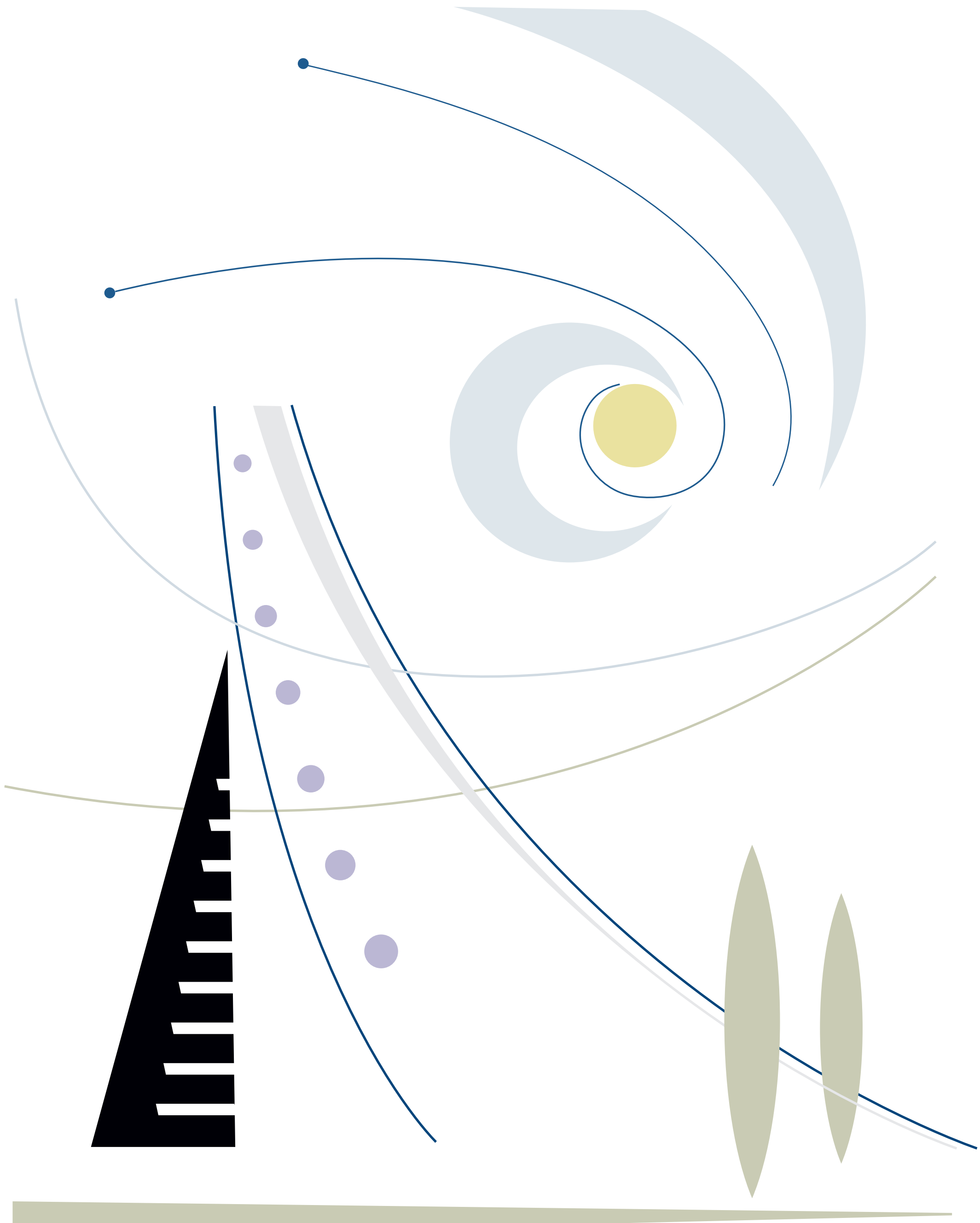
2010 Annual report

ASTALDI

2010 Annual report



Main econimic data

(millions of euro)	2010	2009*
Total revenues	2,045	1,872
EBIT	174	158
EBIT / Total revenues (%)	8.5%	8.4%
Net profit	63	56
Net profit / Total revenues (%)	3.1%	3%

Main equity data

(millions of euro)	2010	2009*
Fixed assets	435	450
Net invested capital	831	820
Net financial position (excluding treasury shares)	(384)	(421)
Equity	443	393

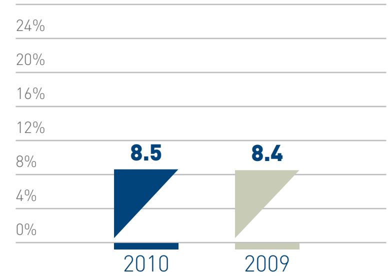
* The figures reflect the restatement of FY2009 in application of IFRIC 12

Human resources

	2010	2009
Managers	146	126
Executives	141	131
Office workers	2,284	2,413
Workers	5,792	8,530
Total	8,363	11,200

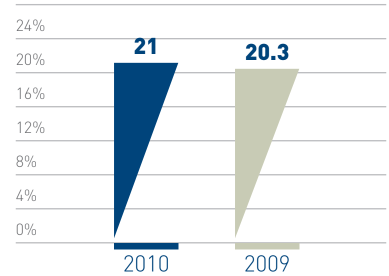
R.O.S.

EBIT / Total revenues



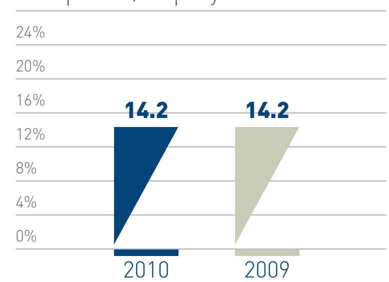
R.O.I.

EBIT / Net invested capital

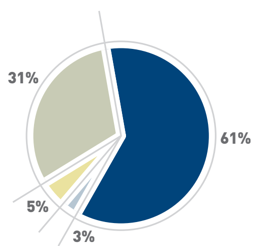


R.O.E.

Net profit / Equity

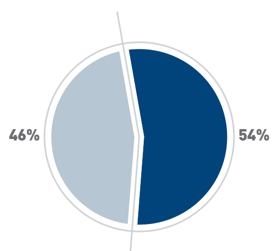


Order backlog by line of business



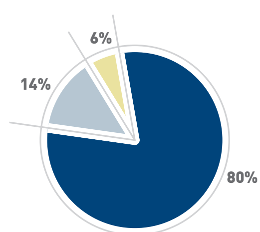
(millions of euro)	2010	2009
Transport infrastructures	5,511	5,724
Water and energy	244	416
Civil and industrial buildings	499	422
Concessions	2,760	2,469
Total order backlog	9,014	9,031

Order backlog by geographical area



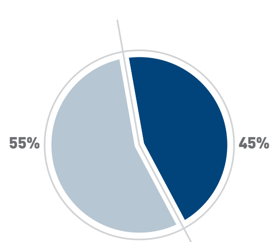
(millions of euro)	2010	2009
Italy	4,855	4,647
Abroad	4,159	4,384
Total order backlog	9,014	9,031

Revenues by line of business



(millions of euro)	2010	2009
Transport infrastructures	1,540	1,434
Water and Energy	259	149
Civil and industrial buildings	120	220
Total revenues	1,919	1,803

Revenues by geographical area



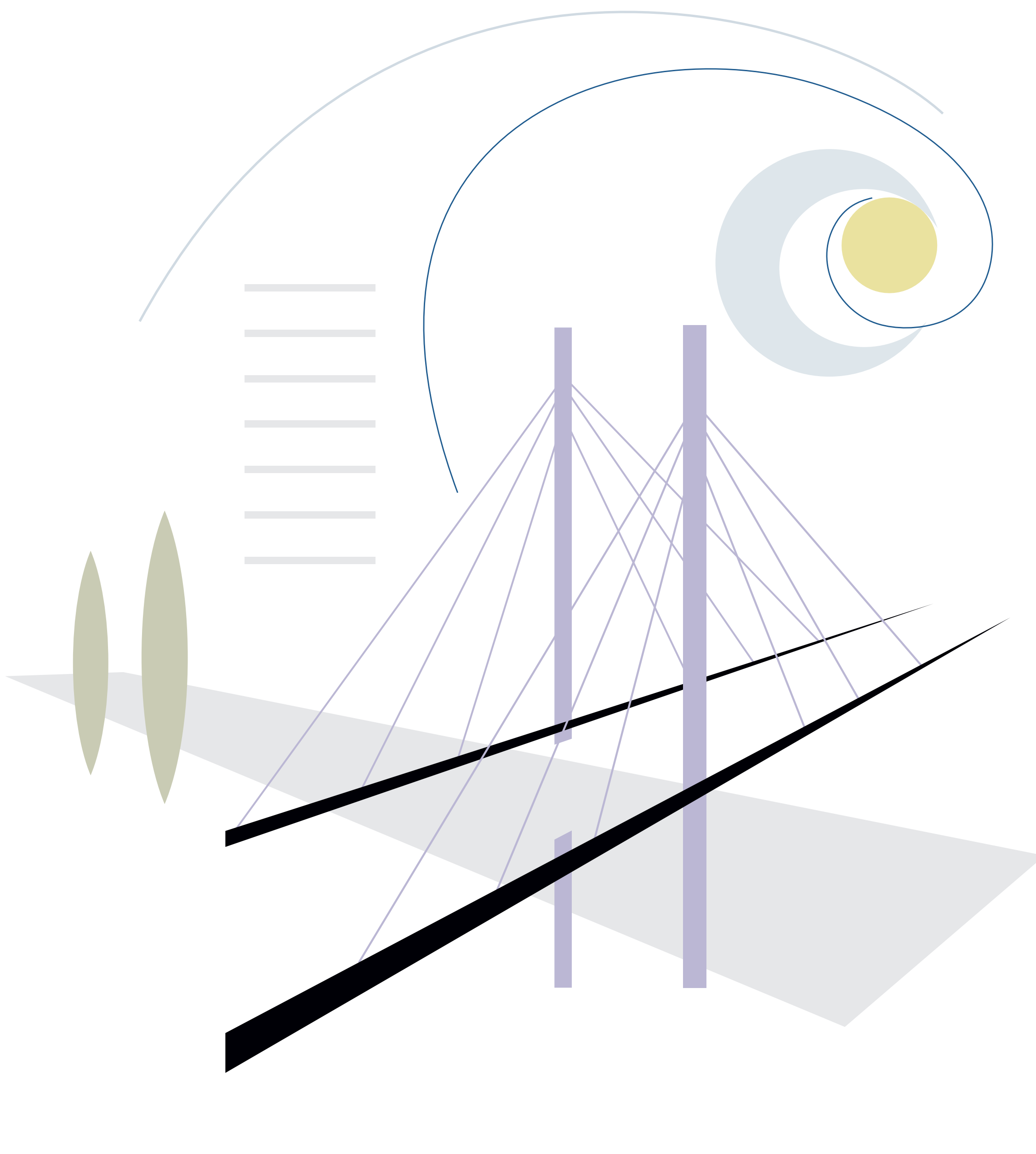
(millions of euro)	2010	2009
Italy	860	809
Abroad	1,059	994
Total revenues	1,919	1,803

A dream, a mission: building for progress.

Satisfying customers' needs in the best way possible, achieving growth targets to increase corporate value and offering the market the most fitting solution at all times: Astaldi has been committed to building ongoing progress since the 1920s.

Building" means moving into the future: no country or nation can do without creating new infrastructures if it wishes to pursue real, concrete progress.

Italy – Milan's New Expo Fair Centre.



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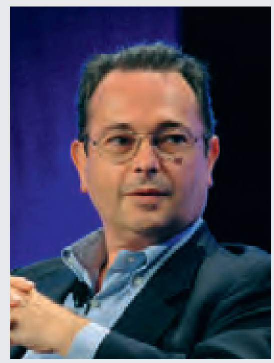
Romania, *Basarab Overpass* .



Paolo Astaldi
Chairman of Astaldi S.p.A.

LETTER TO SHAREHOLDERS

Dear Shareholders,
2010 proved to be an extremely positive year for your company, accompanied by some important changes which I would like to point out. In a year still characterised by great uncertainty in the financial markets and difficulty in leaving behind the crisis, ASTALDI succeeded, for the first time, in exceeding its target of EUR 2 billion of revenues. Investments in public works in Italy continued to show a negative trend, but your company's major commitment and good order backlog made it possible for the domestic sector to record revenues of EUR 860 million, slightly up on the previous year.

While the foreign sector, boosted by an improving macroeconomic situation, achieved revenues of EUR 1,060 million. Once again transport infrastructures proved to be the main business sector, accounting for EUR 1,540 million (80% of the overall result), and the great efforts made throughout the 12-month period made it possible to end the year with a net profit of EUR 63 million, EBIT amounting to EUR 174 million and a net financial position of EUR 384 million. As a result, your company's equity amounted to EUR 443 million. The most important changes during the year included the incorporation of ASTALDI CONCESSIONI, a company 100% owned by ASTALDI: a specific instrument for dealing with concessions, project finance and PPPs which represents a better opportunity for securing new contracts, especially in periods of limited public investment.
2010 brought with it a large number of positive innovations. However, the most significant of these concerns the new generations: ASTALDI, which has always paid great attention to the education of young people, decided to set up a special Study Grant for employees' children, in order to encourage and motivate the most deserving youngsters. We look forward to a future with new, well-trained workers. We believe this is a way to thank all our employees and workers who, having taken on board the values of commitment, professionalism, dedication and team spirit, have made a decisive contribution to ASTALDI's growth.
Therefore, the past year was a decidedly positive one, including from a commercial viewpoint: acquisitions brought the order backlog to over EUR 9 billion, and the good quality of contracts included among the backlog goes to confirm ASTALDI's positive performance for 2011 too.

A big thank you to our shareholders for the trust you place in us day by day.

Chairman

Let's build the new generations too.

Astaldi Study Grants: a new growth opportunity

In order to build the future, Astaldi is also focusing on the children of its employees: 30 special study grants will be created for 2011, for the years of 1st- and 2nd-level secondary school education. With the aim of rewarding the most deserving students and encouraging an aptitude for study so as to guarantee a future built on solid cornerstones.

Let's build the new generations too.

Italy,
Rome Underground
Line C.

Main events of 2010

A major year. A year of major works.

February

February 6th - Ceremony to lay the first stone of the Pedemontana Lombarda motorway in Italy. Italy's Prime Minister attended the opening of the site.

March

March 2nd - Astaldi received the "Value Creators Award - Stock Exchange performance" during the Milano Finanza Company Awards 2010 ceremony targeted at Italian companies boasting the best performances in 2009.
March 7th-9th - Astaldi took part in the Italian economic mission in Panama to sound out new opportunities in the transport infrastructures sector in Central America.
March 22nd-23rd - Astaldi took part in the economic mission in Turkey promoted by ICE (Italy's National Institute for Foreign Trade).

April

April 23rd - Excavation works for the Malatesta TBM Extraction Shaft - San Felice da Cantelice TBM Extraction Shaft section were completed at the worksites of Line C of the Rome underground.

Venezuela,
Puerto Cabello - La Encrucijada
Railway.

Italy,
"Piazza della Cittadella"
Car Park in Verona.

May

May 13th - CIPE (Italy's Interdepartmental Committee for Economic Planning) approved EUR 11 billion on infrastructure investments in Italy; the project for the link road between Ancona Port and the surrounding road network was also approved.
May 21st - Astaldi took part in the Italian Chambers of Commerce's European Area Meeting, organized in Istanbul, Turkey.
May 26th-27th - Astaldi took part in Caracas in the 2nd Meeting of the Italian-Venezuelan Cooperation Board, an institutional meeting promoted by the Italian government to encourage economic, industrial and financial cooperation between the two countries.
May 28th - Official opening of the Rio Lempa Bridge worksite in El Salvador.

June

June 8th - Opening of "Piazza della Cittadella" Car park in Verona and start-up of the car park management phase.
June 16th - Astaldi was awarded a USD 80 million contract in Saudi Arabia to perform the Jubail Export Refinery Project.
June 18th - Setting-up of Astaldi Concessioni, a Group company dedicated to development of the concessions sector.
June 26th - Laying of the first stone of Prato Hospital in Italy. The project forms part of the project finance initiative to construct and subsequently manage four hospitals in Tuscany.

July

Astaldi Group gave its support to the National Communications Campaign entitled "Together for Safety", promoted by UIR (Rome's Union of Manufacturers and Businesses), thus confirming the importance of occupational safety and accident prevention within the Company.
July 22nd - Go-ahead granted by CIPE (Italy's Interdepartmental Committee for Economic Planning) for financing of the T3 section of the Rome Underground Line C, in Italy.
July 29th - Awarding to Astaldi, as part of a joint venture, of extension of the concession agreement for Line 5 of the Milan Underground, in Italy. The new section will link the Garibaldi Station/Repubblica area to San Siro Stadium.

August

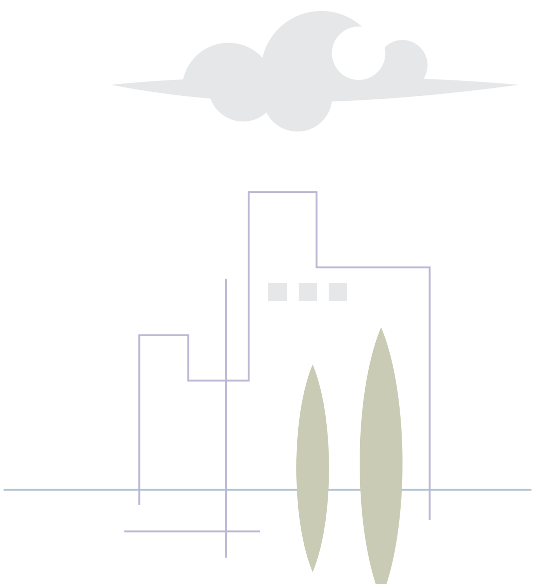
August 31st - Astaldi moved up to 65th position at a global level in the list of the Top 225 International Contractors drawn up by Engineering News-Record, a leading magazine in the construction sector.

Italy,
Rome Underground
Line C.

Main events of 2010

September

September 20th-24th - Astaldi took part in the Steel Structures Week Exposition in Istanbul, an event of international importance organized by the European Convention for Constructional Steelwork (ECCS).
September 21st-24th - The vehicle for the Rome Underground Line C was shown at the INNOTRANS 2010 International Fair held in Berlin, Germany.
September 23rd - Astaldi held its annual meeting with the financial community in Milan: the management presented the Business Plan approved for the 2010-2015 five-year period.
September 27th - Official ceremony for signing of the contract for the Gebze-Izmir motorway in Turkey.
September 29th - Start-up of excavation using TBMs of the odd-numbered track of the Malatesta TBM Extraction Shaft - San Giovanni section at the worksites of the Rome Underground Line C.



Italy,
Milan Underground
Line 5.

Saudi Arabia,
KAEC High-Speed
Railway Station.

October

October 26th - Start-up of excavation using TBMs of the even-numbered track of the Malatesta Execution Shaft - San Giovanni section at the worksites of the Rome Underground Line C.

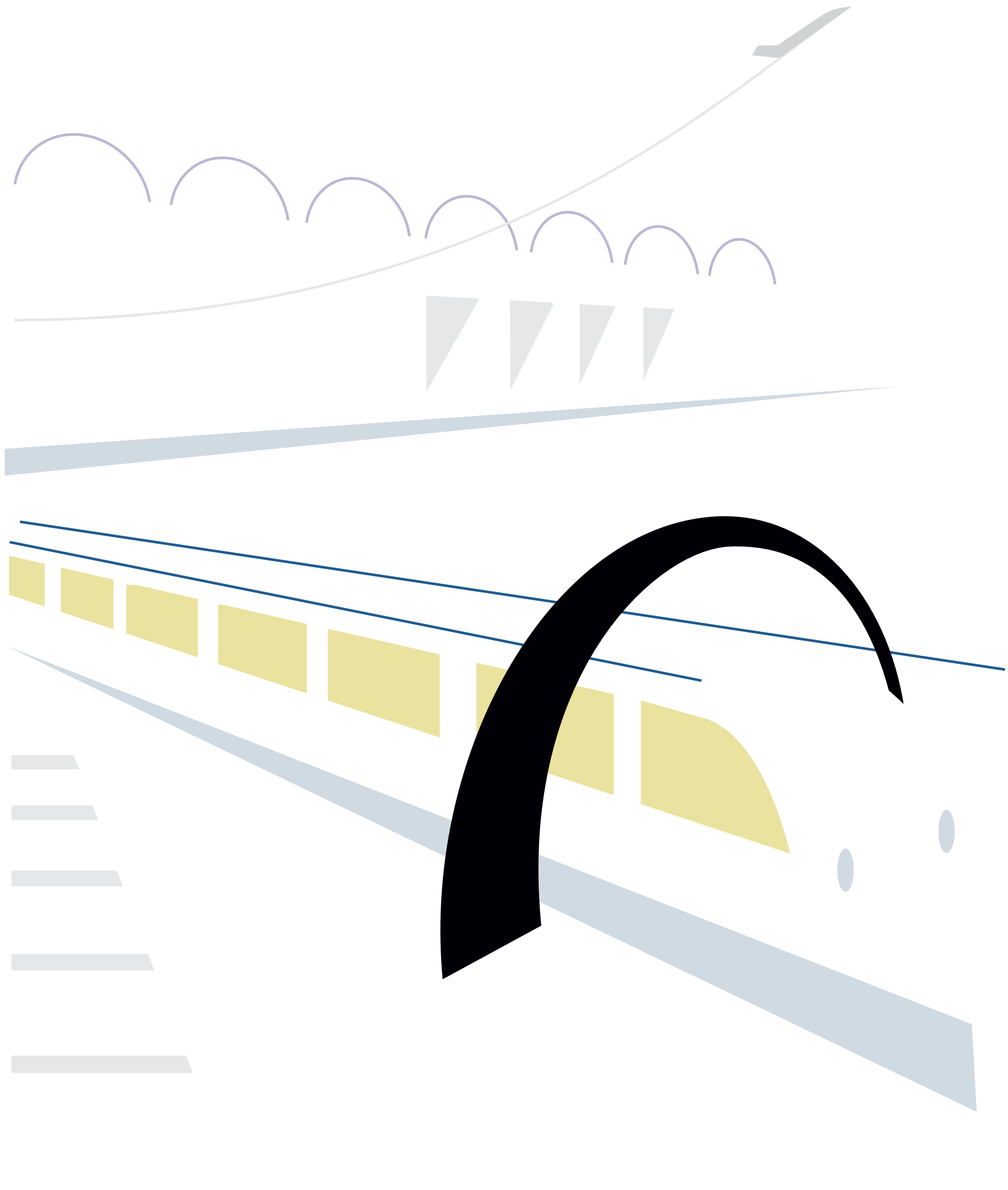
November

October 31st-November 5th - Astaldi took part in the 3rd Annual Energy Sector Mission, an international economic mission at the World Bank in Washington DC, USA.
November 5th - Astaldi submitted the best bid to purchase a 4.75% share in the Concessionaire of the "Serenissima" Highway, in Italy, in relation to the public procedure called by the Municipality of Milan to dispose of its interest in the Concessionaire company.
November 22nd - Astaldi took part in the institutional meeting of the President of the Italian Republic with a delegation from Assonime, on the occasion of the 100th anniversary of the Association's foundation.

