE**  
**ASSIGNMENT REGARDING EXTERNAL AUDITING OF ACCOUNTS**  
**FOR THE 2011-2019 PERIOD**

During 2010-2011, Astaldi carried out a specific selection procedure for awarding of the external auditing assignment for the 2011-2019 period. The procedure also involved some group companies, on an optional basis, thus pursuing the aim to award auditing to a single independent auditor (Group auditor) chosen among auditing firms of international standing (KPMG, Price Waterhouse & Coopers and Deloitte & Touche). Indeed, the company appointed to perform external auditing of the listed parent company shall be completely responsible for auditing of the Group's consolidated financial statements.

To this end, a special working group was set up within Astaldi to flank the Board of Auditors, with the task of helping the Board define the model to assess the companies involved in the selection procedure, and performing all the activities needed to apply said model.

Therefore, in this regard the companies as per Annexes 1 and 2 were also included in the selection procedure, on a optional basis, in compliance with the individual Boards of Auditors and Shareholders' Meetings' freedom to make proposals and take decisions.

The selection procedure basically concerned the following tasks:

- external auditing of accounts in relation to the annual and consolidated (where drafted) financial statements, as well as formulation of an opinion regarding consistency of the management report with said financial statements, where provided for;

- external auditing of accounts in relation to the concise half-year financial report (where drafted);
- periodical checking of the regular keeping of corporate accounts and correct recognition of corporate operations in accounts ledgers;
- signing of statements issued pursuant to current tax laws;
- issue of stamp of approval where needed, pursuant to Law Decree No. 78/2009, converted with amendments into Law No. 102/2009;
- formulation of an opinion regarding the report on corporate governance and shareholder structure, pursuant to Articles 123-bis and 124-ter of the Finance Consolidation Act, Article 89-bis of the CONSOB Issuers' Regulation and Article IA.2.6 of the Borsa Regulation Instructions.

Given the type and specific nature of the assignment regarding external auditing of accounts (compulsory nine-year duration), the criterion of “the most economically advantageous quote” was adopted for the purpose of assessing the quotes, so as to take into account the technical/quality-related aspects of the quotes submitted. Therefore, the final score awarded to the quotes was obtained by combining the technical score and the offered price, in accordance with application of the “best integrated price” method. The best quote was identified in the quote which obtained the lowest “integrated price”.

Four criteria were singled out for the technical assessment:

- professional assignments performed by the firm submitting the quote during the 2008-2010 period;
- network - presence in the countries where the Principal operates and of greatest strategic importance;
- working approach to the assignment;

- commitment planned for auditing.

On the basis of assessment of the aforementioned elements and in light of the scoring model adopted, the assigned scores were as follows:

- Deloitte & Touche            3.70
- KPMG                                5.15
- PW&C                                4.35

While applying the best integrated price method, the integration percentages to be allocated to the prices set forth in the quotes submitted were calculated on the basis of the scores obtained for the technical assessment. No integration was made with regard to the price offered by KPMG insofar as it obtained the best score for technical/quality-related aspects (5.15). Said results are shown in brief in the table below:

<b><i>Best integrated price</i></b>	<b><i>PW&amp;C</i></b>	<b><i>KPMG</i></b>	<b><i>D&amp;T</i></b>
Total fees as per quotes (€*1000)	7,920	7,280	7,725
Technical score	4.35	5.15	3.70
Fee integration (%)	15.53%	0	28.16%
Fee integration	1,230	0	2,175
Integrated fees	9,150	7,280	9,900
<b>Final ranking</b>	<b>2nd</b>	<b>1st</b>	<b>3rd</b>

As can be seen from the table above, the quote submitted by KPMG S.p.A. was the best as regards quality and from an economic viewpoint.

In any case, application of the best integrated price method for selection purposes, as preliminarily established by the Board of Auditors, served to confirm that the quote submitted by KPMG S.p.A. for the 2011-2019 nine-year period was the best quote in accordance with the following formula:

$IP = \frac{Px(VM - V)}{VM}$
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The proposal to perform auditing of Astaldi S.p.A. formulated by KPMG S.p.A. on 18.02.2011 shall be summarised here below by type of activity.

In this regard, it must be noted (i) that the proposal has been formulated with regard to **two time periods** within the complete nine-year period. The first refers to the 2011-2012 period and the second to the 2013-2019 period, and (ii) that the individually listed fees also include activities related to formulation of an opinion regarding consistency of the management report with the financial statements, as well as formulation of an opinion regarding the report on corporate governance and shareholder structure, pursuant to Articles 123-bis and 124-ter of the Finance Consolidation Act, Article 89-bis of the CONSOB Issuers' Regulation and Article IA.2.6 of the Borsa Regulation Instructions.

#### **1) Activities for the 2011-2012 period**

a) Auditing of the annual financial statements and checking of regular keeping of corporate accounts and correct recognition of corporate operations in Astaldi S.p.A.'s accounts ledgers.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	250	6%	200	50,000.00
Manager	1	666	16%	140	93,240.00
Expert Auditor	2	1,622	39%	90	145,980.00
Assistant	2	1,622	39%	60	97,320.00
<b>TOTAL</b>		<b>4,160</b>	<b>100%</b>		<b>386,540</b>
Reduction					<b>(108,433.57)</b>
<b>TOTAL FEES</b>					<b>278,106.40</b>

b) Auditing of the consolidated financial statements of Astaldi S.p.A.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	30	6%	200	6,000.00
Manager	1	80	16%	140	11,200.00
Expert Auditor	2	195	39%	90	17,550.00
Assistant	2	195	39%	60	11,700.00
<b>TOTAL</b>		<b>500</b>	<b>100%</b>		<b>46,450</b>
Reduction					<b>(12,551.69)</b>
<b>TOTAL FEES</b>					<b>33,898.30</b>