December

Completion of works related to "Università" Station in Italy, a new "Art Station" built along Line 1 of the Naples Underground.
December 13th - Astaldi, as part of a joint venture, was awarded the contract to construct the High-Speed Stations at Jeddah and KAEC in Saudi Arabia.
December 17th - Milan's Municipal Council resolved upon disposal of its 4.75% interest in the Concessionaire of the "Serenissima" Highway and the sale of said interest within a public call for tenders where Astaldi submitted a bid which subsequently proved to be the best.
December 21st - The Italy's Ministry of the Infrastructures and the Italy's Ministry of Economy signed a decree which allocated new funding for Brescia's light underground, in Italy.
December 22nd - Astaldi was awarded a new motorway contract in Florida, USA.
December 27th - Astaldi, as part of a joint venture, was awarded a new contract to construct the Saida–Tiaret railway in Algeria.

Turkey,
Official ceremony for signing
of the contract for the
Gebze-Izmir motorway.



Group profile

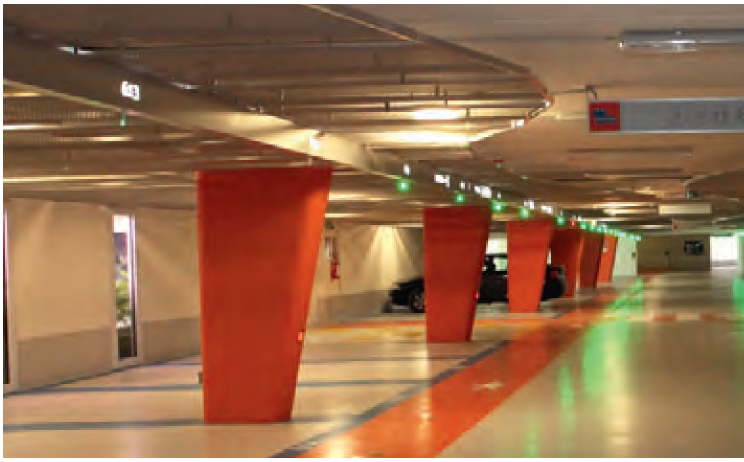
Group profile

Italy,
Naples underground
Line 1 ("Università" Station).

Astaldi Group

Innovation from far afield

A sound, well-structured reputation, built up over more than 85 years of business: Astaldi Group is one of the most important companies in the construction sector at a global level and a leader in Italy in the role of General Contractor and sponsor of project finance initiatives. From the 1920s on, the Group has succeeded in achieving real masterpieces of civil engineering and infrastructure, leaving behind visible reminders of its know-how in Italy and the rest of the world. Indeed, Astaldi has always been a leading player on the international scene, contributing through its works to the development of the countries where present: Italy, Venezuela, Algeria, Eastern Europe and Turkey are areas of strategic importance for the Group which has also recently joined the new markets of Poland, Chile and Peru with the construction of transport infrastructures and hydroelectric plants. Interesting projects have also been started up in the USA and the Middle East.



Italy
Mestre Hospital.

The performance of more than 500 major civil and industrial public works means that Astaldi Group is one of the best known Italian operators abroad. As regards Italy, new underground lines in Rome, Naples, Genoa, Brescia and Milan, construction and management of 4 hospitals in Tuscany, the Bologna High-Speed station, the Turin rail link and the Piedmont-Lombardy motorway are the most representative of the projects in progress.

The Group's achievements have brought Astaldi to 95th position in the ENR-Engineering News Record global rankings as regards total turnover generated in 2010: an important result which shows the soundness of the Group's management policy, including in difficult economic and financial conditions.

Constructors, but also innovators: by setting up Astaldi Concessioni, the Group has generated an additional boost to the growth of activities, successfully joining the concessions, project finance and PPP markets.

Astaldi currently boasts more than 8,300 employees working at over 100 operational sites in 24 different countries, and is getting ready for the new challenges the market will offer in the future.

Italy,
car park in Verona.

Italy
Bologna Centrale
HS Railway Station.

Group activities

Transport

A Group that has come a long way.
Always a key sector, in 2010 transport infrastructures proved once again to be one of the Group's primary resources: there are thousands of kilometres of motorway, railway and underground throughout Italy and the world built by Astaldi. In 2010, Astaldi was involved in construction of Line C of the Rome underground, Line 5 of the Milan underground, the undergrounds in Brescia, Genoa, Naples and Istanbul, Line 2 of the Warsaw underground and Line 5 of the Bucharest underground. Moreover, the project for the San Giovanni-Colosseo section of Line C of the Rome underground was also approved, and CIPE (Italy's Economic Planning Commission) has already allocated the necessary funding. Works on the Piedmont-Lombardy motorway also got underway at the start of 2010. As regards foreign projects, activities were stepped up following signing of the contract for the Gebze-Izmir motorway in Turkey and the Saida-Tiaret railway in Algeria. New and interesting developments for transport infrastructures are expected in Poland in the run-up to the European Football Championships, and in Romania.

Water and energy

Many bright ideas.
Gli impianti di produzione energetica e le opereEnergy production plants and hydraulic works are a sector where Astaldi has acquired great expertise,

Italy
Jonica National Road (SS-106).

acknowledged worldwide. After building the 158 MW hydroelectric power station at Pont Ventoux in Piedmont, the Group focused its attention on the rest of the world where more interesting projects are currently in progress. Such as the 4 lots of the Algiers aqueduct and the Chacayes hydroelectric plant in Chile together with the Australian company, Pacific Hydro, with subsequent design and management of the 11 MW hydroelectric plant. The Huanza hydroelectric plant is currently under construction in Peru, while the Pirris hydroelectric plant in Costa Rica has now been completed. It is felt that this sector is able to offer important growth opportunities for the Group.

Construction

Progress is a major work.
Astaldi has always achieved outstanding results in the civil and industrial construction sector, designing and building some of the most important works in Italy and abroad. At a national level, work on building the 4 hospitals in Tuscany is going ahead. This project finance initiative involves the construction of 4 major hospital complexes in Lucca, Massa, Prato and Pistoia: the building site for the hospital in Prato was opened in 2010 and Mestre Hospital is currently in its second year of operation under concession. Works on the Police Officers' Academy in Florence [Scuola dei Brigadieri e Marescialli dei Carabinieri] are also going ahead, while the management phase under concession of Piazza della Cittadella car park in Verona has got underway.

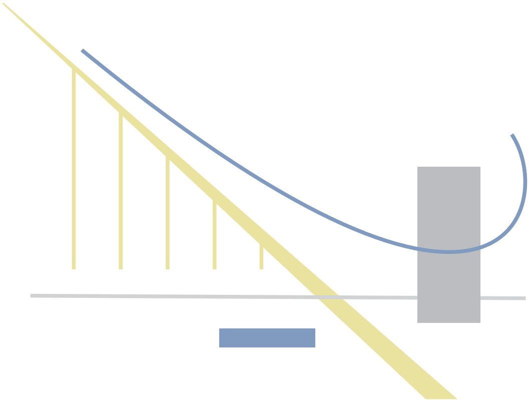
Concessions

Astaldi Concessioni, a new growth opportunity.

Constructors, but also innovators: the setting up of Astaldi Concessioni has allowed the Group to create an additional boost for growth, successfully joining the concessions, project finance and PPP market. Astaldi is a General Contractor and the know-how it has acquired over recent years has pushed the management to take a further step forward and enter a market that is continually expanding. The ever increasing complexities of markets, which are also linked to the financial crisis experienced by international markets, have resulted in contracting bodies making increasing use of the contribution of private companies in recent years. Project finance and PPPs (Public-Private Partnership) are the instruments for achieving new public works: motorways, railways, undergrounds and hospitals as well as social and scholastic construction can no longer disregard this formula, and Astaldi Concessioni is ready to reap the rewards of a market in clear expansion.

Romania
Henri Coanda Airport
Bucharest

Strategies, resources and responsibilities



Careful maintenance of the skills and know-how the Group is able to offer, improvement of staff with qualified professional profiles picked from the market and inclusion of young graduates.

Italy,
Milan underground
Line 5.

Romania
Lia Manoliu National Stadium
Bucharest.

A future built on solid cornerstones.
After asserting its leadership in the national market and consolidating its international image, Astaldi can now look to the future with renewed conviction. The 2010 financial statements confirm the Group's complete ability to pursue its set economic targets, and the setting up of Astaldi Concessioni represents an additional growth opportunity. As regards the future, the strategy provides for increasingly greater commitment in the infrastructures sector, using both the general contractor and concession formulas, and consolidation of the market position in the water and energy sectors as well as the civil construction sector. The geographical diversification of investments will prove all-important in order to balance market risks and grasp development opportunities in various countries throughout the world.

A Group formed of the right people.
Astaldi Group avails itself of the services of over 8,300 employees working in 24 countries the world over. Organisation is fundamental in order to optimise this great resource, and in 2010 Astaldi revised the company's organisation structure, splitting the General Management into four divisions: one for domestic activities, two for international activities and one for administration and finance. The Industrial Services Division was also set up which brings together the Engineering, Project Planning, Procurement and Fixed Assets, Tenders and Prequalification departments. The aim is to encourage more efficient management and sharing of working methods which allows for full compliance with operating standards through transversal departments. The staff integration strategy also continued during 2010 with suitable professional profiles for the Group's structure being looked for and hired, and major focus being placed on young graduates.

We know how to undertake our responsibilities.
In 2010 Astaldi improved its own quality, occupational health and safety and environmental management systems, taking a further step forward in improving the company's services and individual processes. The company decided to undertake this process voluntarily, thus demonstrating its commitment to social responsibility and the health and safety of workers and the environment it operates in. The process of scheduling HSE (Health, Safety and Environment) performances has been fully implemented and the Group now pursues a "zero accident" target during the start-up of each project. Proof of its commitment came with Astaldi Construction Corporation obtaining the Associated Builders & Contractors Inc.'s Silver Level Step Award in relation to occupational health and safety for the fifth year running.

Chile
Chacayes hydroelectric plant

Corporate Responsibility

We feel our responsibilities.

In 2010 Astaldi continued its efforts to improve its own socially responsible behaviour, focusing maximum attention on the economic, environmental and social prospects of all stakeholders. The Group is a firm believer in this policy and views all initiatives undertaken for its employees, to safeguard the environment and for the social development of the context it operates in, as a real competitive advantage. And hence it is extremely proud to have once again received the Gold Step Award from ABC as regards occupational safety, offering proof of the heartfelt commitment which pushes the Group towards a "zero accident" vision.

But Astaldi also focuses its interest on developing culture: this is why the Group is a corporate sponsor of Società del Quartetto di Milano, a historical association which promotes a love of good music together with Milan's La Scala Opera House, and is a Founding Member of the National Academy of Santa Cecilia, an institution which has represented Italian culture throughout the world for over a century. A fellowship which has lasted for more than ten years and which is based on the sharing of a common goal: turning the Italian spirit into a significant added value in the ongoing quest for excellence.

It also places major focus on public health issues, and in addition to its ongoing fight to reduce the environmental impact which major works inevitably have on the area where built, Astaldi also supports Insieme per il Cuore, the non-profit organisation based at the cardiology department of Sandro Pertini Hospital in Rome. The organisation's goal is to educate and increase awareness with regard to issues linked to cardiac arrest, and it holds cardiopulmonary resuscitation and defibrillation courses, such as in-company courses to inform of the practice and use of defibrillators. During the year, Astaldi confirmed its commitment, together with the non-profit organisation, MUSE Italia, to carrying out projects aimed at fighting social exclusion and hardship in schools through art.

And 2010 also saw awarding of a silver medal from the Italian Red Cross for the commitment and support which Astaldi Group provided following the earthquake in Abruzzo.

Annual consolidated financial statements

Italy,
Pont Ventoux
Hydroelectric Plant.

Shareholders' Call

The Shareholders are hereby called upon to attend the Ordinary Shareholders' Meeting at the company's offices at Via Giulio Vincenzo Bona 65, Rome, on 18 April 2011 at 9.00 am in first call and, if need be in second call on 19 April 2011, at the same time and venue, to discuss and resolve upon the following agenda:

1) Approval of the annual financial statements for the year ending 31 December 2010. Related and consequent resolutions.
2) Appointment of a Company Director.
3) Awarding of the legal auditing assignment for the 2011-2019 period. Related and consequent resolutions.
4) Resolutions regarding the purchase and sale of treasury shares.

Share capital and voting rights.
The share capital of Astaldi S.p.A., subscribed and paid-in, amounts to EUR 196,849,800.00 represented by 98,424,900 ordinary shares with a par value of EUR 2.00 each, of which, to date, 782,845 treasury shares. Each share shall entitle the holder to one vote with the exception of the treasury shares held by the company at the date of the Shareholders' Meeting, for which, pursuant to the law, voting rights shall be suspended and the total of which shall be disclosed at the beginning of the Shareholders' Meeting. The information contained herein is, in any case, available for consultation on www.astaldi.com.

Right to take part.
Pursuant to Article 11 of the Company's By-Laws, individuals with voting rights as per 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. In this regard, pursuant to Article 83-sexies of the Finance Consolidation Act, the right to take part in the Shareholders' Meeting and to exercise voting rights shall be certified through a statement made by the broker to the company, in accordance with the broker's account entries, in favour of the individual with voting rights, on the basis of documentation produced as at the end of the seventh day of market trading prior to the date set for the Shareholders' Meeting in first call (i.e. 7 April 2011). Individuals who are shown to be holders of shares only subsequent to said date shall not be entitled to take part and vote in the Shareholders' Meeting. Certification provided by brokers as detailed herein must be sent to the company's following email address: segreteria.societaria@astaldi.com and to INFOMATH S.r.l. – Ms. Elisa Zaninelli - Via S. G. Bosco no. 3, 24126 Bergamo, via mail or fax (Fax No. 035-3840396) or email (titoli@infomath.it), within the third day of market trading prior to the date set for the Shareholders' Meeting in first call (i.e. 13 April 2011). Without prejudice to the right to take part and vote at the shareholders' Meeting should notification be received by the company after said term provided it is received by the start of the Shareholders' Meeting of the individual call.

Voting by proxy and voting by correspondence or using electronic equipment .
The holder of the voting right may choose to be represented via written proxy, unless incompatible and within the limits provided for in current legislation and the Company's By-Laws. To this end, the proxy form reproduced at the bottom of the authorised broker's certification, issued to the individual with voting rights, or the proxy form found on the company's website www.astaldi.com (Governance/Shareholders' Meeting section) may be used. Pursuant to Article 12 of the Company's By-laws, all shareholders may provide notification of the proxy in electronic format, accessing the Governance/Shareholders' Meeting section of the company's website.
As provided for in the Company's By-Laws, the company

shall not avail itself of the faculty as per Article 135-undecies, subsection 1, of the Finance Consolidation Act, with regard to a "mutual representative".
The Company's By-Laws do not provide for voting by correspondence or using electronic equipment.

Queries regarding the items on the agenda.
Pursuant to Article 127-ter of the Finance Consolidation Act, shareholders may raise queries regarding the items on the agenda, including prior to the Shareholders' Meeting. The queries may be submitted to the Chairman of the Board of Directors in writing via registered mail with return receipt to be sent to the company's offices, for the attention of the Legal, Corporate Affairs and Corporate Governance department, or via electronic mail to segreteria.societaria@astaldi.com. The queries must be received within 3 working days prior to the Shareholders' Meeting in first call, and said queries shall be answered, including through a single reply should the content be the same, during the course of the Shareholders' Meeting at the very latest.

Integration of agenda.
Pursuant to Article 126-bis of the Finance Consolidation Act, shareholders who, including jointly, represent at least one fortieth of the share capital may request integration of the list of items to be discussed, stating the additional matters they propose for discussion in said request, within ten days of publication of this notice. The request to integrate the agenda must be submitted to the Chairman of the Board of Directors in writing, via registered mail with return receipt to be sent to the company's offices, for the attention of the Legal, Corporate Affairs and Corporate Governance department, or via electronic mail to segreteria.societaria@astaldi.com. A report on the additional items proposed for discussion must be submitted to the same Board of Directors by the shareholders responsible for making said proposals within the same deadline and with the same formalities. It must be recalled that integration shall not be allowed for matters which the Shareholders' Meeting resolves upon, pursuant to law, at the proposal of the company's' directors or on the basis of a project or report formulated by said directors, differing from those as per Article 125-ter, subsection 1 of the Finance Consolidation Act.

Documentation.
Documentation concerning the items on the agenda shall be filed at the company's offices (Via Giulio Vincenzo Bona 65, Rome) and Borsa Italiana S.p.A. within the deadlines provided for in current legislation, with shareholders being entitled to consult and obtain a copy of said documentation. Specifically, the following documents shall be made available: (i) the Directors' report on items 1, 2 and 3 of the agenda together with the Board of Auditors' proposal regarding appointment of the Independent Auditors at least 40 days prior to the Shareholders' Meeting pursuant to Article 125-ter of the Finance Consolidation Act; (ii) the Director's Report on item 4 of the agenda at least 21 days prior to the Shareholders' Meeting pursuant to Article 73 of CONSOB Regulation No. 11971/99 and Article 125-ter of the Finance Consolidation Act and (iii) the financial report and other documents pursuant to Article 154-ter, subsection 1, of the Finance Consolidation Act at least 21 days prior to the Shareholders' Meeting. Said documentation shall also be available on the company's website www.astaldi.com (Governance/Shareholders' Meeting section). A concise statement of voting containing the number of shares represented at the Shareholders' Meeting and the shares for which votes were cast, the percentage of share capital represented by said shares as well as the number of votes in favour and against the resolution and the number of abstentions shall be published in the same section of the company's website within five days of the Shareholders' Meeting. The minutes of the Shareholders' Meeting as per Article 2375 of the Italian Civil Code shall be made available on the company's website www.astaldi.com (Governance/Shareholders' Meeting section) within thirty days of the date of the Shareholders' Meeting.

Experts, financial analysts and journalists.
Experts, financial analysts and accredited journalists wishing to attend the Shareholders' Meeting must send a specific request to attend, at least two days prior to the date of the Shareholders' Meeting in first call, to Astaldi S.p.A. – f.a.o. External Communications and Investor Relations – via email to investor.relations@astaldi.com or via fax to 06/41.76.67.33.

Rome, 4 March 2011

On behalf of the Board of Directors
Chairman
Paolo Astaldi

Corporate bodies

Corporate Bodies [1]

Board of Directors [2]

Honorary Chairman	Vittorio Di Paola[3]
Chairman	Astaldi Paolo
Deputy Chairman	Monti Ernesto
Deputy Chairman	Cafiero Giuseppe
Chief Executive Officer	Cerri Stefano
Directors	Astaldi Caterina
	Astaldi Pietro
	Guidobono Cavalchini Garofoli Luigi
	Cirla Giorgio
	Cuccia Paolo
	Lupo Mario
	Pinto Eugenio
	Poloni Maurizio

Internal Audit Committee

Chairman	Lupo Mario
Committee Members	Pinto Eugenio
	Guidobono Cavalchini Garofoli Luigi

Remuneration Committee

Chairman	Monti Ernesto
Committee Members	Pinto Eugenio
	Poloni Maurizio

Related Parties Committee

Committee Members	Cirla Giorgio
	Pinto Eugenio
	Poloni Maurizio

Board of Auditors

Chairman	Spanò Umberto
Statutory Auditors	Singer Pierpaolo
	Sisca Antonio
	Sindaci supplenti
Alternate Auditors	Rigotti Marco
	Pizzini Flavio
	Tabellini Massimo

Independent Auditors

Independent Auditors	Reconta Ernst & Young

General Management

General Manager Administration and Finance	Citterio Paolo
General Manager - International	Nenna Rocco
General Manager - International	Bernardini Cesare
General Manager - Domestic	De Crecchio Luciano

[1] Last update: 31 December 2010.

[2] Appointed by the Shareholders' Meeting in the resolution passed on 23 April 2010 for the 2010-2012 three-year period, the Board of Directors shall remain in office until the date of approval of the 2012 annual financial statements.

[3] In the notification dated 25 February 2011, Vittorio Di Paola stepped down from the office of Company Director. He shall maintain the office of Honorary Chairman.

Management report

Introduction

Legislative Decree No. 32 of 2 February 2007 ("Implementation of Directive 2003/51/EC, which amends EEC Directive Nos. 78/660, 83/349, 86/635 and 91/674, regarding the annual accounts and consolidated accounts of some types of companies, banks and other financial institutes and insurance companies) amended, inter alia, Article 40 (Management Report) and 41 (Auditing of consolidated financial statements) of Legislative Decree No.127/1991.
Specifically, with regard to Article 40 of Legislative Decree No. 127/1991, it was envisaged that, as regards companies drafting consolidated financial statements, the management report for the consolidated financial statements and the parent company's statutory financial statements "may be presented in a single document, emphasising, where appropriate, the issues which are significant for all the companies included in the consolidation area". Taking into account the Group's structure, the company opted to avail itself of said possibility and hence this management report (in relation to the 2010 annual financial statements) includes information previously provided in the management report for the consolidated financial statements and in the management report for the statutory financial statements of the parent company Astaldi S.p.A.

Background scenario[1]

Construction Sector

As regards 2010, the construction sector confirmed the positive effects resulting from the anti-cyclical value assigned to infrastructure investments in the majority of countries Astaldi operates in.
Despite the complex macroeconomic situation in general, said countries are not encountering any specific problems related to the relevant administrations' spending programmes. On the whole, the bodies commissioning works are proving to be able to support the regular progress of activities and, as a result of the crisis, seem to be even keener on optimising available resources and converting works for which sites have been set up or can be set up into direct benefits for employment levels in the short term.
However, the concerns voiced by all operators in this sector remain; concerns which are related to those countries that, like Italy, are experiencing major restrictions on public spending due to the structural lack of suitable financial resources.
Please find below a short analysis of the changes seen during the year in the construction sector within the main reference markets for the Group's activities.

Italy [2]

The mobilization of resources to fund infrastructure investments was identified, as from 2009, as one of the levers the Italian government planned to play on in order to encourage the country's economic recovery. This can be confirmed by examining the findings of the "*V Rapporto sullo stato di attuazione del Programma per le Infrastrutture Strategiche della Legge Obiettivo*" [3], a study-analysis of the status of implementation of Law No. 443/2001 presented to the Italian Parliament in July 2010. According to said study, the first part of 2010 saw an increase in the share of works started up as a direct consequence of the relevant administrations' major commitment to works already able to generate economic turnover for Italy. However at the same time, the main problem for Italy, which has come to light in recent years, was confirmed, in other words the drop in the percentage of new calls for tenders which is caused by the structural lack of sufficient financial resources. Therefore, the result is an overall problematic domestic scenario which cannot fail to cause concern, but in whose regard Astaldi Group is once again proving to know how to "react" thanks to the instruments it has acquired over the years, in other words: a well-balanced revenues structure, sufficient financial backing for contracts in progress and, in the medium-term, an average life of the construction order backlog of 3/5 years and considerable potential for developing partnerships as regards the concessions sector. It is also important to remember that, unlike the situation seen in the rest of the market, Astaldi Group's strategic decision to place its commercial focus solely on priority projects within the Italian government's development policies, has meant that in 2010, no late payments were made for contracts in progress by the traditional counterparties the company works with in Italy, i.e. ANAS and RFI. For the same reasons, many of the decisions regarding infrastructures taken by CIPE [4] in 2009 and 2010, concerned projects of interest for the company. CIPE approved, inter alia: the preliminary project for the road to link Ancona Port to the surrounding road network (project finance initiative for which Astaldi, as part of a joint venture, has already been appointed sponsor) in the CIPE Resolution dated 13 May; the final design for theT3 San Giovanni - Colosseo section of Line C of the Rome underground (currently under construction by the General Contractor which Astaldi holds a significant stake in), accompanied by the allocation of new public funding, in the CIPE Resolution dated 22 July. In addition to these resolutions, there are the resolutions already passed by CIPE in 2009 [5]. However, the fear of a further weakening of the country's capacity to create infrastructures remains, also following an analysis of the Public Funding Decision for 2011-2013 and the Stability Law Bill for 2011 – approved respectively by the Council of Ministers on 29 September and 14 October 2011. However, it is important to note that it is felt that the tendency to progressively reduce the cost components allocated for new infrastructures

[1] Sources: "*Decisione di Finanza Pubblica per gli anni 2011-2013*", resolved upon by the Italian Government's Council of Ministers on 29 September 2010; "*Euro Compass Outlook 2011. The year of coming of age*", by Unicredit's Global Economics & FI/FX Research Team, December/January 2010; "*Il mercato delle costruzioni 2011. XVIII Rapporto congiunturale*", by CRESME Ricerche S.p.A., November 2010.

[2] Sources: CIPE, press releases issued during 2009 dated 15 and 31 July, 22 September, 6 November, 3 and 17 December; CIPE, press releases issued in 2010 dated 22 January, 13 and 20 May and 22 July.

[3] The "*V Rapporto sullo stato di attuazione del Programma per le Infrastrutture Strategiche della Legge Obiettivo*" is a study-analysis presented to the Parliament in July 2010, ten years on from approval of Law No. 443/2001, by the "VIII Commissione Parlamentare - Ambiente, Territorio e Infrastrutture" (www.camera.it).

[4] In short, CIPE (Interdepartmental Committee for Economic Planning) is the state body which formulates the national economic policy strategies in Italy.

[5] In July 2009, CIPE approved a three-year plan aimed at ensuring the systematic creation of infrastructures in Italy through investment totalling over EUR 28 billion, 64% of which is funded by private capital and the rest by FAS Funds (Funds for Under-Used Areas), the Objective Law and other public funding. Amongst the projects singled out, major focus has been given to undergrounds, with planned funding also for the lines under construction by Astaldi in Rome (Line C), Naples (Line 6) and Brescia, as well as for the extension of Line 5 of the Milan underground. Subsequently, in its resolution dated 6 November, CIPE approved: the final design for the Pedemontana Lombarda motorway (under construction by Astaldi as part of a joint venture); the final design of Line 4 of the Milan underground, for the Lot 2 Sforza/Policlinico – Linate section (currently being awarded), accompanied by the allocation of EUR 56.1 million from the Infrastructures Fund; the final design of Line 5 of the Milan underground for the Lot 2 Stazione FS Garibaldi - San Siro section (extending the section under construction by Astaldi, as part of a joint venture), accompanied by allocation of EUR 385 million from the Infrastructures Fund.

Romania,
Bucharest - Constanta
Motorway.

will mainly penalise the small-medium size projects, and as such, those which fall outside Astaldi Group's area of interest. While the need to counterbalance Italy's major backwardness as regards infrastructures, and hence encourage competitiveness, may serve to stimulate a concentration of available resources on infrastructures identified as priority projects within Italy's development policies (motorways, railways), also developed using the PPP formula (private-public partnership). Said formula will make it possible to carry out projects involving major towns and cities, as well as additional initiatives singled out in relatively new sectors for the domestic scene such as renewable energy production plants.

Rest of Europe

Astaldi Group has long been present in Romania, and for some years now, has examined with great interest the opportunities the sector has to offer in Poland. At the current moment, the Group is also present in Bulgaria where it is carrying out the remaining activities related to works in progress, but it is not performing any new commercial initiatives. Please find below some short observations regarding the countries of major interest for the Group in this area, in other words Poland, Romania and Turkey.

Poland [6]

The country, which boasts good fundamentals and is able to attract the trust of foreign investors, offers interesting opportunities in the construction sector. EU cohesion funds allocated to this area offer a unique opportunity to modernise the country – EUR 81 billion until 2013, EUR 25 billion of which for infrastructures alone (for upgrading of the railway network and waterways) –, but additional opportunities may arise from the investments expected during the run-up to the 2012 European Championships (transport infrastructures, sports facilities), as well as to develop the energy and environment sectors (renewable sources).

Romania

The area continues to play a strategic role in the development policies of Astaldi Group's activities. Despite a complex macroeconomic situation, the sustainability of numerous initiatives is guaranteed, from a financial viewpoint, by EU cohesion funds allocated to projects which the Group is performing on its own or together with leading European businesses in the sector. Additional opportunities are being looked at in the sectors traditionally covered in this geographical area (railway and motorway infrastructures) which, to date, benefit from dedicated European funding. In the medium/long-term, with the end of EU funding currently being used to complete works connected to the motorway and railway axis known as Corridor IV, additional opportunities may arise from the PPP Law approved in December 2010. Specifically, interesting partnerships may be set up in the concessions sector in relation to transport infrastructures and healthcare.

Turkey,
Istanbul Underground.

Turkey [7]

Major investments are underway in the country to improve the existing infrastructure system. Even if from a macroeconomic viewpoint, this country has not been spared of the effects of the global economic crisis, it is envisaged that approximately USD 30 billion, equal to over 26% of the total investments approved by the local government in relation to the 9th Development Plan (2007-2013), will be used over the coming years to improve the country's transport infrastructures. Indeed, in order to encourage the economic recovery, the Turkish government has planned to re-launch the public works sector, specifically motorway transport infrastructures and healthcare. Moreover, it is envisaged that three of the most interesting projects included in the plan will be carried out over the coming 6-7 years, in other words the TekirdaĐ-Çanakkale-Balıkesir project (433 kilometres of motorway connecting the Aegean and Mediterranean regions with Europe, with a bridge over the Çanakkale Strait measuring 1,450 metres in length), the Gebze - Izmir project (awarded to Astaldi in 2009, but still to be included among the backlog pending approval of relative project financing), a third bridge over the Bosporus to be performed using the B.O.T. model (Build-Operate-Transfer). As specifically regards 2011, the Turkish railway's budget provides for the allocation of over EUR 1.5 billion for investments in railway transport – approximately EUR 400 million will be used to modernize the existing line, EUR 430 million for high-speed transport, EUR 180 million to purchase and upgrade rolling stock and approximately EUR 150 million for signalling systems and electrification of the Turkish railway network. As regards long-term projects, note must be taken of the "2023 Targets" plan of action which identifies 26 key targets for the country's infrastructures to be performed in the run-up to the celebrations for the centenary of the birth of the Turkish Republic. Said targets include achieving the goal of over 25,000 kilometres of double-track railway line, of which more than 10,500 kilometres of high-speed line, 11,000 kilometres of traditional lines (already existing but in need of upgrading) and almost 4,000 of traditional lines to be built from scratch.

The Maghreb

Astaldi Group has traditionally been present in Algeria and, at the present time, is involved in a single project in Tunisia. Considering the unrest experienced in this area at the beginning of 2011 – which mainly concerns Tunisia, Egypt and Libya – it must be said that these events have not affected the activities in progress in the countries of interest for the Group. It must also be noted that the project in progress in Tunisia consists in an initiative involving the transport sector of a low contractual value, performed as a partnership with a local operator and in relation to which, no operating presence of Astaldi Group is required, but solely sharing of its management skills and know-how. Lastly, it must be stated that all the activities needed to complete the projects in progress in Morocco are gradually being carried out since the area is no longer considered of interest for the Group's commercial development policies given the scarce resources and the small number of opportunities offered for the infrastructures sector. Please find below some more detailed observations regarding Algeria.

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[6] Sources: "*POLONIA - Newsletter Fondi UE*", by ICE – Italy's Institute for Foreign Trade, No. 11 January-February 201.

[7] Sources: "*International Newsletter*" No. 7 of 26 January 2011 (by ANCE – Italy's National Association of Building Constructors).

Algeria,
Mecheria - Redjem Demouche
Railway.

Algeria [8]
It is important to remember that Algeria is considered one of the main producers of gas at a global level. Therefore, it boasts sufficient resources to cover the planned investments for this area with regard to the infrastructure sector which, inter alia, envisage the start-up of a series of projects aimed at increasing the percentage of the national transport system covered by railway transport from 5% to 20% by 2015. It must also be noted that at the draft date of this report, there are no signs such as to generate fear for the disruptive effects of the unrest seen in other countries in the Maghreb. Algeria continues to guarantee a suitable level of stability and the government in office has confirmed its commitment to the approved investment plans.

Latin America [9]
On the whole, Latin America has stood up well to the major crisis that has characterised world economies during the last two years, basically thanks to the stimulus guaranteed during the year by the Brazilian economy, followed by Uruguay, Chile, Peru and Mexico. Despite this, 2010 proved to be an extremely difficult year for Central America where the effects of the global financial crisis especially affected those countries whose economy is closely linked to the US economy. However, it must be noted that, compared to the previous year, 2010 saw an improvement largely due to the fact that the socio-political crisis in Honduras was resolved with the election of a new president. However, the anti-cyclical value lent to infrastructure investments in these areas offers goes to confirm the Group's interest in initiatives mainly related to the transport infrastructure and water sectors and funded by supranational organisations. Please find below some short, detailed observations regarding Venezuela.

Venezuela
Even though 2010 witnessed a planned slowdown in the contribution to production generated by this country (also as a result of devaluation of the *Bolivar fuerte* in January 2010 by the Venezuelan government), the country continues to be an area of interest in Astaldi's commercial development policies. In May 2010, a new "Economic Cooperation Agreement" was signed by the Italian and Venezuelan governments, which ratifies the local government's major commitment to infrastructure investments in progress in Venezuela, and aims to ensure the re-launch of said investments by studying and devising a new mechanism for funding works. The aim of the agreement is to speed up the construction of infrastructures of strategic interest for Venezuela, including those being performed by Astaldi that, it must be recalled, is one of the most "acknowledged" exporters of Italian products in this geographical area.
In light of what has mentioned, it is however important to note that the overall risk/country management policy adopted by Astaldi Group is aimed at guaranteeing suitable geographical diversification of activities. Therefore, however interesting the investment plans

Venezuela,
Puerto Cabello - La Encrucijada
Railway.

Chile,
Chacayes
Hydroelectric Power Plant.

approved by individual governments may be, each individual commercial initiative is assessed with regard to an overall strategic framework approved while compiling the business plan, which tends to avoid pushing the concentration of risks linked to each individual area beyond set limits.

Concessions Sector

There are interesting opportunities arising from application of the PPP formula (Private-Public Partnership) to the infrastructures sector. In Italy, but more generally in Europe, the increased difficulty in obtaining credit as a result of the financial crisis experienced by the international markets in recent years has generated greater use of alternative funding instruments such as the PFI (Private Finance Initiative) and the more general PPP (Private-Public Partnership). In Italy, the "*V Rapporto sullo stato di attuazione del Programma per le Infrastrutture Strategiche della Legge Obiettivo*" [10] shows how the local authorities tend to make increasing use of project financing to fund public works. The calls for tenders can be said to have tripled in two years (2008-2010). Specifically, sector studies show how the number of calls for tenders (for construction and management concession projects) doubled during the first eight months of 2010 compared to the same period of 2009. The public works sectors where project financing is most used are those of specific interest for the Group, in other words motorway and railway projects, undergrounds, energy production and healthcare. There is also an increase in the use of this instrument in sectors such as sport and entertainment, social and scholastic construction.[11] Similar trends can also be seen in some foreign areas which Astaldi is looking at with interest thanks to the possibility of being able to use the model applied for these initiatives in Italy for foreign projects as well. Specifically, in Europe, the European Commission is carrying out activities aimed at formulating a framework of PPP projects to satisfy current and future European investment requirements in the public services, infrastructures and research sectors.

[8] Sources: "*Rapporto per il VI Laboratorio Euro-Mediterraneo*", by the Milan Chamber of Commerce.

[9] Sources: "*Almanacco latinoamericano*", by CeSPI Centro Studi di Politica Internazionale, 2010/2011.

[10] Please refer to Note No. 5 herein for more details.

[11] Source: "*XXIII Rapporto: novembre 2009 - febbraio 2010*", Osservatorio Regionale sulla Finanza di Progetto (Finlombarda – Lombardy Regional Authorities), March 2010; "*Project, è boom di concessioni*", Edilizia e Territorio dated 9 October 2010.

Venezuela,
Caracas - Tuy Railway.

Analysis of the Group's economic, equity and financial results

Comments on the year's operating performance

As far as Astaldi Group is concerned, 2010 was a key year which led to the achievement of important results from an operating, commercial and financial viewpoint – even given a macroeconomic situation which is still showing signs of recession.

The year's accounts allowed the management to **continue along the systematic growth path which has been marked out,** achieving **additional consolidation of the already solid financial and equity structure** and confirming **its ability to reach planned set targets**.

The Group's financial solidity and the quality of its order backlog have lent its business t**he flexibility needed to manage the effects of the reduction in economies at a global level in a proactive manner**, making it possible to achieve a key target – **a turnover in excess of EUR 2 billion**.

The levels of production achieved – basically due to the intensification of activities in Italy and abroad and to the entry into full operation of some recently acquired major contracts – have, in turn, given a new boost to activities, increasing the Group's size and reputation and consequently helping its ability to develop its business and the financial sustainability of new commercial initiatives.

Indeed, the year's results include the positive effects of:

- **consolidation of the Group's role in traditional markets** able to guarantee good growth opportunities for the reference sector – Italy, Turkey, East Europe, Latin America, Algeria;
- **more effective selection of new markets and reference sectors** – Chile, Poland, Peru and, as regards sectors, concessions;
- **marked diversification as regards geographical areas and products**, a real competitive advantage for the Group's activities.

Good levels of earnings were confirmed and were not affected by the increased competitive pressure seen in reference markets as a result of the global crisis. Indeed, the commercial policy adopted in recent years has encouraged a level of quality of orders in progress and visibility of the overall backlog such as to allow the Group not to have to reason in terms of necessities when singling out projects of interest. Therefore, all decisions reflect a straightforward, thought-out market opportunity, which if successful, helps the Group's ability to maintain high levels of earnings.

There was a **significant improvement in the overall net financial position** with a drop in debt of 8.8% YOY against a 9.2% increase in production. Therefore, the strategic target – announced by the management during approval of the business plan – of keeping Astaldi Group's total exposure for the year below the limit of EUR 500 million was achieved.

Group economic and operating results

Main consolidated economic results

(thousands of euros)	31-dec-10	%	31-dec-09	%	Annual diff. (%)
Total revenues	2,044,768	100.0%	1,872,087	100.0%	+9.2%
EBITDA	229,232	11.2%	206,201	11.0%	+11.2%
EBIT	173,611	8.5%	157,619	8.4%	+10.1%
Pre-tax profit	100,319	4.9%	90,795	4.8%	+10.5%
Group net profit	63,056	3.1%	55,902	3.0%	+12.8%

Production

Total revenues increased to EUR 2,044.8 million (+9.2%, compared to EUR 1,872.1 million in 2009).

Production was supported by the **positive trend of contracts in progress** in Italy (motorways, undergrounds) and in foreign countries where the Group is traditionally present (transport infrastructures, energy production plants), as well as by the **entry into full operation of new projects in recently acquired areas** (undergrounds, railways). While, on the other hand, the year saw a slowdown in some contracts in progress in Italy and abroad following contractual renegotiation or project changes in the process of being agreed upon with customers, as well as a drop in the volume of revenues expressed in Euros resulting from devaluation of the *Bolivar fuerte* in Venezuela and weakening of the Dollar against the Euro – phenomena which did not have any significant effect on margins thanks to the policies to hedge currency and economic risks adopted by the Group [12].

It must be recalled that the income statement item expresses the contribution to production resulting from the construction sector and, as regards concessions, the revenues generated by car park management. While, it does not include revenues resulting from management of all the concession projects currently in the management phase, which are in the process of being transferred to the subsidiary company Astaldi Concessioni – Mestre Hospital in Italy and the water

[12] For more information regarding the effects of devaluation of the *Bolivar fuerte* in January 2010, as well as weakening of the Dollar compared to Euro witnessed during the year, please refer to the Notes to the 2010 Financial Statements.

project in San Pedro Sula in Honduras – insofar as the reference accounting standards do not allow for proportional consolidation of the companies linked to these projects.

Operating revenues accounted for 93.8% of turnover, equal to EUR 1,918.9 million (+6.5%, EUR 1,802.8 million in 2009). Specifically, the year paid witness to:

- marked intensification of activities for some contracts in progress such as Maxi Lot DG21 of the Jonica National Road in Italy and Otopeni International Airport in Bucharest, as well as other motorway projects in Romania, the Chacayes hydroelectric plant in Chile and the Istanbul underground in Turkey;
- resolving of some problems concerning the performance of works related to Maxi Lot DG22 and the consequent full start-up of relative construction activities;
- a more positive than expected trend for contracts in progress in Algeria;
- a more decisive start-up of the Warsaw underground in Poland.

Other operating revenues accounted for 6.2% of turnover, equal to EUR 125.8 million (+81.5%, EUR 69.3 million in 2009). The year-on-year increase is to be attributed to the contribution of activities which, even if linked to the large-scale works sector, consist in the supply of goods and services which cannot be identified with the Group's traditional activities (e.g. transfers of tangible assets, leases and rentals receivable, third-party services).