c) Limited auditing of the concise consolidated half-year financial report of Astaldi S.p.A.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	71	6%	200	14,200.00
Manager	1	189	16%	140	26,460.00
Expert Auditor	2	460	39%	90	41,400.00
Assistant	2	460	39%	60	27,600.00
<b>TOTAL</b>		<b>1,180</b>	<b>100%</b>		<b>109,660</b>
Reduction					<b>(29,660.00)</b>
<b>TOTAL FEES</b>					<b>80,000.00</b>

d) Checks concerning signing of Tax returns (Unified Tax Return (Modello Unico), Regional Tax on Production Return (Modello IRAP) and 770 Form (Modello 770) of Astaldi S.p.A.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	1.5	5%	200	300.00
Manager	1	4.5	15%	140	630.00
Expert Auditor	1	12	40%	90	1,080.00
Assistant	1	12	40%	60	720.00
<b>TOTAL</b>		<b>30</b>	<b>100%</b>		<b>2,730</b>
Reduction					<b>(696.10)</b>
<b>TOTAL FEES</b>					<b>2,033.90</b>

e) Checks concerning issue of stamp of approval pursuant to Law Decree No. 78/2009, converted with amendments into Law No. 102/2009, for Astaldi S.p.A.

	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	1.5	5%	200	300.00
Manager	1	4.5	15%	140	630.00
Expert Auditor	1	12	40%	90	1,080.00
Assistant	1	12	40%	60	720.00
<b>TOTAL</b>		30	100%		2,730
Reduction					(696.10)
<b>TOTAL FEES</b>					<b>2,033.90</b>

As regards the 2011-2012 period, the total hours for each financial year are equal to 5,900, while the relative fees amount to EUR 396,072.53.

## 2) Activities for 2013-2019 period

a) Auditing of the annual financial statements and checking of regular keeping of corporate accounts and correct recognition of corporate operations in Astaldi S.p.A.'s accounts ledgers.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	191	6%	200	38,200.00
Manager	1	509	16%	140	71,260.00
Expert Auditor	2	1,240	39%	90	111,600.00
Assistant	2	1,240	39%	60	74,400.00
<b>TOTAL</b>		3,180	100%		295,460
Reduction					(44,987.47)
<b>TOTAL FEES</b>					<b>250,472.50</b>

b) Auditing of the consolidated financial statements of Astaldi S.p.A.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	23	6%	200	4,600.00
Manager	1	61	16%	140	8,540.00
Expert Auditor	2	148	39%	90	13,320.00
Assistant	2	148	39%	60	8,880.00
<b>TOTAL</b>		<b>380</b>	<b>100%</b>		<b>35,340</b>
Reduction					<b>(4,940.00)</b>
<b>TOTAL FEES</b>					<b>30,400.00</b>

c) Limited auditing of the concise consolidated half-year financial report of Astaldi S.p.A.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	54	6%	200	10,800.00
Manager	1	144	16%	140	20,160.00
Expert Auditor	2	351	39%	90	31,590.00
Assistant	2	351	39%	60	21,060.00
<b>TOTAL</b>		<b>900</b>	<b>100%</b>		<b>83,610</b>
Reduction					<b>(11,610.00)</b>
<b>TOTAL FEES</b>					<b>72,000.00</b>

d) Checks concerning signing of Tax returns (Unified Tax Return (Modello Unico), Regional Tax on Production Return (Modello IRAP) and 770 Form (Modello 770) of Astaldi S.p.A.

Position	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	1	5%	200	200.00
Manager	1	3	15%	140	420.00
Expert Auditor	1	8	40%	90	720.00
Assistant	1	8	40%	60	480.00
<b>TOTAL</b>		<b>20</b>	<b>100%</b>		<b>1,820</b>
Reduction					<b>(220.00)</b>
<b>TOTAL FEES</b>					<b>1,600.00</b>

e) Checks concerning issue of stamp of approval pursuant to Law Decree No. 78/2009, converted with amendments into Law No. 102/2009, for Astaldi S.p.A.

	Number professional staff	Hours		Hourly rates	Fees €
		No.	%		
Partner	1	1	5%	200	200.00
Manager	1	3	15%	140	420.00
Expert Auditor	1	8	40%	90	720.00
Assistant	1	8	40%	60	480.00
<b>TOTAL</b>		20	100%		1,820
Reduction					(220.00)
<b>TOTAL FEES</b>					<b>1,600.00</b>

As regards the 2013-2019 period, the total hours for each financial year are equal to 4,500, while the relative fees amount to EUR 356,072.53.

The proposal details the methods used to calculate the professional resources and hours needed for the assignment, taking into account the specific characteristics of Astaldi S.p.A.'s business.

On the basis of the above, the Board of Auditors of Astaldi S.p.A. hereby:

### **PROPOSES**

that the assignment regarding external auditing of Astaldi S.p.A.'s accounts for the 2011-2019 period be awarded to the following firm, subject to calculation of fees for the complete duration of the assignment as well as any criteria for the adjustment of fees during performance of the assignment:

KPMG S.p.A. with registered offices at Via Vittor Pisani, 25, Milan and local offices at Via Ettore Petrolini, 2, Rome – VAT No. and TIN: 00709600159 – R.E.A. Milan No. 512867.

The person in charge of auditing shall be Mr. Benedetto Gamucci.

Rome, 9 March 2011

The Board of Auditors