Breakdown of operating revenues according to geographical area

(millions of euros)	31-dec-10	%	31-dec-09	%
Italy	860	44.8%	809	44.8%
Abroad	1,059	55.2%	994	55.2%
Europe	474	24.7%	258	14.3%
America	421	21.9%	501	27.8%
Asia	23	1.2%	114	6.3%
Africa (Maghreb)	141	7.3%	121	6.7%
TOTAL OPERATING REVENUES	1,919	100.0%	1,803	100.0%

Breakdown of operating revenues according to sector

(millions of euros)	31-dec-10	%	31-dec-09	%
Transport infrastructures	1,540	80.2%	1,434	79.5%
Roads and motorways	413	21.5%	325	18.0%
Railways and undergrounds	1,067	55.6%	1,083	60.1%
Ports and airports	60	3.1%	26	1.4%
Hydraulic works and energy production plants	259	13.5%	149	8.3%
Civil and industrial construction	120	6.3%	220	12.2%
TOTAL OPERATING REVENUES	1,919	100.0%	1,803	100.0%

The breakdown of production according to geographical area and sector shows suitable diversification of activities, which is the result of a strategic approach aimed at maintaining the contribution of each individual area and sector at levels such as to ensure balanced and well-diversified growth of activities and a coherent level of invested capital.

Italy continued to be the natural centre of activities (44.8% of operating revenues, equal to EUR 860 million – compared to EUR 809 million in 2009), **but a major focus on foreign activities was also recorded** (55.2% of operating revenues, equal to EUR 1,059 million – compared to EUR 994 million in 2009). Specifically, Central Europe and Turkey increased their contribution while there was a drop in the Middle East's contribution where the entry into full operation of recent commercial successes still has to be recorded (High-Speed stations in Saudi Arabia). The Americas reflected the planned reduction of activities in Venezuela (partially offset by the increase in Chile and Peru).

Transport infrastructures continued to be the sector of greatest specialisation (80.2% of operating revenues, equal to EUR 1,540 million – compared to EUR 1,434 million in 2009), thanks to the already mentioned entry into full operation of the two lots of the Jonica National Road in Italy, the steady progress of railway and underground projects in Italy, Venezuela, Turkey and Eastern Europe as well as the better than expected trend of contracts in Algeria. **The energy sector also experienced an increase** (EUR 259 million and 13.5% of operating revenues – compared to EUR 149 million in 2009) thanks to the positive trend of projects in Latin America and, specifically, thanks to the partnerships established in the concessions sector following the fast progress being made on the Chacayes hydroelectric plant in Chile. **There was a drop in the contribution from civil and industrial construction** (EUR 120 million and 6.3% of operating revenues – compared to EUR 220 million in 2009), basically as a result of the partial, albeit expected, slowdown in some projects in Italy (Police Officers' Academy ["Scuola dei Brigadieri e dei Marescialli dei Carabinieri"] in Florence and the new hospital ["Ospedale del Mare"] in Naples) which experienced technical-operating and procedural problems that have now been resolved or are in the process of being resolved. Said slowdown was offset in Italy by the positive trend of works related to the new four Hospitals project in Tuscany which are going ahead as planned. The industrial sector also recorded a YOY reduction which can be explained by the intensification seen in 2009 as a result of completion of some projects in the Middle East.

Costs

Total costs absorbed 88.8% of total revenues (89% in 2009) and showed an increase in the contribution to production of domestic contracts – typically characterised by greater use of outsourcing and consortia to perform works, and hence, by a reduced incidence of personnel costs.

Production costs totalled EUR 1,552.2 million (+11.2%, EUR 1,396.1 million in 2009), also as a result of the increase in production, and accounted for 75.9% of total revenues (74.6% in 2009). **Personnel costs dropped to EUR 236.6 million** (-1.6%, EUR 240.5 million in 2009) and absorbed 11.6% of total revenues (12.8% in 2009). Other operating costs amounted to EUR 26.7 million (EUR 29.3 million in 2009).

Operating income

The operating results confirmed the good levels of earnings of activities in progress, thus confirming the increasingly high quality of the order backlog.

EBITDA increased by 11.2% to EUR 229.2 million (EUR 206.2 million in 2009), with an **EBITDA margin of 11.2%**. **EBIT increased to EUR 173.6 million** (+10.1%, EUR 157.6 million in 2009), with an **EBIT margin of 8.5%**.

Financial income

Net financial charges totalled EUR 77.7 million (EUR 67.3 million in 2009) [13]. The increase in this item in absolute terms can be largely explained by the growing burden of sureties resulting from the increase in levels of turnover and backlog. The comparative figure also shows a lower level of financial income due to late payments by customers compared to the previous year, and the effects arising from devaluation of the *Bolivar fuerte* in Venezuela in January. In this regard, it must be remembered that no consequences on operating items were recorded as a result of devaluation of the Bolivar insofar as said consequences were already included in the overall project results.

Results

Pre-tax profit increased by 10.5% to EUR 100.3 million (EUR 90.8 million in 2009) resulting in a **net profit of EUR 63 million** (+12.8%, EUR 55.9 million in 2009), against taxes totalling EUR 36.8 million and a tax rate of 36.7%.

Financial results for the year

2010 saw a **significant improvement in the overall net financial position** which dropped to EUR 384 million (taking into account treasury shares on hand), compared to EUR 421.4 million at the end of the previous year, **showing a drop in debt of 8.8% YOY –** against an increase in production of 9.2%.

Main consolidated financial and equity results

(thousands of euros)	31-dec-10	31-dec-09
Total net fixed assets	434,814	449,618
Working capital	425,479	403,697
Total provisions	(28,602)	(33,364)
Net invested capital	831,691	819,952
Net financial payables/receivables	(448,824)	(469,610)
Receivables arising from concessions	60,363	43,046
Total financial payables / receivables [*]	(388,461)	(426,564)
Equity	443,229	393,387

(*) Figure expressed inclusive of treasury shares which amounted to EUR 4.2 million at the end of 2010 and EUR 5.2 million at the end of 2009.

The equity and financial structure for the year **included the effects of consolidation of the Group's international positioning and the intensification of production** in Italy and abroad.

Net fixed assets amounted to EUR 434.8 million (EUR 449.6 million in 2009), showing how the Group's technical resources are able to support contracts in progress and, at the same time, the Group's great ability to generate self-financing. The technical investments made during the year totalled EUR 26 million (EUR 76 million for the whole of 2009). Said investments, made to support projects in progress in Italy and abroad, mainly referred to the Turin rail link in Italy, the Huanza hydroelectric plant in Peru and the Jubail Export Refinery Project in Saudi Arabia.

Working capital amounted to EUR 425.5 million (EUR 403.7 million at the end of 2009), showing a trend in line with that forecast in the business plan and, at the same time, reflecting excellent management of cash flow and the operating financial cycle. Specifically, the year saw intensification in certification levels, while the increase in production volumes led to an incidence of works in progress in keeping with that of 2009, with the same average days of collection and payment.

Equity increased to EUR 443.2 million in 2010 (EUR 393.4 million in 2009) thanks to the combination of the year's result, distributed dividends and suspended economic items entered in the comprehensive income statement. The figure also includes the negative effect of approximately EUR 21 million of cash-flow hedge reserves resulting from fixed-rate hedging of financial debt, confirming the risk hedging policy adopted which tends to standardise medium-term results instead of "speculating" in the short-term on especially low interest rates. The common school of thought envisages an increase in rates, hence said policy does not represent a weak point.

Net financial position

The total net financial position at 31 December 2010, drafted in accordance with the CESR model (*Committee European Securities Regulator*) and taking into account treasury shares, totalled EUR (384.3) million, showing an 8.8% drop YOY, even given the 9.2% increase in production.

Said reduction, which is the result of balanced financial planning over the years, was possible thanks to the excellent operating cash flow trend which saw a cash flow of approximately EUR 60 million from the construction sector, granting the Group the ability to cover investments in the concessions sector, achieving set targets a year ahead of when planned.

Please find below the changes in the structure of the financial debt and its components.

[13] When calculating and recording financial income and charges pursuant to IFRIC 12, the effects of discounting back of guaranteed cash flow and charges on financial debt related to direct concessions were taken into account, including at a comparative level.

Consolidated net financial position

(thousands of euros)	31-dec-10	30-sep-09	30-jun-10	31-mar-10	31-dec-09
Cash and cash equivalents	391,527	364,701	324,238	291,304	444,138
Securities held for trading	5,003	3,593	3,991	3,532	4,175
Available funds	396,530	368,294	328,229	294,836	448,312
Financial receivables	38,889	38,006	41,347	29,481	24,461
Current bank payables	(220,615)	(250,117)	(239,116)	(293,910)	(334,442)
Current share of non-current debt	(90,615)	(61,475)	(41,801)	(36,485)	(20,430)
Other current financial payables	(11,078)	(9,852)	(10,014)	(10,966)	(11,111)
Current financial debt	(322,308)	(321,444)	(290,931)	(341,360)	(365,983)
Net current financial debt	113,111	84,856	78,645	(17,043)	106,790
Non-current bank payables	(558,779)	(605,501)	(590,380)	(575,885)	(571,450)
Other non-current payables	(3,155)	(3,794)	(4,184)	(4,507)	(4,950)
Non-current financial debt	(561,934)	(609,294)	(594,564)	(580,392)	(576,400)
Net financial debt	(448,824)	(524,438)	(515,919)	(597,435)	(469,610)
Receivables arising from concessions	60,363	59,596	55,064	49,703	43,046
Total financial debt	(388,461)	(464,842)	(460,855)	(547,733)	(426,564)
Treasury shares on hand	4,168	4,190	4,383	4,382	5,172
Total net financial position	(384,293)	(460,652)	(456,472)	(543,350)	(421,392)
Debt/Equity ratio	*0.87*	*1.11*	*1.11*	*1.30*	*1.07*

The table above shows a debt structure which offers confirmation of the considerable improvement in the Group's financial profile over the year, with a cash flow margin which acquired greater flexibility, also thanks to structured supply transactions for individual projects, the repayment of which is guaranteed by the project's financial flows.

The debt structure remains focused on the medium/long-term, with the first major repayment deadline scheduled for 2013.
The debt/equity ratio – which compares the level of debt against equity, net of treasury shares, stood at 0.87 at the end of 2010. At the same date, the corporate debt/equity ratio – which excludes the share of

debt related to concessions thanks to its self-liquidating nature – stood at 0.7. For more information regarding the share of debt related to project finance initiatives - which refers to equity put into projects related to the hospital and underground sectors, construction costs for car parks granted under concessions, and equity investment for concessions related to the Chacayes hydroelectric plant in Chile – please refer to the section of this report detailing the performance of the subsidiary company Astaldi Concessioni.

Consolidated reclassified accounts

Consolidated reclassified income statement

(thousands of euros)	Notes	31/12/10	%	31/12/09	%
Revenues	1	1,918,969	93.8%	1,802,775	96.3%
Other operating revenues	2	125,799	6.2%	69,312	3.7%
Total revenues		2,044,768	100.0%	1,872,087	100.0%
Cost of production	3 - 4	(1,552,236)	(75.9%)	(1,396,098)	(74.6%)
Added value		492,532	24.1%	475,989	25.4%
Personnel costs	5	(236,574)	(11.6%)	(240,458)	(12.8%)
Other operating costs	7	(26,726)	(1.3%)	(29,330)	(1.6%)
EBITDA		229,232	11.2%	206,201	11.0%
Amortization and depreciation	6	(52,201)	(2.6%)	(46,092)	(2.5%)
Provisions	7	(744)	0.0%	(3,120)	(0.2%)
Write-downs	6	(3,916)	(0.2%)	(192)	0.0%
(Capitalization of internal costs)	8	1,241	0.1%	822	0.0%
EBIT		173,611	8.5%	157,619	8.4%
Net financial income and charges	9 - 10	(77,721)	(3.8%)	(67,354)	(3.6%)
Effects of valuation of equity investments using equity method	11	4,429	0.2%	530	0.0%
Pre-tax profit (loss)		100,319	4.9%	90,795	4.8%
Taxes	12	(36,796)	(1.8%)	(33,336)	(1.8%)
Profit (loss) for the year		63,523	3.1%	57,460	3.1%
Minority profit (loss)		(466)	0.0%	(1,557)	(0.1%)
Group net profit		63,056	3.1%	55,902	3.0%

Consolidated reclassified balance sheet

(thousands of euros)	Notes	31 december 2010	31 december 2009
Intangible fixed assets	16	3,716	3,966
Tangible fixed assets	14 – 15	299,858	319,959
Equity investments	17	95,874	93,397
Other net fixed assets	12 - 18 – 19	35,366	32,297
TOTAL Fixed assets (A)		434,814	449,618
Inventories	20	86,466	90,316
Contracts in progress	21	845,877	648,626
Trade receivables	22	35,148	27,541
Accounts receivable	22	582,693	683,536
Other assets	18 – 19	210,257	157,581
Tax receivables	23	90,430	78,391
Advances from customers	21	(326,367)	(382,905)
Subtotal		1,524,503	1,303,086
Trade payables	19 - 29	(157,881)	(90,034)
Due to suppliers	19 - 29	(635,146)	(543,639)
Other liabilities	12 - 26 - 27 - 30	(305,998)	(265,716)
Subtotal		(1,099,025)	(899,389)
Working capital (B)		425,479	403,697
Employee benefits	28	(8,382)	(9,555)
Provisions for non-current risks and charges	31	(20,220)	(23,809)
Total Provisions (C)		(28,602)	(33,364)
Net invested capital (D) = (A) + (B) + (C)		831,691	819,952
Cash and cash equivalents	24	391,527	444,138
Current financial receivables	18	20,371	22,043
Non-current financial receivables	18 - 19	18,518	2,418
Securities	18	5,003	4,175
Current financial liabilities	26	(322,308)	(365,983)
Non-current financial liabilities	26	(561,934)	(576,400)
Net financial payables/receivables (E)		(448,824)	(469,610)
Receivables arising from concessions	18	60,363	43,046
Total financial payables/receivables (F)		(388,461)	(426,564)
Group equity	25	(424,988)	(375,122)
Minority equity	25	(18,241)	(18,265)
Equity (G) = (D) - (F)		443,229	393,387

Reconciliation of equity and operating result between parent company's financial statements and the consolidated financial statements

(thousands of euros)	Equity 31.12.2010	Operating result 31.12.2010	Equity 31.12.2009	Operating result 31.12.2009
Equity and operating result as shown in the parent company's financial statements	394,392	46,891	358,858	73,255
Reserves	(3,312)		16,444	
Elimination of book value of consolidated shareholdings:				
- difference between book value and pro-quota value of equity	9,303		9,303	
- pro-quota results of investee companies	(9,826)	(9,826)	33,390	33,390
- goodwill upon consolidation				
Elimination of effects of transactions performed between consolidated companies:				
- profit on intragroup transactions	(7,946)	(118)	(7,828)	(30)
- amortisation on intragroup sales	7,076	437	6,639	471
- allocation / (use) on consolidated companies	43,513	33,885	9,628	129
- hedging of losses of consolidated companies	(1,899)	(1,899)	6,097	6,097
- dividends from consolidated companies	(6,313)	(6,313)	(57,409)	(57,409)
Group equity and operating result	424,988	63,057	375,122	55,903
Minority capital and reserves	18,241	466	18,265	1,557
Equity and operating result as shown in consolidated financial statements	443,229	63,523	393,387	57,460

Investments

For more information regarding the investments made in 2010, please refer to the Notes to the 2010 Financial Statements. We shall limit ourselves herein to recalling what has already been mentioned above, in other words:

- the **value of technical investments for 2010 amounted to EUR 26 million**, equal to 1.3% of total revenues, thus confirming the Group's levels of technical resources and its ability to optimise available technical resources. The figure makes it possible to forecast a lower level of investment by the Group for the coming years thanks to the intensification of investment programmes seen in past years. The investments carried out during the year were mainly related to support guaranteed to projects in progress in Italy and abroad (Turin rail link in Italy, Huanza hydroelectric plant in Peru, Jubail Export Refinery Project in Saudi Arabia);
- Astaldi **invested EUR 16 million in concession activities** over the whole year, against accrued revenues recorded for the year. Therefore, investments in concessions as at 31 December 2010 – which consisted in the paying-in of Astaldi's shares of equity in the SPVs (Special Purpose Vehicle) set up to manage the individual projects in progress – amounted to approximately EUR 120 million, including financial receivables of EUR 60 million related to the current value of future financial flows expected from car park management activities.

Order backlog

Astaldi Group's order backlog totalled over EUR 9 billion at 31 December 2010, with EUR 6.2 billion referring to the construction sector and mainly to general contracting projects, and EUR 2.8 billion to the concessions/project finance sector. The year as a whole saw the acquisition of approximately EUR 2 billion of contractual increases and new orders in Italy and abroad – mainly regarding transport infrastructures (railways and undergrounds) and using the general contracting or concession formulas.
On the whole, the order backlog's structure was characterised by suitable balancing of activities between Italy and abroad, as well as the increasing importance – while still remaining complementary to construction activities – of the concessions sector (which amounted to EUR 2.8 billion compared to EUR 2.5 billion at the end of 2009).
Domestic activities accounted for 54% of the order backlog (equal to EUR 4,855 million), while the remaining 46% (EUR 4,159 million) referred to foreign projects, mainly in Turkey, Eastern Europe, Algeria and Latin America.
Construction activities continued to be the Group's reference sector (69% of the total order backlog, equal to EUR 6,254 million), but **there was an increase in concession and project finance initiatives which accounted for 31% of total orders** (27% at the end of 2009), thanks to new acquisitions in the transport and energy sectors. As regards projects in progress, general contracting initiatives with a high technological

content and average duration of 3/5 years continued to prevail among the backlog. While as far as concessions are concerned, it must be noted that in order to ensure suitable representation of orders in progress, the initiatives are included among the backlog presuming a standard duration of the relative management phases, even if the Group is able to boast initiatives with perpetual rights of use – as is the case of the Chacayes plant in Chile – or in excess of 80 years – as is the case of its car parks.

Transport infrastructures continued to be the Group's sector of greatest specialisation and accounted for 66% of total orders, equal to EUR 5,954 million, EUR 5,511 million of which refer to the value of contracts in progress and the remaining EUR 443 million to management revenues connected to concession projects. The water and energy sector (in other words energy production plants) continued to play a significant role, accounting for 10% of the backlog (EUR 908 million, EUR 244 million of which refers to the projects in progress and EUR 664 million to related management shares). The remaining 24% of orders refers to civil and industrial construction projects which amount to EUR 2,152 million, EUR 499 million of which to construction activities and EUR 1,653 million to management activities.

Order backlog

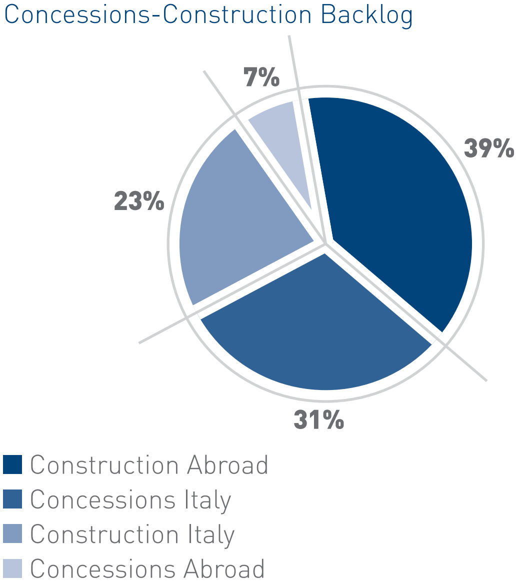
(millions of euros)	At 01/01/2010	Increases	Decreases for production	At 31/12/2010
ITALY	4,647	1,068	(860)	4,855
ABROAD	4,384	834	(1,059)	4,159
Europe	1,667	58	(474)	1,251
America	2,124	195	(421)	1,898
Africa (Maghreb)	591	383	(141)	833
Asia	2	198	(23)	177
Order backlog	9,031	1,902	(1,919)	9,014

Order backlog

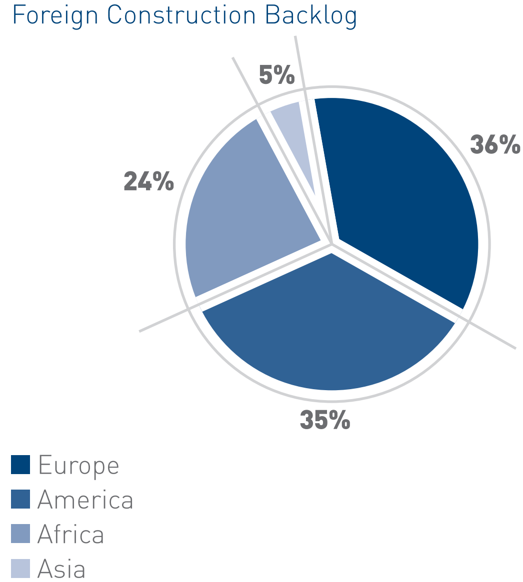
(millions of euros)	At 01/01/2010	Increases	Decreases for production	At 31/12/2010
CONSTRUCTION	6,562	1,611	(1,919)	6,254
Transport infrastructures	5,724	1,327	(1,540)	5,511
Water and energy	416	87	(259)	244
Civil and industrial construction	422	197	(120)	499
CONCESSIONS	2,469	291	-	2,760
Order backlog	9,031	1,902	(1,919)	9,014

Breakdown of order backlog according to geographical area and sector

Concessions-Construction Backlog



Foreign Construction Backlog



In order to provide complete information, the most significant orders recorded in 2010 were as follows:

- *USD 80 million for the Jubail Export Refinery Project in Saudi Arabia* (civil works related to the construction of an oil refinery in the Jubail industrial district); Works related to this contract are already in progress;
- *EUR 417 million (Astaldi has a 60% stake) for the Saida-Tiaret, railway in Algeria* (design and construction of 153 kilometres of new railway line with 4 stations and 9 interchanges);
- *USD 37 million for upgrading and expansion of the motorway junction located on the SR-862/I-595 in Florida (USA);*
- *USD 1.24 billion (Astaldi has a 15% stake) for the construction of two major railway stations in Jeddah and KAEC along the Mecca-Medina high speed line in Saudi Arabia* (the contract forms part of the larger infrastructure project for the area called the "Haramain High Speed Rail Project");
- *EUR 446 million (Astaldi's stake) for construction activities related to extension of the concession to construct and subsequently manage Line 5 of the Milan underground in Italy* (civil works related to an additional 7 kilometres of line and 10 new stations along the Stazione Garibaldi – San Siro section). The contract, an extension of the existing contract currently being performed by Astaldi, envisages a planned duration of works of 57 months. Once the works have been completed, there will be a planned management period of 25 years and 7 months, with revenues of EUR 1,300 million (Astaldi has 24% stake). Considering the forthcoming deadlines related to EXPO 2015, the production activities related to said contract have already been started-up at the draft date of this report;
- *EUR 221 million (Astaldi's stake) for management activities related to extension of the concession to construct and subsequently manage Line 5 of the Milan underground in Italy;*
- *Contractual increase of EUR 100 million (Astaldi's stake) resulting from approval of the remaining part of funding for the T3 San Giovanni-Colosseo section of Line C of the Rome underground in Italy.* The section forms part of the larger project to construct Line C of the Rome underground, currently being carried out by the General Contractor, Metro C S.c.p.a. which Astaldi holds a 34.5% stake in. The T3 section alone refers to the part of the route running from San Giovanni to the Colosseum as well as 2 stations (Amba Aradan, Colosseo/Fori Imperiali);
- *EUR 96 million for the EPC contract to construct the international terminal of the Milas-Bodrum Airport in Turkey*. The works will occupy a total surface area measuring 100,000 m^2 which is expected to accommodate the transit of 1,000,000 passengers per year. Additional commercial developments are expected for this project, to be completed during 2011. In this regard, please refer to the section regarding the foreseeable development of operations included herein;
- additional less important projects and contractual increases recorded during the year for projects involving the transport infrastructures and water sectors (Italy, Latin America, the Maghreb and Eastern Europe).

It must be recalled that the value of the order backlog at 31 December 2010 does not include amendments related to orders for which the contracts have been signed, but which are still to be financed, at the draft date of this report.

Therefore, on the basis of conservative criteria adopted by the Group regarding the inclusion of new orders in the backlog, the amounts related to the following still have to be entered among the new acquisitions:

(i) awarding as part of a joint venture of the Turkish motorway concession for construction and subsequent management of the Gebze-Izmir motorway which took place in 2010 and for which project finance funding is pending;

(ii) appointment as sponsor for the project finance initiative regarding construction and subsequent management of the link road between Ancona Port and the surrounding road network pending the final outcome of the award procedure in Italy;

(iii) possible developments regarding railway projects in progress in Venezuela (also in light of the new

Italy,
Rome underground
Line C.

"Economic Cooperation Agreement" signed in May 2010 between the Italian and Venezuelan governments);

(iv) possible synergies resulting from consolidation of the partnership with Pacific Hydro related to the water development project in the Alto Cachapoal valley in Chile (exclusivity agreements);

(v) additional foreign projects for which the relative contracts have still to be made official (transport infrastructures and concessions (renewable energy);

(vi) new initiatives for which Astaldi holds the number one position in award procedures in Italy and abroad (Central Europe, Middle East).

Numerous concessions projects are also under development at a domestic and international level, in the various sectors of interest; specifically, tenders have been submitted in the healthcare, energy and transport sectors which shall result in an additional increase in production levels.

Trend of operations according to geographical area and sector

Italy

Italy represents the natural centre of the activities of the Group which is a corporate organisation with a major international focus.
At 31 December 2010, the domestic market generated 44.8% of revenues from works and accounted for 54% of the overall backlog.
The order backlog, as regards Italy, - which totals EUR 4,855 million – consists in EUR 2.7 billion of activities linked to the construction sector (transport infrastructures, civil and industrial construction, water and energy), while the remaining EUR 2.1 billion refer to concession projects (transport infrastructures, hospital facilities, car parks).
From a sector viewpoint, transport infrastructures continued to be the core business for the Group's activities at a domestic level. Indeed, projects boasting a high technological content such as the general contracting project to construct Line C of the Rome underground and the project finance initiative to construct and subsequently manage Line 5 of the Milan underground are already underway, as well as Bologna Centrale High-Speed station and the Turin rail link, two maxi lots of the Jonica National Road and new underground lines in Naples, Genoa and Brescia.
At the same time, the civil and industrial sector offered confirmation of its key role with major projects related to healthcare construction.
While, as regards concessions in progress in Italy, the order backlog currently includes projects linked to the transport infrastructures, healthcare construction and car parks sectors.
As regards the domestic share of operating revenues, which totalled EUR 860 million on the whole, transport infrastructures accounted for EUR 757 million, civil and industrial construction for EUR 70 million and energy production plants for the remaining EUR 33 million.
Please find below details of the main projects in progress in Italy, organised according to business sector.

Transport infrastructures: railways and undergrounds

The railway and underground transport infrastructure sector is the sector where Astaldi Group can boast the greatest expertise and firmly-established leadership that is widely acknowledged at an international level.
At the present time, Astaldi is a key player in major projects in progress in Italy and abroad: as regards undergrounds alone, it is currently carrying out 8 projects worldwide (Line C of the Rome underground, Line 5 of the Milan underground, new underground lines in Brescia, Genoa and Naples, as well as Istanbul, and Line 2 of the Warsaw underground and Line 5 of the Bucharest underground.
Please find below a brief description of the projects of major interest included among the backlog, which refer to railways and undergrounds in Italy, that were completed or in progress at 31 December 2010.

Italy,
Milan Underground
Line 5.

Rome underground, Line C

The project refers to the general contracting agreement awarded for the final and executive design, construction, works supervision, commissioning and supply of rolling stock for the new Line C of Rome's underground.
The works were awarded to Metro C S.c.p.A., the company operating in the capacity of General Contractor in which Astaldi holds a 34.5% stake.
The works were commissioned by Roma Metropolitane S.r.l., a company directly controlled by the Municipality of Rome, which is responsible for improving and upgrading the capital's underground network.
Line C is one of the most ambitious projects in progress to date as regards undergrounds, both because it will offer a considerable expansion of the public transport system the capital is able to offer, and because one of the major construction difficulties is the interference with archaeological remains located in the subsoil and the line's interaction with overlying historic and monumental buildings and monuments located inside the capital's historical centre (90% of the relative studies has already been completed). The trains will be driverless, in other words they will be driven and controlled by a remote integral automation system. An integral part of the agreement concerns construction of the Deposito Graniti – 75% of which has been completed – which will feature a completely automated warehouse.
The new line will result in expansion of the existing underground network from 36.5 to 78.7 kilometres.
As regards the complete planned route (42.2 kilometres long, 42 stations), the so-called Basic Route (in turn split into sections) – measuring 25.5 kilometres in length and featuring 30 stations) is currently under construction.
During 2010, excavation activities and works were performed as planned, together with archaeological investigations along the Monte Compatri/Pantano - San Giovanni section (18 kilometres of line with 22 stations). Excavation using TBM (Tunnel Boring Machine) of the two single track tunnels running side by side along the Giardinetti - Pozzo San Felice da Cantalice - Pozzo TBM Malatesta section (approximately 7 kilometres of line) was completed, and excavation using TBM of the two single-track tunnels running side by side along the Pozzo TBM Malatesta - San Giovanni section (3 kilometres of line, of which approximately 400 linear metres have already been dug) was started up. Therefore, as regards this section, 60% of the overall works have been completed.
The overall value of the works stands at EUR 2.8 billion, EUR 986 million of which refers to Astaldi's stake. The figures shown include the difference recorded in 2010 as a result of allocated funding for the T3 section of the Basic Route, approved by CIPE (Interdepartmental Committee for Economic Planning) in July. It must be recalled that the T3 section refers to the part of the complete Basic Route running from San Giovanni to the Colosseum together with 2 stations – Amba Aradan, Colosseo/Fori Imperiali.
Lastly, it must be noted that on 11 March 2010, final design activities related to the T2 section were officially suspended by the customer, Roma Metropolitane, and instructions regarding the recommencement of activities are still pending. In the meantime, the joint venture responsible for constructing Line C is drawing up, as agreed with the customer, a project financing proposal for said section which will be submitted to the city's administrative authorities during the first half of 2011.

Milan underground, Line 5 (Bignami – Stazione Garibaldi - San Siro)

The project finance initiative related to Line 5 of the Milan underground, as regards construction activities, refers to the design (final and executive) and performance of civil works for a new underground section which will run under ground level along the Stazione Garibaldi - Bignami and Stazione Garibaldi - San Siro route (as an extension of the first section), in Milan.
The initiative, included among those labelled as being of leading national interest in relation to Law No. 443/2001, is managed by the SPV and concession holder, Metro 5 S.p.A., in which Astaldi holds a 24% stake (in the capacity of leader of the joint venture awarded the concession).

Italy,
Naples Underground
Line 1 ("Università" Station).

As regards this project, the performance of civil works was awarded to the consortium company Garbi S.c.r.l., in which Astaldi holds a 60% stake. In this regard, it must be noted that on 18 November 2010, the Court of Milan declared Torno Global Contracting bankrupt, and hence said company was excluded from the joint venture as well as from Garbi S.c.r.l.
As far as this project is concerned, activities to perform works related to the Bignami - Stazione Garibaldi section (6 kilometres of line, with 9 stations) went ahead as planned during 2010. Specifically, excavation of tunnels using TBM was completed and the testing of trains commenced in November. It must also be recalled that, as regards this section, some areas of the site were affected by flooding following overflow of the River Seveso in October 2010. In this regard, it must be stated that activities at all the sites concerned recommenced as normal in November and the insurance procedures needed to obtain compensation for damages incurred have been carried out. More than 85% of all works related to this section have been completed.
As regards the Stazione Garibaldi - San Siro extension (additional 7 kilometres, with 10 new stations), the sites for preliminary activities and the shifting of subservices were set up in August 2010 and executive design activities are currently underway. It must also be noted that in February 2011, Metro 5 S.p.A. finally formalised with the Municipality of Milan, the concession agreement related to this extension which had already been regulated by the award decree dated 29 July 2010. Considering the forthcoming deadlines related to EXPO 2015, the production activities related to this contract had already been started up at the draft date of this report.
As regards this project, the total investment – including design, civil and technological works and the change for Stazione Garibaldi approved during works in progress – amounts to EUR 484 million for the Stazione Garibaldi – Bignami section and to EUR 872 million for the extension to San Siro stadium against total public funding of EUR 391 million. EUR 580 million will be invested for the whole route in order to carry out the civil works, to be performed by Astaldi.

Stazione Garibaldi – Bignami section
EUR 190 million of the total planned investment for this section is financed by Metro 5 S.p.A. and the remaining amount by public funding. The revenue arising from the 29 years of management provided for in the agreement, will amount to EUR 724 million (EUR 165 million refers to Astaldi's stake). The duration of the works, including the design phase, is 70 months.

Stazione Garibaldi - San Siro section
The total investment for this extension is funded in part by the Ministry of Infrastructures using the Infrastructures Fund (CIPE Resolution dated 6/11/2009), in part by the Municipality of Milan and in part by private funding. The contract provides for a duration of works of approximately 57 months. Once the works have been completed, there will be a management phase for the new section of 25 years and 7 months, with revenues of EUR 1,300 million (Astaldi has a 24% stake). It is planned for the works to be completed in time for the deadlines related to EXPO 2015 and, to this end, the use of 4 TBMs (Tunnel Boring Machine) and excavation activities on two fronts is envisaged in order to complete the line's tunnels.
For more information, please refer to the section of this report dedicated to concessions.

Naples underground, Line 1 and Line 6
Astaldi is actively involved in the project to improve the underground transport system in the Municipality of Naples, with activities being performed directly along Lines 1 and 6.
Noteworthy examples of the works already carried out are the so-called "Art Stations" built along the Vanvitelli - Dante section of Line 1 of the underground, an example of how individual infrastructure projects can be transformed into exemplary upgrading of the surrounding environments.

Italy,
Bologna High-Speed
Railway Station.

Naples underground, Line 1

The concessionaire, M. N. Metropolitana di Napoli S.p.A. (in which Astaldi is the majority shareholder with a 22.62% stake) acquired from the granting authority, the Municipality of Naples, the concession agreement for the design, works supervision and construction of Line 1 of the Naples underground. As regards this line, construction of the section between Dante station and Centro Direzionale station is currently underway. The works are being performed by Toledo S.c.r.l., whose corporate purpose is performance of the works awarded by M. N. Metropolitana di Napoli S.p.A. to Consorzio TRA.DE.CI.V. and, by the latter to the joint venture in which Astaldi holds a 90.391% stake. Specifically, Università station and Toledo station are currently under construction along with the superstructure of the whole section. Works went ahead as planned during 2010 and in compliance with the timeframes approved by the granting authority. Specifically, as regards Toledo station, all the structures within the station shaft are being completed along with excavation of the corridor linking to the second exit on Largo Montecalvario and the station's civil plants are currently being performed. It must be noted with regard to Università station that all the contractual works have been completed as planned with the exception of part of the external facilities. Works for the railway superstructure of the whole Dante-Centro Direzionale section are also in progress. The total value of works amounts to EUR 249 million, including changes during works in progress. As at the end of 2010, 81% of works had been completed.

Naples underground, Line 6

The concessionaire, Ansaldo STS S.p.A, acquired from the granting authority, the Municipality of Naples, the concession agreement for the design, works supervision and construction of Line 6 of the Naples underground, for which works related to the section between Mergellina station and Municipio station are currently in progress. As regards said section, Astaldi operates through AS.M. S.c.r.l. – in which Astaldi holds a 75.91% stake – which was awarded performance of the civil works related to San Pasquale station. Activities during 2010 were affected by the first phase of archaeological excavation of the station shaft. The overall value for this project amounts to EUR 65 million. As at the end of 2010, approximately 55% of activities had been completed.

Bologna Centrale High-Speed Station

The project represents an all-important part of the urban penetration project for the Milan – Naples HS railway line with regard to the Bologna railway junction.
The purpose of the contract is construction of the new Bologna Centrale High Speed station (Lot 11) and works needed to make it possible to put the station into operation (Lot 50). The relative agreement was stipulated by Astaldi with TAV S.p.A. which was taken over by RFI Rete Ferrovie Italiana S.p.A. in 2008. The latter is a subsidiary company of Gruppo Ferrovie dello Stato and is responsible for managing the national railway infrastructure. Italferr S.p.A., a Gruppo Ferrovie dello Stato company is responsible for design and works supervision.
The project involves the construction of a station of a large size and with structural complexities, to be built entirely under ground level below Platforms 12-17 of the "historic" Bologna Centrale station that are currently in disuse. The station is organised on several levels, the deepest of which - built at a depth of 25 metres – will be used for the transit of high speed trains, while the others will be used for railway transport-related services, commercial areas and car parks.
Works commenced in 2004 and once the problems which arose during the start-up phase of the contract were resolved and the 1st Additional Amendment signed in December 2007, activities went ahead as planned in the following years even if affected by some new activities introduced by the customer. In 2010, as a sign of partial acceptance of the requests made by Astaldi with regard to events involving Italferr which caused delays/slowdowns in activities, Italferr extended the contract performance times, introducing January 2013 as the last deadline for completion of works and activities, with interim milestones for partial com-

Italy,
Turin Railway Hub.

pletion of planned activities during 2012.
Most of the excavation activities related to the station concourse were performed during 2010 (80% of works have been completed), together with assembly of the metal struts which contrast with of the relative vertical structures (walls) (60% of which has been completed). Moreover, the underground floors of the heads (located on three levels) were constructed and approximately half of the foundation slab, and handling of the waste material from excavation at the Corticella site continued. 60% of the overall planned production activities have been completed.
As at 31 December, the total value of works amounted to EUR 388 million, including all the approved changes.

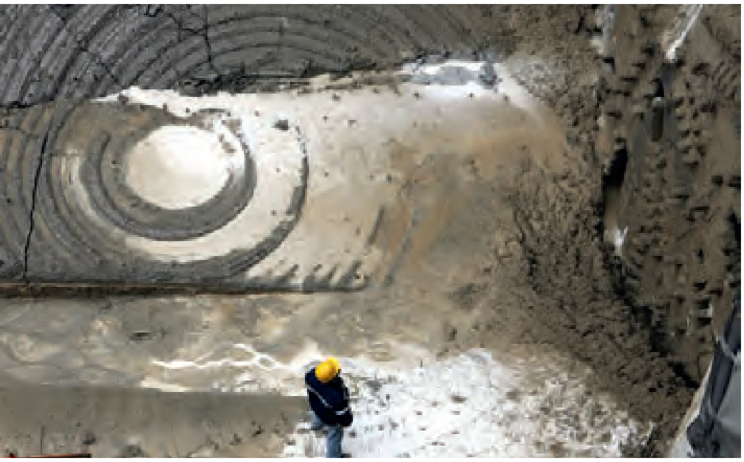
Turin Rail Link (Corso Vittorio Emanuele II - Corso Grosseto Lot)

The contract forms part of the activities in progress to improve the Turin Rail Junction and involves the executive design and performance of works to complete expansion of the underground railway line between Corso Vittorio Emanuele II and Corso Grosseto, crossing under the River Dora Riparia.
The works have been commissioned by Italferr S.p.A., in the name and on behalf of R.F.I. Rete Ferroviaria Italiana S.p.A.
The contract was awarded to a joint venture in which Astaldi S.p.A. is the leader and mandatary.
On the whole, the project consists in quadrupling and laying under ground level of the existing Turin – Milan railway line. Works are being performed by S.P.T. - Società Passante di Torino S.c.r.l., in which Astaldi holds a 74% stake. The executive design is being performed by Astaldi and Turner & Townsend Group Ltd. in equal shares.
The works are being performed within the urban area and in the vicinity of the existing railway line which shall continue to operate thanks to the splitting of works into two separate, sequential macro phases called Macro phase "West" and Macro phase "East".
During 2010, following the start-up of Macro phase West in October 2009, activities to dispose of and demolish the "historical" Turin – Milan railway line which interfered with tunnel works for Macro phase East went ahead, and hence the relative construction works were able to get underway. On the whole, the works carried out mainly concerned the construction of reinforced concrete diaphragms as well as the railway tunnel's bottom plug and foundation piles. At the same time, works to shift and divert the subservices and sewers interfering with the works were carried out along with construction of part of the structures related to Porta Susa and Rebaudengo stations. The works are scheduled to be completed by April 2013.
Approximately 80% of activities had been completed at 31 December 2010.
As regards this project, Astaldi's stake amounts to EUR 350 million.

Brescia underground

The contract, awarded to the joint venture which Astaldi holds a 50% stake in, refers to construction of a

Italy,
Turin Railway Hub.



Italy,
Brescia Underground.

light underground railway running on tracks, which is remotely powered and controlled by a fully-automated system (driverless system) along the Prealpino - Santa Eufemia section in the municipality of Brescia.
The works have been commissioned by Brescia Mobilità S.p.A., a company owned by the Municipality of Brescia which is responsible for managing the city's mobility system in addition to car parks and regulated parking.
The works are being performed by a joint venture comprising a group of companies, with whom a vertical division of activities has been agreed. As regards said division, it is envisaged that Astaldi performs all the civil works, railway superstructure, electrical mechanical systems not featured within the system, and special systems.
Specifically, the project involves the executive design, construction, technical management and routine and non-recurring maintenance of a first functional lot of the Brescia underground along the Prealpino - Santa Eufemia section. The line shall run for 14 kilometres and feature 4 kilometres of cut-and-cover tunnel, 6 kilometres of bored tunnel, 1.8 kilometres of viaducts, 17 stations (13 of which underground) and a workshop depot. In July 2010, the Ministry of Infrastructures approved a series of changes from an economic and technical viewpoint, aimed at approval by CIPE (Interdepartmental Committee for Economic Planning) which should make it possible to achieve positive resolution of the problems which have come to light in previous years.

All the structural works were completed during 2010 with the exception of Vittoria and San Faustino stations which encountered delays due to archaeological finds. Said works are expected to be completed in 2011. Moreover, works on the south section were completed and followed by the start-up of testing of plant and systems and vehicle trials. As regards the remaining section, the stations are currently being finished off together with the creation of non-system technological plants.

Genoa underground

Activities related to this project are regulated by a framework agreement, split into several successive lots, for the construction of an underground line linking Genova Principe railway station to Brignole station. The works are being carried out by the consortium company, Metrogenova S.c.r.l., which Astaldi holds a 21.81% stake in.
At 31 December 2010, the overall value of this contract amounted to EUR 220 million. At the same date, over 90% of works had been completed.

Parma - La Spezia railway ("Pontremolese Railway")

The project forms part of the programme to improve and modernise the Parma – La Spezia railway called the "Pontremolese" railway. As regards this project, Italferr S.p.A. – in the capacity of Principal in the name and on behalf of R.F.I. Rete Ferroviaria Italiana S.p.A. – awarded Astaldi the executive design and per-

Italy,
Parma-La Spezia Railway.

Italy,
"Jonica" National Road (NR-106),
"Corace" Viaduct.

formance of works to widen the railway line for the section between Solignano and Osteriazza stations – along a section measuring a total of approximately 12.5 kilometres.
The new railway line runs for the first 5 kilometres along a different route to the current route – indeed, said section will see performance of the most significant works included in the contract such as the natural tunnel called Marta Giulia Tunnel measuring approximately 4.2 kilometres in length, a 450 metre-long viaduct running over the River Taro and the viaduct over the Galgana torrent. The remaining 7.5 kilometres of overall route will run along the railway line currently in use.
During 2010, design activities related to project changes approved during works in progress went ahead, and activities to construct the Taro and Galgana viaducts proceeded as planned. The other works performed also included progress on excavation of the Marta Giulia tunnel (at 31 December 2010, 523 linear metres from the Solignano side and 73 linear metres from the Fornovo side had been excavated). The deadline for completion of works has been set for in 2015.
At 31 December 2010, the value of this agreement, including changes and amendments approved during works in progress amounted to EUR 200 million. At the same date, 42% of the overall planned production activities had been completed.

Transport infrastructures: roads and motorways

Astaldi is able to boast vast experience and a number of important projects in this sector in Italy. At the present moment, the most important work is the Jonica National Road where Astaldi is responsible for the construction of two maxi-lots.
Please find below a brief description of the projects of greatest interest included among the backlog, involving the road and motorway sector in Italy, completed or in progress at 31 December 2010.

Jonica National Road (Maxi-Lot 2/"DG21" - Catanzaro)

The general contracting project involves the executive design and construction of a new road link along the Jonica ridge in Calabria.
The works have been commissioned by ANAS S.p.A., the organisation in charge of managing the Italian road and motorway network of national interest.
The corporate body responsible for performing activities related to this contract is CO.MERI S.p.A. which has the role of general contractor representing the joint venture awarded the contract in which Astaldi is the mandatary with a 99.99% stake.
On the whole, the works will result in construction of the E-90 National Road - for the section of the SS 106 between Squillace junction and Simeri Crichi junction - as well as extension of the SS 280 from San Sinato junction to Germaneto junction, with considerable benefits for travel times and road safety (thanks to the elimination of junctions in highly developed urban areas).
The total route measuring approximately 23 km in length, will involve the construction of 11 twin-bore tunnels (for a total of approximately 13 km), 10 viaducts, 2 bridges and 8 junctions.
As regards this project, 2010 saw a significant intensification of construction activities. At the end of the year, 85% of bored tunnels had been completed, along with 80% of viaducts, 70% of road works and 55% of minor works. Activities related to finishes and technological systems were also started up during the year and expropriation procedures, resolving of interferences, environmental monitoring and third-phase archaeological investigations went ahead as planned.
From a contractual viewpoint, an agreement was reached with the customer in May 2010 regarding settlement of the disputes in course as of 2008 which led to the stipulation of an out-of-court agreement with ANAS.
Moreover, a third technical change analysis was forwarded to ANAS in December regarding various types of activities needed to complete the project, as well as new activities needed for the early opening to traffic of

Italy,
"Jonica" National Road (NR-106),
Base Camp.

a functional 12-kilometre section which should take place, as agreed in the summer of 2011. Said analysis is currently under preliminary examination by ANAS.
73.4% of production as set forth in the contract had been completed at 31 December 2010.

Jonica National Road (Maxi-lot 1/"DG22")

The general contracting project involves the executive design and performance of works to upgrade the Jonica National Road (SS 106) in the section between Palizzi and Caulonia (lots 6-7-8), including Marina di Gioiosa Jonica junction.
The works have been commissioned by ANAS S.p.A., the organisation in charge of managing the Italian road and motorway network of national interest.
The corporate body responsible for performing activities related to this contract is AR.GI S.p.A. which has the role of general contractor representing the joint venture awarded the contract in which Astaldi is the mandatary with a 99.99% stake. The special purpose vehicle was transformed into a joint-stock consortium company as from 1 January 2010 under the resolution passed by the shareholders of AR.GI S.p.A. on 26 October 2009.
From a technical viewpoint, the route of the new motorway measures approximately 17 km in length, 19% of which consists in viaducts and 37% in cut-and-cover and bored tunnels. The works were split into two sections, with the approval of a preliminary analysis, known as the Functional Lot (works to be performed immediately) and the Marginal Lot (works not to be performed immediately).
Some problems concerning the performance of works related to this maxi-lot were resolved during 2010, and the excavation of tunnels and construction of viaducts along almost the whole route got underway. Moreover, considering the specific operating difficulties encountered while carrying out works – geological and geotechnical problems, waste located in site and line areas, dragging out of archaeological investigations – the organisation of production activities underwent changes during the year aimed at limiting work performance times as far as possible, providing for 18 fronts for natural tunnel excavation to be in operation at the same time (16 of which were in operation in December 2010), against the 12 fronts provided for in the contract.
Even if said changes have not made it possible to definitively resolve the problems which have arisen while performing works, they have, in any case, made it possible to achieve progressive production which corresponds to 21% of works completed as at the end of December 2010. The overall value of the contract amounts to EUR 354 million, reformulated with approval of the analysis into EUR 282 million for the Functional Lot and EUR 72 million for the Marginal Lot. It must be noted that as regards the marginal lot, the General Contractor asked the customer for the final payment due to the continuance of causes hindering works which resulted in the delay. In compliance with the criteria used by the Group, the effects of said payment have already been included in the value of the order backlog at 31 December 2010.

Pedemontana Lombarda Motorway

The general contracting project refers to the design (final and executive) and construction of the 1st lot of the Como bypass road, the 1st lot of the Varese bypass road and the link road between the A8 and A9 motorways (from Cassano Magnago to Lomazzo – a section labelled A for the Pedemontana Lombarda Motorway).
The works form part of a larger, more complex project aimed at linking 5 provinces (Bergamo, Monza, Milan, Como and Varese) through the construction of 67 kilometres of motorway (which forms the main road from Cassano Magnago to Osio Sotto), 20 kilometres of bypass roads (split into the Varese and Como bypass roads measuring 11 km and 9 km in length respectively) and 80 kilometres of connected road works.
The contract, awarded to Astaldi as part of the joint venture, involves the design and construction of approximately 47 kilometres of motorways and secondary roads, with 13 kilometres of tunnels and approximately 1.7 kilometres of bridges and viaducts.
As regards this section, the necessary paperwork has been completed which resulted in signing of the Ad-

Italy,
"Jonica" National Road (NR-106),
"Borgia" Junction.

ditional Agreement No. 1 on 4 February 2010. Design activities also continued during the year. In September 2010, the granting authority, CAL (Concessioni Autostradali Lombarde S.p.A.), approved the executive design. Following this, pending drafting of the Additional Agreement No. 2, provided for in the contract, an Addendum to the Additional Agreement No. 1 was signed in December 2010 in relation to the early commencement of some critical activities in order to comply with the works deadline provided for in the contract (December 2013).
The early performance of some works provided for in the Additional Agreement No.1 resulted in the start-up of works as from 2010. Indeed, the ceremony to lay the first stone was held on 6 February 2010 and attended by national and local political authorities, thus confirming the administrations' major commitment to this project.
The overall value of the works amounts to EUR 898 million, with Astaldi holding a 24% stake.

Activities involving the urban network within the Municipality of Naples

Infraflegrea Progetto S.p.A. is the company in which Astaldi holds a 51% stake, set up in 2006 to perform the concession contract regarding various activities aimed at streamlining the complete transport system in the Phlegrean area, by upgrading and improving existing infrastructures (roads, railway, port, pedestrian zones) with the aim of achieving total intermodality within a network comprising various, already existing transport systems and communication systems.
The granting administration is Campania's regional authority and in brief, the works involve construction of the Montesantangelo rail link for the section from Soccavo to Mostra d'Oltremare, with relative intermediate stations and interchange junctions (Application Document No. 15), as well as works to extend and upgrade Pozzuoli port (Application Document No. 12), construction of a multi-storey car park with related access road and upgrading of Parco della Cava Regia and areas of the former Capuchin Convent (Application Document No. 13) and upgrading of Lungomare Sandro Pertini and the urban road network in Pozzuoli (Application Document No. 14).
Activities to perform all four of the Application Documents continued throughout 2010. Specifically, the works related to Pozzuoli Port and Lungomare Sandro Pertini were completed, while the works connected to the multi-storey car park are in the process of being completed. As regards activities related to Application Document No.15, it must be noted that the natural tunnel connecting Montesantangelo station to Università station has largely been completed. As regards said works (Lot 1, phase 2), approximately 28% of the works, which have already been financed, have been completed.
On the whole, the value of the works comprising this project totals EUR 171 million.
Approximately 63% of works had been completed at 31 December 2010.
Lastly, it must be noted that with regard to Application Document No. 15, the CIPE Resolution was published in January 2010 which allocates funding for completion of Lot 3, phase 1 (corresponding to the Parco San Paolo – Terracina section). The total value of the works to be performed amounts to approximately EUR 95 million.

Italy,
Pont Ventoux Hydroelectric
Power Plant.

Transport infrastructures: ports and airports

Ports and airports represent a sector where numerous, interesting projects have been developed in the past at a domestic level.
At the present time as regards this sector, the Group is mainly operating abroad. Indeed, works in progress in Italy are limited to projects developed in the port activities sector and, specifically, the so-called MOSE project in progress to safeguard Venice Lagoon, details of which are provided below.

Activities related to the MOSE system

Astaldi is involved in the project to construct the MOSE system, designed to regulate tides in Venice's lagoon. The project as the whole involves the construction of a system of mobile barriers installed on each of the port's three outlets (Lido, Malomocco and Chioggia), which represent the points linking the sea and the lagoon.
The performance of works related to the MOSE system is regulated by a contract stipulated between the state represented by the Magistrate for the Waters of Venice and Consorzio Venezia Nuova, which was granted the concession to perform the works in question. Consorzio Venezia Nuova in turn awarded the works, split into operational phases, to the joint ventures set up by its members to perform the works in question. In this regard, Astaldi operates in the capacity of leader and mandatary of a joint venture which set up the consortium company, Mose-Treporti S.c.r.l., to perform works related to Bocca di Lido Treporti.
The total value of the works for which the Astaldi joint venture is responsible amounts to EUR 415 million, EUR 306 million of which have already been awarded. Over 75% of the total works had been performed at 31 December 2010.

Energy production plants and hydraulic works

Energy production plants and hydraulic works represent a sector where Astaldi is currently carrying out a large number of projects, mainly abroad. While this sector's contribution at a domestic level is practically non-existent - even if, as regards past years, there is no lack of examples of dams, aqueducts and water treatment plants as well as projects related to major nuclear power stations and energy production plants. Therefore, please refer to the section of this report dealing with the performance of foreign operations for more detailed information regarding the contributions provided by the water/energy sector.

Pont Ventoux hydroelectric plant

The contract, performed by the consortium company, Pont Ventoux S.c.r.l., in which Astaldi holds a 56.25% stake, involved the construction in Val di Susa, Piedmont, of an hydroelectric power plant with 158 MW of installed power.
The plant, whose central operating unit was built completely underground, boasts an annual production capacity of over 400 GWh.
The plant was handed over to the customer, Iride Energia S.p.A., in February 2008, which then took on its complete management. Technical and administrative testing of the works continued throughout 2009. The final test certificate was issued by the technical-administrative inspector and approved by the granting authority on 22 April 2010. In this regard, some accounting items still have to be defined with said granting authority, linked to objections raised in relation to malfunction of the hydraulic equipment and attributable to the plant's sub-suppliers.

Italy,
New Hospital
in Pistoia.

Civil and industrial construction

Astaldi Group has acquired and developed vast know-how in the field of civil and industrial construction, especially in relation to the construction of healthcare facilities. As regards foreign projects, as will be detailed further on, it has also acquired significant experience in the industrial construction sector, with activities related to the construction of industrial plants in the petrochemical sector.
The projects of greatest interest in the backlog and related to this sector at a domestic level that were completed or in progress during 2010, are detailed below.

Four new hospitals in Tuscany

The project finance initiative for the construction and subsequent management of an integrated system of four hospitals in Tuscany involves the construction of four hospital complexes situated in Lucca, Massa, Pistoia and Prato. The new facilities will occupy a total surface area of over 200,000 m^2 and make available over 1,700 hospital beds, 52 operating theatres, 134 dialysis units and 103 new cots.
The project involves a total investment of EUR 365 million for design and construction activities (with public funding of 55%) and EUR 1.2 billion in nominal terms for management activities (in which Astaldi has a 35% stake).
The duration of the concession is 22 years and 9 months, of which 3 years and 9 months for design and construction activities and 19 years for management of plants and works as well as non-healthcare services. Said duration applies as from signing of the agreement which took place on 19 November 2007.
On said date, the local health authorities (USL 1 - Massa and Carrara, USL 2 - Lucca, USL 3 - Pistoia and USL 4 – Prato) awarded as a concession to SAT S.p.A., which Astaldi holds a 35% stake in, the construction of four new hospitals using the project finance formula. The purpose of the relative agreement is final and executive design, performance of works and management of the new hospitals, as well as of some hospital and commercial services.
Design and construction activities were awarded by the concession holder to a joint venture established by two of its partners. The consortium company CO.SAT S.c.r.l., in which Astaldi holds a 50% stake, was set up to perform works.
All the hospitals feature a main 5-floor building with 1 basement level and an additional 4-floor building with 1 underground level. While there are differences between the hospitals as regards the surface area occupied and the number of hospital beds made available.

Massa Hospital

The hospital will occupy a surface area of 80,430 m^2, with a total volume of 175,000 m^3, 24,480 m^2 of cark parks and a similar number of square metres of green areas. Construction of the complex will make available 360 hospital beds, 30 dialysis units, 12 hospital beds for short-term observation and 24 cots.

Italy,
New Hospital
in Prato.

Italy,
New Hospital
in Lucca.

Lucca Hospital

The works involve a total surface area of 72,250 m^2. The total volume is 184,300 m^3 with 25,700 m^2 of outdoor cark parks and 13,400 m^2 of green areas. 410 hospital beds will be made available along with 38 dialysis units, 20 hospital beds for short-term observation and 24 cots.

Pistoia Hospital

Once this complex is fully operational, 400 hospital beds will be made available together with 26 dialysis units, 20 hospital beds for short-term observation and 20 cots. The hospital will occupy a total surface area of 86,800 m^2, with 25,000 m^2 of outdoor car parks and 31,000 m^2 of green areas.

Prato Hospital

The hospital in Prato is the largest of the four planned complexes. The total surface area involved is 99,000m^2, with a volume of 208,900 m^3, 33,750 m^2 of outdoor car parks and 31,800 m^2 of green areas. The project will make available 540 hospital beds, 40 beds for haemodialysis, 20 beds for short-term observation and 35 cots.

As regards said projects, it should be noted that, following final approval of the designs for the four complexes, the Additional Agreements were made official in May 2010 along with the statements of delivery and start of works for the hospitals in Prato, Pistoia and Lucca. Approval of said Additional Agreements meant that all the changes made to the executive design by the customer were made official. Said changes were made as a result of new requirements which came to light subsequent to stipulation of the contract, mainly attributable to amendments to legislation (such as new laws regarding fire prevention, electrical systems and arrangements for renewable energy sources), which caused an increase in the initial value of the works.

As regards the hospitals in Prato, Pistoia and Lucca, it was possible to commence construction activities immediately and, at 31 December 2010, said construction activities were at an advanced stage with regard to structural works (Prato - 85%, Pistoia - 78% and Lucca - 40%).

While, as regards the hospital complex in Massa, it was agreed to schedule handing over of the areas in question for September 2010 during signing of the Additional Agreement as a result of the delays caused by the need to clear the areas in question. At the present moment, the removal of generic waste has been completed, and procedures to define the removal of polluted soil are currently underway which has meant postponing construction activities until 2011.

For more information regarding this initiative, please refer to the section of this report dealing with concession-related projects included among the backlog.

New hospital ["Ospedale del Mare"] – Naples

The project involves the final and executive design and construction in accordance with the "turnkey" formula, as well as the supply of furnishings and electromedical equipment for a new hospital complex called

Italy,
New Hospital
in Pistoia.

Italy,
Police Officers' Academy
in Florence.

Ospedale del Mare, located in the eastern suburbs of Naples.
The works are being performed by the special purpose vehicle, Partenopea Finanza di Progetto S.p.A., owned by Astaldi and awarded the concession contract to perform this project using the project finance formula in 2005.
The consortium company, OS.MAR S.c.r.l., in which Astaldi has a 60% stake, was set up to perform the works.
The administration granting the concession is Naples' local health authority (ASL Napoli 1 Centro).
The new facility will make available 450 new hospital beds, with 50 beds for low care patients and 15 operating theatres, occupying a total surface area of 145,800 m^2.
From an operating viewpoint, activities to perform the secondary works requested by the concession holder were carried out during 2010, pending definition of a new EPC.
From a contractual viewpoint, it must be noted that, in June 2009, following serious default by the granting authority and, specifically, failure to pay the price, the concession holder PFP availed itself of the cancellation clause set forth in the Acknowledgement Clause. As a result of this, a statement was drafted pursuant to law defining the state of progress of the works carried out and identifying the checks, protection and making safe of the works carried out, which were ordered to be performed. An agreement was signed between the granting authority and concession holder on 22 July 2009 which temporarily suspended the effects of cancellation of the contract and set up a Negotiating Table to resolve the problems related to the concession. The concession holder, on its part, undertook to perform the works not affected by the problems which resulted in the suspension of works. Lastly, it must be noted that, in order to implement performance requirements subsequent to cancellation of the contract and to acknowledge the project given the new decisions resulting from the Negotiating Table, an Additional Agreement to the original contract was made official between the concession holder and the joint venture performing the works in January 2010.
During 2010, in order to implement the agreements reached by the granting authority and concession holder during the Negotiating Table, the company also proceeded to formulate the preliminary and final design for the hospital complex, at the concession holder's request, in compliance with the content of the new regional health plan, and to assist the concession holder during the procedure resulting in approval of said design. It also completed works regarding protection, making safe and reconditioning of the complex, as requested by the granting authority and ordered by the Works Supervisor.
The performance of works at 31 December 2010 corresponded to 50% of the total investment, as defined by the Negotiating Table of 22 July 2009.
For more information regarding this project, please refer to the section of this report dealing with concession projects.
Lastly it must be noted that in October 2009, the Public Prosecutor's Office in Naples, in relation to a criminal investigation regarding some directors and/or professional operating in the area, notified the conclusion of preliminary investigations regarding the previous Chairman of the Board of Directors of Società Partenopea Finanza di Progetto S.p.A. (PFP) and regarding PFP itself pursuant to Legislative Decree No. 231/2001. PFP is cooperating fully with the judicial authorities. In January 2011, the Public Prosecutor's Office in Naples sent notification of an investigation to said parties. To date, no preliminary hearing has been held.

Police Officers' Academy [Scuola dei Brigadieri e dei Marescialli dei Carabinieri] – Florence

The contract is being performed by the consortium company S.CAR. S.c.r.l, in which Astaldi holds a 61.4% stake, and involves construction of the new Police Officers' Academy in Florence.
The works have been commissioned by the Ministry of Infrastructures.
The works occupy a large area comprising four func-

Italy,
Milan Underground
Line 5.

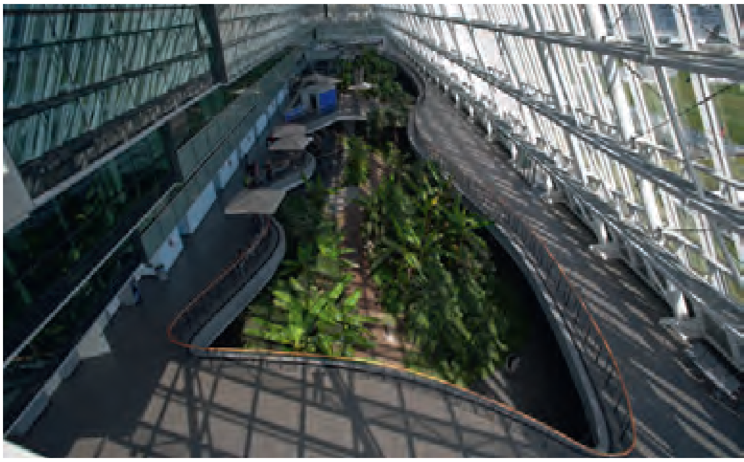
tional centres: the sports centre entails construction of a football and athletics stadium, covered swimming pool, tennis courts and gym (Centre 1); a centre dedicated to student housing with approximately 9 buildings to accommodate 1,500 students (Centre 2); a logistics centre with an auditorium, teaching rooms, canteen and kitchens, clubs, infirmary, command offices, cadre housing, shooting range and technological plates (Centre 3); a centre for cadre residences to be used to house academy workers and their families (Centre 4).
As regards this project, it must be noted that the contract was suspended in advance in February 2010 for reasons linked to the customer and not dependent on the company. However, in March 2010, in light of the legal observations made by the General Prosecutor of the State, the administration changed its mind and did not exercise the right of withdrawal, showing its intention to maintain the contractual relationship with partial re-consignment of Lot A - Centres 1, 2 and 3 and total re-consignment of Lot B – Centre 4, allowing for works to recommence immediately. At the present moment, approximately 40% of works are still suspended, the re-consignment of which, in light of the Ministry's new findings, is subject to the drafting of a change analysis which may reduce the current contractual amount, with consequent scrapping of works.
Approximately 40% of works had been completed at 31 December 2010, with substantial completion of works related to Lot B – Centre 4.

Concessions

As far as Astaldi Group is concerned, concessions represent a sector to be developed as complementary and not as an alternative to the traditional construction sector, in other words it represents an opportunity to continue to apply the high levels of specialisation the Group can boast with regard to project management and engineering and financial management of projects, using different methods.
In order to optimise the opportunities and contributions arising from projects developed in this sector, a company owned entirely by Astaldi S.p.A., called Astaldi Concessioni, was set up within the Astaldi Group during 2010. For more information regarding the industrial and strategic reasons and procedures used to set up this company, as well as details regarding foreign projects carried out in this sector (Latin America), please refer to the section of this report dealing with the company in question, as well as the sections dealing with countries of interest for this sector (Chile, Honduras).
It is considered appropriate to point out that Astaldi Group's focus in the concessions sector continues to remain on projects regarding the following areas:

- healthcare construction – the Group plans to maintain its leadership in the sector acquired thanks to the Mestre Hospital project and consolidated through the works in progress in Tuscany and Naples - projects which, as a whole, make Astaldi the operator with the largest network of hospitals to date in Italy using the PPP formula;
- mobility and transport infrastructures (undergrounds, car parks, motorways);
- renewable energies – there are interesting opportunities on the horizon in this area, especially as regards hydroelectric, wind and photovoltaic energy, as well as energy production plants in Italy and abroad where Astaldi is able to boast significant involvement in the major water development project regarding the Alto Cachapoal valley in Chile.

Moreover, it should be recalled that Astaldi Group's strategic interest in this sector is focused on projects in Italy and abroad which are able to guarantee a suitable risk/return ratio. This is backed up by the fact that all the concession projects currently included in the backlog meet the following requisites – public funding, guaranteed minimum fees or take or pay clauses – and hence the return on investment in this sector is based on guaranteed cash flows resulting from said requisites.
Please find below a brief summary of the projects carried out in this sector in Italy.



Italy,
New Hospital in Mestre
("Ospedale dell'Angelo").

New hospital ["Ospedale dell'Angelo"] – Mestre

The project is managed by Veneta Sanitaria Finanza di Progetto S.p.A., the special purpose vehicle holding the concession in which Astaldi is the leader with a 31% stake.

The administration granting the concession is Venice's local health authority (ULSS 12).

The agreement involves the final and executive design and construction (already completed), as well as the supply of electromedical equipment and furnishings and management of the non-healthcare and commercial services of a highly specialised hospital complex, offering 680 hospital beds in 350 rooms, 22 operating theatres, 25 dialysis units and 20 cots on a site measuring 150,000 m^2. Construction of the facility housing Veneto's Eye Bank, the first in Europe for the number of corneas collected and distributed, and the Centre for research on epithelial staminal cells, was also performed within the hospital complex.

The concession has a duration of 29 years and 11 months, 24 years and 7 months of which refer to the management phase.

From a financial viewpoint, the structured operation provides for non-recourse financing of EUR 107 million, with 20/80 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 28 million, as well as a loan for VAT amounting to EUR 15 million.

The total investment for works and the supply of furnishings and equipment including indirect charges amounts to EUR 239 million (excluding VAT and financial charges), against which the granted authority disbursed public capital account funding of approximately EUR 120 million (excluding VAT), disbursed on the basis of progress of works.

Estimated revenues from management for the special purpose vehicle for provision of the above services amount to approximately EUR 50 million per year, of which EUR 15.5 million refers to Astaldi's stake.

Management activities, which, it must be recalled, commenced in April 2008, went ahead as planned during 2010 and in compliance with the service requirements set forth in contractual documentation. In order to achieve this, a service control system has been set up which provides ongoing monitoring of the quality of services provided by supervising the information system created to manage and control the various services, and through regular inspections and checking of the Service Provider's activities. No changes to the procedures used to perform the services provided to the health authority were recorded.

It must also be noted that various additional agreements to the original agreement were reached with the local health authority in order to regulate the performance of additional minor works requested by the granting authority, as well as to define various amendments to the existing services, made necessary due to legislative and technological changes which the health authority must take into account. Lastly, it must be recalled that the total final investment for works, supply of furnishings and equipment and indirect charges, including changes during works in progress, was largely in compliance with estimates and amounted to EUR 250 million (excluding VAT), EUR 120 million (excluding VAT) of which in the form of public capital account funding disbursed on the basis of progress of works.

All the works awarded by the granting authority to the company were completed and commissioned as planned, with the exception of those regarding updating of the stamina cells laboratory located within the Eye Bank, the completion of which is scheduled by the first half of 2011.

Lastly, it must be remembered that, as regards this project, the return on investment is based on guaranteed cash flow resulting from the inclusion of guaranteed minimum fee clauses, in keeping with the concession development policies pursued by the company's management.

Four new hospitals in Tuscany

The project is managed by the special purpose vehicle, SA.T. S.p.A., set up in February 2008 in which Astaldi holds a 35% stake.

The local health authorities granting the concessions

Italy,
New Hospital in Naples
("Ospedale del Mare").

are U.S.L. 1 - Massa and Carrara, U.S.L. 2 - Lucca, U.S.L. 3 – Pistoia and U.S.L. 4 - Prato.
The agreements signed in November 2007 are four in number, one for each of the local health authorities concerned, but are based on the principle of unitariness of the four projects and economic-financial planning for the projects.
The purpose of these agreements is the final and executive design, construction and management of the relative non-healthcare and commercial services, of new highly-specialised hospital complexes in Massa, Lucca, Pistoia and Prato which, all together, will make available a total of 1,710 new hospital beds occupying a surface area of approximately 200,000 m^2. The supply of electromedical equipment and furnishings is excluded.
The duration of the concession is 22 years and 9 months, of which 19 years of management activities.
Further to the economic-financial review of 26 May 2010, from a financial viewpoint, the operation is currently structured on the basis of non-recourse financing of approximately EUR 161 million, with 18/82 financial leverage which entails a contribution of own resources (share capital + loan) of approximately EUR 33 million. Total public funding of approximately EUR 242 million (excluding VAT) is envisaged, (EUR 231 million to be paid on the basis of progress of works and a final amount of EUR 10 million upon commissioning) against a total investment for the SPV of approximately EUR 398 million (excluding VAT and financial charges).
As regards this project, concession revenues for the SPV of approximately EUR 52 million per year are estimated in relation to provision of non-healthcare (cleaning, maintenance, sterilisation, laundry, catering, etc.) and commercial services.
As far as the project is concerned, 2010 saw approval of the executive designs related to the four complexes, definition of some changes requested by the granting authorities and consequent review of the project's economic-financial plan accompanied by performance of the construction activities described in more detail in the section dealing with civil and industrial construction, which should be referred to.
From a financial viewpoint, legal and technical due diligence activities prior to financing were started up in 2010.
Lastly, it must be remembered that, as regards this project, the return on investment is based on guaranteed cash flow resulting from the inclusion of guaranteed minimum fee clauses, in keeping with the concession development policies pursued by the company's management.

New hospital ["Ospedale del Mare"] – Naples

The project is managed by Partenopea Finanza di Progetto S.p.A. (PFP), the special purpose vehicle in which Astaldi holds a 59.99% stake.
The administration granting the concession is Naples' local health authority (ASL Napoli 1 Centro).
The signed agreement involves the final and executive design, construction and management of related non-healthcare and commercial services of a new, highly specialised, hospital complex in the eastern area of Naples which will make available 450 hospital beds (as well as 50 hospital beds for low care patients) within a total surface area of 145,800 m^2. The supply of electromedical equipment and furnishings is also included.
The timeframe provided for in 2005 – at the agreement signature date – envisaged a duration of the concession of 345 months, 45 month of which for design and performance of works, with the hospital coming into full operation as from 2010.
The operation was structured on the basis of non-recourse financing of approximately EUR 78 million, with 20/80 financial leverage which entails a contribution of own resources (share capital + loan) of approximately EUR 20 million and total public funding of approximately EUR 108 million (excluding VAT), to be disbursed on the basis of progress of works, against a total investment of approximately EUR 188 million (excluding VAT and financial charges).
For more information regarding the construction activities in progress for this project, please refer to the section of this report dealing with projects related to the civil and industrial construction sector.

Italy,
Milan Underground
Line 5.

Milan underground, Line 5
(Bignami - Stazione Garibaldi - San Siro)

The project is managed by Metro 5 S.p.A., in which Astaldi holds an approximately 24% stake.
The authority granting the concession is the Municipality of Milan.
The original agreement, signed in June 2006, involves the final and executive design, construction and subsequent management of the Bignami – Stazione Garibaldi section of the new Line 5 of the Milan underground which will be driverless, in other words completely automated – driven and controlled by a remote fully-automated system with no driver on board. The agreement includes the supply of rolling stock.
As regards this project, it must be remembered that in February 2011, Metro 5 S.p.A. signed a definitive concession agreement with the granting authority, the Municipality of Milan, regarding extension of Line 5 along the Stazione Garibaldi - San Siro section, already awarded on 29 July 2010.
The project on the whole will involve the construction of 6.1 kilometres of line and 9 stations along the Bignami - Stazione Garibaldi section (taking into account the route changes approved in 2007) and of 7 kilometres of line and 10 stations along the Stazione Garibaldi - San Siro extension.
For more information regarding the performance of works related to this project, please refer to the section of this report dealing with transport infrastructures. It is deemed appropriate to provide further information herein regarding the project's financial structure.

Stazione Garibaldi – Bignami section

As regards this section, the revenues from the 29 years of management provided for in the agreement shall amount to EUR 724 million (EUR 165 million refers to Astaldi's stake). From a financial viewpoint, the structured operation for this project provides for non-recourse financing of approximately EUR 183 million, with 18/82 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 40 million. Total public funding of approximately EUR 297 million excluding VAT (of which EUR 62.6 million from the Municipality and the rest from the state) is envisaged against a total investment of approximately EUR 484 million (excluding VAT and financial charges). Concession revenues of approximately EUR 26 million (real value) per year are forecast for the special purpose vehicle.

Stazione Garibaldi - San Siro section

The overall investment for this extension is partly funded by the Ministry of Infrastructures using the Infrastructures Fund (CIPE Resolution of 6/11/2009), partly by the Municipality of Milan and partly by private financing. The contract provides for a duration of works of approximately 57 months. Once the works have been completed, a management period of 25 years and 7 months is envisaged for the new section, with revenues of EUR 1,300 million (Astaldi has an approximately 24% stake).
Lastly, it must be remembered that, as regards this project, the return on investment is based on guaranteed cash flow resulting from the inclusion of guaranteed minimum fee clauses, in keeping with the concession development policies pursued by the company's management.

Car parks

All five of the concession projects in which Astaldi Group is currently involved in the mobility and car parks sector were operational at 31 December 2010. Indeed, the management phase for "Piazza della Citadella" car park in Verona got underway during 2010, details of which shall be provided below.
The total revenues resulting from car park management, which ensure the return on investment made during the relative construction phase, total approximately EUR 6.1 million per year, excluding VAT (as at 31 December 2010), 50% of which refers to Astaldi's stake.
Astaldi has established a partnership with APOCA Group, one of the leading operators at an international level in the car park management sector, for all the projects in progress in this area.

Italy,
"Piazza della Cittadella"
Car park in Verona.

Lastly, it must be remembered that, as regards this project, the return on investment is based on guaranteed cash flow resulting from the inclusion of guaranteed minimum fee clauses, in keeping with the concession development policies pursued by the company's management.

"Piazza VIII Agosto" car park (Bologna)
The concession, awarded in 1998 to the joint venture in which Astaldi is leader and mandatary, involved the design, construction and subsequent management of a new underground car park in Piazza VIII Agosto in Bologna. The authority granting the concession is the Municipality of Bologna. The car park, constructed by Astaldi, is organised on three underground levels and offers approximately 979 parking spaces and is currently in the management phase. The duration of the concession is 60 years, of which 57 years and 10 months refer to management activities. The project was financed in part by public funding of EUR 9 million, in part by a private loan taken out by Astaldi and in part by revenues from the sale of 279 parking spaces.

"Riva Reno" car park (Bologna)
The concession, awarded in 2003 to the joint venture in which Astaldi is leader and mandatary, involved the design and construction (completed in February 2009), as well as the subsequent management – currently in progress - of a public underground car park called "Riva Reno" located in the former tobacco production area in Bologna. The authority granting the concession is the Municipality of Bologna. The car park comprises three underground levels offering a total of 543 parking spaces as well as a two-storey service building which acts as the main entrance and three additional areas for pedestrian access. Vehicle access to the three underground levels is provided via a two-way spiral ramp. The operation was financed in full by a private loan taken out by Astaldi, the repayment of which is guaranteed by car park concession revenues. Management activities commenced in March 2009. The concession will expire on 31 December 2040.

"Corso Stati Uniti" car park (Turin)
The concession, awarded in 1999 to the joint venture in which Astaldi is leader and mandatary, involved the design and construction, as well as the management – currently in progress – of a new underground car park in Corso Stati Uniti in Turin. The authority granting the concession is the Municipality of Turin. The car park is organised on two underground levels and offers 500 parking spaces. The duration of the concession is 80 years (as from February 1999), of which 77 years and 5 months refer to management activities. The works were completed in July 2001, and the car park became operational as from October 2001 following commissioning. The project was financed in part by public funding of EUR 4.7 million, in part by a private loan taken out by Astaldi and in part by revenues from the sale of 46 parking spaces.

"Porta Palazzo" car park (Turin)
The concession, awarded in 1996 to the joint venture in which Astaldi is leader and mandatary, involved the design and construction, already completed, as well as the management – currently in progress - of a new underground car park at Porta Palazzo in Turin. The authority granting the concession is the Municipality of Turin. The car park is organised on six levels, two of which are underground and four of which are above ground level, for a total of approximately 850 parking spaces. The duration of the concession is 80 years (as from August 1996), of which 77 years and 8 months refer to management activities. The works were completed in December 1998, and the car park became operational as from January 1999 following commissioning. The project was financed in part by public funding of approximately EUR 6.3 million, in part by a private loan taken out by Astaldi and in part by revenues from the sale of 90 parking spaces.

"Piazza della Cittadella" car park (Verona)
The concession regarding Piazza della Citadella car park in Verona, awarded to Astaldi as part of a joint venture, involved the executive design, construction

and subsequent management of an underground car park in Piazza della Citadella with urban upgrading of the area. The authority granting the concession is the Municipality of Verona. The car park, built by Astaldi, was completed and opened to the public in June 2010 with subsequent start-up of management of the complete facility which made available 750 parking spaces distributed over three underground levels and occupying a total area of 7,500 m^2. The duration of the concession is 30 years, of which 27 years and 6 months refer to management activities. The project was financed in part by a private loan – taken out by Astaldi Concessioni and counter-guaranteed by Astaldi S.p.A. – repayment of which is guaranteed by revenues from car park management and the sale of 35 parking spaces.

Foreign activities

Astaldi Group presents itself to the market as a company with a major international focus.
There are continents where Astaldi has operated for more than 50 years, but at the present time, the Group's areas of activity can be organised into 5 macro areas: Europe comprising Italy, Poland, Romania and Bulgaria; Turkey and the Middle East (Saudi Arabia, United Arab Emirates and Qatar); the Maghreb comprising Algeria and Tunisia; Latin America comprising Brazil, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Peru; USA.
At the end of 2010, foreign activities accounted for 55% of revenues from works, in other words EUR 1,059 million, EUR 474 of which produced in Europe (excluding Italy), EUR 421 million in America, EUR 23 million in Asia and the remaining EUR 141 million in Africa (the Maghreb). At the same date, foreign projects represented 46% of the Group's total backlog, in other words EUR 4,159 million, mainly referring to projects involving the traditional transport infrastructures sector, but also to projects in the water and renewable energy sectors where the Group has acquired consolidated, wide-ranging expertise. Projects developed in the concessions sector, mainly related to water and renewable energy initiatives, are a more recent, but none the less important addition.
For more information regarding the opportunities offered by individual countries, please refer to the section of this report dealing with background scenarios.
Please find below a brief description regarding the foreign market of each country the Group operates in at 31 December 2010.

Eastern Europe (Poland, Romania, Bulgaria)

Astaldi Group is present in Eastern Europe, exclusively in Poland, Romania and Bulgaria.
Poland represents one of the most recently acquired markets for Astaldi Group. The Group's decision to undertake operations in this country, which is able to offer a largely stable socio-political and legislative framework and interesting opportunities for the infrastructures sector, is to be taken as a sign of Astaldi management's intention to diversify the position achieved in Eastern Europe in the past. At the moment, the Group is active in Poland solely in relation to priority projects (transport infrastructures) in the country's development policies, financed through dedicated EU funds.
As regards Romania, even if strategic diversification in the surrounding areas has been pursued in recent years, this country continues to have an important strategic value for the Group insofar as it is still able to guarantee new commercial opportunities which Astaldi will continue to examine with great interest. Indeed, the local offices have continued to monitor the opportunities on offer in Romania, taking part during the year in various calls for tenders put out by local authorities and striving to achieve, where possible, greater diversification of contracts.
As far as Bulgaria is concerned, at the present time Astaldi Group is involved in a single project in the transport infrastructures sector and does not intend to take into consideration other initiatives to be performed in the country due to the lack of opportunities on offer for the infrastructures sector.
Please find below a description of the main projects acquired and performed during 2010 in each area of interest.

POLAND – Warsaw Underground, Line 2 (Rondo Daszynskiego - Dworzec Wilenski section)

The project involves the construction of a central section of Line 2 of the Warsaw underground in Poland worth a total of PLN 3.375 billion, equivalent to approximately EUR 800 million (Astaldi has a 45% stake and is the project leader).
The project forms part of the "Infrastructure and Environment" Operating Programme, the most important project planned in Poland in relation to the national development policy funded by the UE, insofar as it forms part of the operating plan for planned investments for the 2007-2013 five-year period – specifically, Line 2 of the Warsaw underground is part of the "Environmental Transport" axis for which investment totalling approximately EUR 8 billion is planned.
The works have been commissioned by the Municipality of Warsaw.
The project involves the design and construction of approximately 6 kilometres of new underground line along the route between Rondo Daszynskiego and Dworzec Wilenski, with 7 stations, 6 sections of twin-bore tunnel for a total of 4.5 kilometres, a single-track tunnel linking to the existing line and 3 buildings for train deposit and maintenance. The route will run mainly underground and also include passage under the River Vistula. 3 TBMs (Tunnel Boring Machine) will be used to dig the tunnel sections.
Design activities related to this project continued during 2010 and excavation of the TBM start shafts is underway. The works are expected to be handed over in 2013.

POLAND – NR-8 National Road (Piotrków Tribunalski - Rawa Mazowiecka section)

The contract refers to the design and performance of works to upgrade the NR-8 National Road to fast-flowing, dual carriageway standards with regard to the Piotrków Tribunalski - Rawa Mazowiecka section (approximately 62 kilometres).
This project, the same as Line 2 of the Warsaw underground, forms part of the "Infrastructure and Environment" Operating Programme financed using EU cohesion funds - specifically, the project is part of the "TEN-T road and air transport network" for which investment totalling EUR 8.8 billion in planned.
The contract has a total value of PLN 1.4 billion, equivalent to EUR 350 million (Astaldi has a 40% stake and is project leader) and, specifically, involves the design and upgrading with transformation to fast-flowing, dual carriageway standards of 62 kilometres of the NR-8 National Road, with regard to the section running from Piotrków Tribunalski to Rawa Mazowiecka. The construction of 14 split-level junctions and 59 large-scale works (overpasses, bridges and viaducts) is also planned.
The works have been commissioned by Poland's National Roads and Motorways Department and the planned duration of works is 33 months, 12 months of which for design activities.
Design activities were completed during 2010 and earth movement works got underway subsequent to obtainment of all the authorisation and permits needed under Polish law.

POLAND – Minsk Mazowiecki motorway bypass

The contract, worth a total of EUR 124 million (Astaldi has a 30% stake), involves the construction of a motorway bypass to the east of Warsaw in Poland.
The project on the whole entails the construction of 20 kilometres of bypass road boasting motorway standards along National Road No. 2, for the section between Choszczowka and Ryczolek, as well as a series of works to interconnect the local road network, including 16 viaducts and bridges.
The works have been commissioned by Warsaw's National Roads and Motorways Department.
The works were started up in 2009 and have a planned duration of just over 27 months.

ROMANIA – Bucharest - Constanta Motorway (Medgida - Constanta section)

The contract worth a total of EUR 169 million (Astaldi has a 60% stake) involves construction of the Bucharest – Constanta motorway with regard to the section between Medgida and Constanta, in Romania.
The contract entails the design and construction of 32

Romania,
Basarab Overpass.

kilometres of motorway with 4 overpasses, 2 viaducts, 2 bridges and 1 junction.
The works have been commissioned by Romania's National Roads and Motorways Department.
25% of the works are financed by EU cohesion funds and the remaining 75% by a EIB (European Investment Bank) loan.
The works commenced during the first half of 2009, and are expected to be completed by the end of 2011.
During 2010, despite the delays caused by the customer's failure to complete expropriation procedures, production activities were focused on construction of the bridges included along the route. A plan to speed up activities is currently under negotiation as a result of the customer's need to guarantee a connection between the motorway and port prior to Summer 2011.

ROMANIA – Arad - Oradea National Road

The contract to be performed using the general contracting formula is worth approximately EUR 75 million and involves the design and upgrading of 103 kilometres of the DN-79 National Road, with regard to the section between the cities of Arad and Oradea. The project will entail, inter alia, the upgrading and construction of 13 bridges, 46 culverts and approximately 80 kilometres of drainage system.
The works have been commissioned by Romania's National Roads and Motorways Department. 30% of the works are financed by the Romanian government and the remaining 70% by a EIB (European Investment Bank) loan.
The works were started during the first half of 2009, and are expected to be completed by the end of 2011.
2010 saw, among other things, the demolition and reconstruction of 4 bridges.

ROMANIA – Bucharest - Constanta Railway (Section 2 - Lots 1 and 2, Section 3/4 - Lot 2)

The project involves the performance, using the general contracting formula, of works to upgrade the Bucharest – Constanta railway, with regard to the section identified as Section 2, Lots 2, 3 and 4.
The works have been commissioned by Romania's State Railways and consist, in brief, in upgrading of the railway platform and complete replacement of ballasts, sleepers and tracks.
The total value of the contract is approximately EUR 180 million.

Section 2 - Lot 2

The performance of works related to Lot 2 involves, inter alia, the upgrading of an existing railway viaduct measuring approximately 340 linear metres (Mostistea Bridge) and the construction of a new railway viaduct measuring 235 linear metres (Saluresti Bridge) along the Fundulea – Lehliu route. As regards this lot, works to upgrade Mostistea Bridge were largely completed during 2010 and, following the resolution of some contractual problems, piling and most of the foundations for Saluresti Bridge were completed. The works are expected to be completed by the end of 2011.

Section 2 - Lot 2

The performance of works related to Lot 2 involves, inter alia, the upgrading of approximately 28 kilometres of the Bucharest – Constanta railway line with regard to the section between Fundulea and Lehliu stations. The aim of the project is to increase the technical travelling speed of passenger trains from the current 120 km/h to 160 km/h, with a maximum speed of 200 km/h. The works are expected to be completed by the end of 2011.

Section 3/4 - Lot 2

The works related to this lot consist in upgrading of approximately 78 kilometres of the Bucharest – Constanta railway line with regard to the section between Lehliu and Fetesti stations. The aim of the project is to increase the technical travelling speed of passenger trains to 160 km/h, with a maximum speed of 200 km/h. Some delays in production were recorded during 2010 as a result of extremely harsh weather conditions during the first half of the year, as well as problems regarding the supply of ballasts which can be attributed to the customer and which have now been resolved. The works are expected to be completed by the end of 2011.

Romania,
Constanta Bypass Road.

ROMANIA – Basarab Overpass Project

The Basarab Overpass project, performed by Astaldi as part of a joint venture (Astaldi has a 50% stake and is the project leader), involves the design and construction in Bucharest of an urban viaduct with motorway features measuring approximately 2 kilometres in length, on which tram lines also have to be installed.
The works have been commissioned by the Municipality of Bucharest.
The works also involve the construction of a cable-stayed bridge measuring approximately 300 metres in length and with a maximum height of 80 metres, and an arched concrete and steel bridge measuring 120 metres in length, as well as approximately 2 kilometres of road and tram viaducts and an intermodal station (tram, underground, road network).
Works went ahead as planned during 2010 and basically consisted in the performance of road works (80% of which have been completed) and completion of assembly of the metal structure and cables of the cable-stayed bridge.
The value of this project at 31 December 2010 amounted to approximately EUR 170 million, including changes approved during works in progress, with handing over of the project scheduled by the end of 2011.

ROMANIA – "Lia Manoliu" National Stadium (Bucharest)

The contract related to the "Lia Manoliu" national stadium involves demolition of the existing national stadium as well as the design and on-site construction of a new, modern sports facility.
The project's contractual value amounts to approximately EUR 140 million, 40% of which refers to Astaldi's stake.
The works have been commissioned by the Municipality of Bucharest.
The new stadium will have an arena-type layout with 58,000 covered seats and will meet all current UEFA requisites (qualified as Category 1 for concurrence and compliance with international regulations).
Virtually all of the arena structure was completed during 2010, works related to the installation of internal plants and finishings are at an advanced stage, and assembly of the mobile roof's steel girders got underway. The works are expected to be completed by mid 2011.
The contract value at the end of 2010, including the addendum approved while works were being carried out, amounts to approximately EUR 165 million.

ROMANIA – Arad - Timisoara Motorway

The contract, worth EUR 138 million (in which Astaldi has a 50% stake), involves the construction of 31.5 kilometres of motorway in the western part of Romania with 4 lanes in each direction, 2 hard shoulders, one junction and 16 bridges.
The works will be performed by a joint venture involving Astaldi and the Spanish firm FCC Construcción S.A.
The project has been commissioned by Romania's National Motorway and National Roads Company.
Works were commenced during the first part of 2009 and, despite the difficulties encountered as a result of failed expropriation procedures and project shortcomings that cannot be attributed to Astaldi, activities went ahead at a regular pace during the whole of 2010. The planned duration of works is 36 months.

ROMANIA – Constanta Bypass Road

The project involves the design and construction of the motorway link between the future A-2 motorway from Bucharest and the maritime port of Constanta on the Black Sea, as well as the DN-2 National Road towards the Ukrainian border to the north and the Bulgarian border to the south.
The contract, awarded to Astaldi in 2008 as part of a joint venture with the Spanish company, FCC Construcción S.A., is worth EUR 120 million (Astaldi has a 50% stake).
The project forms part of the European plan to develop a sea-road transport infrastructure network to link Europe with Asia and, as a whole, will entail the construction of 22 kilometres of motorway to link the A2 to the city of Ovidiu and to Gate No. 9 of the maritime port of Constanta (Agigia), 5 junctions and 21 overpasses

Romania,
"Henri Coanda" International Airport
in Bucharest.

and bridges. The motorway will have 4 lanes for a total width of 26 metres, including 2 hard shoulders.
The project has been commissioned by Romania's National Motorway and National Roads Company.
The works, started up during the first half of 2009, continued during 2010. The planned duration of works is 36 month, but the definition of a plan to speed up activities is currently under negotiation with the customer given the country's need to guarantee a link between the motorway network and the sea.

ROMANIA – "Henri Coanda" International Airport in Bucharest (Phase 3)

The initiative refers to the performance, using the general contracting formula, of a third phase of the project to develop and modernise "Henri Coanda" International Airport (formerly Otopeni) in Bucharest.
The works have been commissioned by C.N.A.I.H.B. (*Compania Nationala Aeroportul Internationale Henri Coanda Bucuresti*), in the name and on behalf of Romania's Ministry of Transport.
Astaldi, which has already successfully completed the first two phases of this project, will perform the civil works and plants aimed, inter alia, at extending the passenger arrivals and departures terminals, reorganising passenger traffic and building a new ground level car park.
Construction works went ahead during 2010 and almost all of the works were completed.
The contractual value of the project, including the addenda approved during works in progress, amounts to EUR 150 million.

BULGARIA – Plovdiv - Svilengrad Railway

The project involves the design and construction of a new railway line along the Plovdiv – Svilengrad section.
The works have been commissioned by Bulgaria's Ministry of Transport which, through this project, aims to improve the quality of the national railway system by integrating it with the European system – indeed the new section forms part of the Trans-European Corridor 4.
As regards this project, it must be noted that a review of the contractual amounts related to the project was agreed upon with the customer during 2010. This was basically due to some technical-economic problems encountered by the customer while works were being carried out – loss of some financial backing by supranational organisations and problems encountered while performing expropriation procedures and obtaining environmental authorisation and permits. The effects of said review were included in the value of the order backlog at 31 December 2010.
The contract currently in progress provides for the electrification and reconstruction of 32 kilometres of existing railway to link the municipalities of Parvomai and Dimitrograd.
As regards this section, earth movement works continued during 2010 as well as installation of superstructure from 209+400 km to 230+500 km and laying of the new track between Parvomai and 216+800 km. Hydraulic works (culverts, siphons and railway bridges) were carried out at the same time, and work commenced to construct 4 overpasses. The last part of the year also saw the start of activities to construct two railway stations and two stops.
78% of works (taking into account the new contractual values) had been completed at 31 December 2010.

Turkey

Astaldi has been operating in Turkey for over 20 years and was involved in construction of a major section of the Anatolian Motorway, one of the best examples of what the Group is able to achieve in the area of motorway transport infrastructures.
The Group continued to consolidate its position on the local market during 2010, and is involved to date in the performance of important projects in the transport infrastructures sectors, in economic terms and as regards technological content, which will be described in detail below.
At the same time, it also achieved significant commercial success (still to be included in accounts) as regards concessions with awarding of the concession for

Turkey,
Golden Horn Bridge
("Hălic Bridge").

the Gebze – Izmir motorway, for which formalization of the relative funding using the project finance formula is pending. For more details regarding this project, please refer to the section of this report dealing with the order backlog. While please find below information regarding the characteristics and technical specifications of the projects currently in progress in Turkey.

Istanbul underground (Kadiköy - Kartal - Kaynarka section)

The project refers to construction of a new section of the Istanbul underground using the general contracting formula.
Astaldi, in its capacity as leader of a joint venture, was awarded the relative contract with an initial value of EUR 751 million (in which Astaldi has a 42% stake).
The contract involves construction of a double-track line which will run through a tunnel approximately 21 kilometres long with 16 stations, and includes the supply of electromechanical and signalling systems in addition to civil works.
The new line as a whole will run across Istanbul's Anatolian shore and the transportation of 70,000 passengers per hour in each direction is envisaged, with an operating speed of 80 km/h.
This contract was subject to a contract extension in 2009 related to extension of the new line in the direction of Pendik as far as Kaynarka station – for an additional 4.8 kilometres of tunnel to be dug.
The planned duration of works is 3 years and works were started up during 2008.
This project recorded extremely good progress during 2010. The excavation of tunnel for the first section was virtually completed (94% of excavation of natural tunnel and 100% of excavation using TBM has been performed), and design activities for the line extension were started up.
The project's total value at 31 December 2010, including the extension and changes approved during works in progress, amounts to EUR 901 million (Astaldi has a 42% stake).

Istanbul - Golden Horn Bridge ("Hălic Bridge")

The project refers to the contract to construct the Golden Horn Bridge, also known as Hălic Bridge, worth a total EUR 147 million (Astaldi has a 51% stake).
Hălic Bridge will run across the inlet on the European side of the Bosporus, known as the Golden Horn, linking Topкapi to Galata. The route will measure approximately one kilometre and will allow the new Unкapanı-Yeniкapı line of the Istanbul underground to run along it.
The new structure will also involve construction of a steel cable-stayed bridge measuring 387 metres in length, as well as a 120-metre swing bridge which will open to allow boats to pass through.
The works have been commissioned by the Municipality of Istanbul. Astaldi's local partner in performing the works is Gülermaк, one of the companies Astaldi is already working with to construct the Istanbul underground.
Works commenced during 2009 and archaeological investigations and design activities are currently being carried out, also in light of the changes requested by the customer. Laying of the bridge's foundations has also been started up.

Milas - Bodrum Airport

The project consists in an EPC contract for construction of the international terminal of Milas-Bodrum airport in Turkey. The works will involve a surface area measuring 100,000 m^2 which is expected to witness the transit of at least 1,000,000 passengers per year.
As regards this project, which is scheduled for completion in 2011, additional commercial developments are expected hence please refer to the section of this report dealing with the foreseeable trend of operations.
The value of Astaldi's stake in this project at 31 December 2010 amounted to EUR 96 million.

Algeria,
Mecheria - Redjem Demouche
Railway.

The Maghreb Area

Astaldi Group is a firmly-established player in Algeria and at the present time is involved in a single project in Tunisia.
Considering the unrest witnessed in this area at the start of 2011 – which mainly concerns Tunisia, Egypt and Libya – it is deemed important to note that, at the draft date of this report, the activities in progress in this area are not being affected by the difficult socio-political situation currently being experienced in the Maghreb.
It is also considered important to note that the initiative in progress in Tunisia refers to a single project in the motorway sector, of a low contractual value, developed together with a local partner and for which the Group's operating presence is not required, but only sharing of its managerial skills and know-how.
Lastly, it must be remembered that all the activities needed to complete projects in progress were gradually carried out during 2010 given that the country is no longer looked on as of interest in Astaldi Group's commercial development policies due to the lack of resources and opportunities on offer for the infrastructures sector.
Please find below a description of the main works in progress in Algeria at 31 December 2010.

ALGERIA – Saida - Tiaret Railway

The contract, awarded to Astaldi as part of joint venture at the end of 2010, involves the design and construction of a new railway line from Saida to Tiaret in Algeria, worth EUR 417 million (Astaldi has a 60% stake).
The works have been commissioned by Algeria's Ministry of Transport through the *Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires* (ANESRIF).
The contract involves the executive design and construction of 153 kilometres of single-track railway line which will feature 41 railway bridges and viaducts, 35 road overpasses as well as 4 main stations (2 of which will be passenger stations while the other 2 will serve as a freight village and maintenance depot) and 9 interchange stations.
The route, which will run along the "*Rocade des Hauts Plateaux*" to link up with the Bechar - Mecheria – Oran line, is the natural continuation of the railway line linking Saida and Moulay-Slissen which is already under construction by Astaldi.
The start-up of works for this new project is scheduled for the first part of 2011, with a total duration of 36 months.

ALGERIA – Saida - Moulay Slissen Railway

The project refers to construction of a section of railway linking Saida and Moulay Slissen, which measures approximately 120 kilometres. The project forms part of Algeria's plan to create an integrated infrastructure network comprising road and rail transport. Specifically, this initiative forms part of the "*Rocade des Hauts Plateaux*", which stretches from East to West in the northern part of the high ground.
The works have been commissioned by ANESRIF (*Agence Nationale d'Etudes et Suivi de la Réalisation d'Investissements Ferroviaires*), in the name and on behalf of Algeria's Ministry of Transport.
The project consists in the design and construction of a new single-track railway line, not electrified but able to include a second track. The route stretches over 120 kilometres and includes bridges, viaducts, overpasses, underpasses and 4 stations. The contract also provides for the installation of signalling, telecommunications and energy systems.
Works got underway during the third quarter of 2008, with a total duration of 46 months.
As regards this project, activities went ahead better than planned during 2010 and mainly concerned earth movement works and activities related to the construction of viaducts.
Approximately 20% of works had been performed at 31 December 2010.

Algeria,
Saida - Moulay Slissen
Railway.

ALGERIA – Mecheria - Redjem Demouche Railway

The contract, awarded by SNTF, Algeria's national railway company and subsequently transferred to ANESRIF, entails design and construction of the new Mecheria - Redjem Demouche railway line.

The construction of this railway line forms part of the project to create a railway corridor between the coastal cities of Oran and Bechar in the south-west of Algeria. The section of railway will run for approximately 140 kilometres, connecting the two cities of Mecheria and Redjem Demouche, located in the south-west of the country. The new line will be mainly used to transport freight and will guarantee a maximum operating speed of 160 km/h.

Construction activities continued during 2010 and mainly concerned railway works and activities related to the signalling and telecommunications systems.

From a contractual viewpoint, a series of changes were agreed on during the year which provide for new quantities and consequent reformulation of handing over timeframes.

As regards this project, activities have virtually been completed. Activities related to installation of the signalling system still have to be completed.

ALGERIA – Hamma Aqueduct

The project, completed during 2010, involved the construction of 4 lots of an aqueduct inside the city of Algiers, starting with a desalination unit.

The project, of primary importance with regard to the water supply project for the city of Algiers, consisted in the performance of four different lots (A, B, C and D) and initially involved the executive design and construction of a supply system from the Hamma desalination unit to three reservoirs (of which two already existed (Telemly and Garidi) and one had to be built (Kouba)) and relative connection to the existing drinking water network. The impossibility of using a proposed layout for Lot D, as provided for in the preliminary design, entailed substantial changes to the definition of said lot. Therefore the works related to the new Lot D formed the purpose of specific contractual addendum which led to the construction of a new reservoir, called HARCHA, which supplies Lot D instead of the Telemly reservoir.

Middle East (Qatar, Saudi Arabia, United Arab Emirates)

The Middle East (which for Astaldi means Qatar, Saudi Arabia and the United Arab Emirates) represents a recently-acquired area, but one where Astaldi has already succeeded in acquiring a certain expertise thanks to partnerships established and consolidated with the leading EPC contractors operating at an international level in the oil&gas sector (industrial plant design applied to the raw material extraction sector). While the new projects in the high-speed railway sector (Jeddah and KAEC HS stations in Saudi Arabia) are more recent acquisitions.

All Astaldi Group's activities within the Middle East are developed by Astaldi Arabia Ltd. which is owned entirely by Astaldi S.p.A. Please refer to the section of this report dealing with said company for more information regarding activities performed in this area.

Venezuela

Astaldi has operated for over 30 years in Venezuela where it has already worked on important projects, especially in the railway transport infrastructure sector.

Astaldi currently plays a key role in the "*Plan de Desarrollo Nacional*" approved by the local government – a project to improve all of the local railway network which is based on the creation of 5 main axes which, by running across the country from top to bottom and side to side, aim to generate the conditions needed to promote economic growth. Specifically, it is currently involved in constructing three new railway lines under the aegis of an intergovernmental agreement between Italy and Venezuela aimed at promoting economic and industrial cooperation between the two countries. As regards these three projects – which all together aim to provide the central-southern areas of Venezuela with a suitable transport system to promote and support economic development projects drawn up at a

Venezuela,
Puerto Cabello - La Encrucijada
Railway.

national level – Astaldi Group is involved in all three as part of a permanent group of Italian companies in which the individual shareholders each have a 33.33% stake. Within said group, the projects are developed in accordance with a system of splitting activities which sees each member being allocated a section corresponding to one third of the whole project. Therefore, each company is totally responsible for the section allocated, which it develops in accordance with its own managerial and operating models, therefore guaranteeing splitting of the project into independent yet adjoining sections.
As regards these projects, it is important to note that even given the planned slowdown in activities in Venezuela – aimed at keeping Latin America's contribution to total production under the limits set on the basis of risk management policies defined at a Group level – construction activities related to projects in progress continued during 2010. Moreover, in the run-up to the next election dates, scheduled for the end of 2012, the initiatives Astaldi is currently involved in undoubtedly represent projects for which the government is showing a major commitment.
Lastly, it must be recalled that, in order to comply with the criterion adopted by Astaldi as regards inclusion in the order backlog – reserved solely for contracts that have been secured and fully financed -, the projects in progress, just as the additional developments expected in relation to the aforementioned intergovernmental agreement, are not included in full in the Group's order backlog insofar as they are included in the backlog on a tranche, pro quota and annual basis, against inclusion of the stipulated contracts in the state's budget. Said procedure which has been adopted for several years with regard to this country, and the procedures adopted at a global level to monitor and manage the country-risk associated to each foreign area the Group operates in, have allowed Astaldi to tackle the devaluation of the Bolivar seen at the start of 2010 with great calm.
Please find below details of the individual projects currently in progress in Venezuela.

Puerto Cabello - La Encrucijada Railway Line

The contract involves the construction of a double-track railway line running along the Puerto Cabello - La Encrucijada section for approximately 108 kilometres, with 33 km of tunnels, 21 km of viaducts and 10 stations.
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles, in which Astaldi holds a 33.33% stake, is responsible for construction of the line.
The total value of the contract amounts to approximately EUR 3,000 million (including "Option 10" signed in 2006, which entails the construction of stations and freight villages), one third of which refers to Astaldi's stake.
The works have been commissioned by I.F.E. *(Instituto de Ferrocarriles del Estado)*, the independent organisation responsible for managing Venezuela's railway transport infrastructures.
The works for which Astaldi is responsible, started during 2002, are split into two lots, one situated in the mountains and one in the plains.
Despite the planned slowdown in activities, works related to this project continued to go ahead during 2010, generating an extremely positive trend. Specifically, lining of the tunnels (100% of which have been dug) was performed along with construction of the viaducts contained in the plain lot (60% of works have been completed in total).

San Juan De Los Morros - San Fernando De Apure and Chaguaramas – Cabruta Railways

The contracts for the two projects in question - resulting from the Italo-Venezuelan intergovernmental agreements of 2005 aimed at ensuring cooperation between the two countries as mentioned above - were signed in June 2006.
The two projects involve the construction of a total of 452 km of new railway lines, of which 15 km of tunnels and 12 km of bridges and viaducts, and include design and installation of the railway superstructure, 13 stations, 3 freight villages and a maintenance workshop.
The works have been commissioned by I.F.E. *(Instituto de Ferrocarriles del Estado)*, the independent organisation responsible for managing Venezuela's railway transport infrastructures.

Chile,
Chacayes Hydroelectric
Power Plant.

San Juan de Los Morros - San Fernando de Apure railway

The contract provides for construction of a new railway line running along a route measuring approximately 252 kilometres, with 17 kilometres of tunnels and 6.3 kilometres of viaducts, 7 stations and 3 maintenance areas. The contractual value of the works amounts to EUR 1,218 million, a third of which corresponds to Astaldi's stake. Tunnel excavation works related to this project continued during 2010, with 16% of total activities completed and a good overall result achieved.

Chaguaramas – Cabruta railway

The new railway line runs for 201 kilometres and includes 6 stations and a maintenance area. The contractual value of the works amounts to EUR 573 million, a third of which corresponds to Astaldi's stake. It is important to note that the area involved in the project is characterised by logistic difficulties (distance from residential areas) and technical difficulties (performance of works in areas subject to flooding). Despite this, the project trend achieved during 2010 was decent with 20% of works completed.

Chile

Astaldi's activities in Chile respond to the Group's need and desire to diversify its operations in Latin America and to offset the planned slowdown of activities in Venezuela.

Indeed, the country represents an opportunity for geographical and sector diversification thanks to the socio-political and economic stability it is able to offer along the validity of its legislative framework, and to the important opportunities to be offered in the concessions sector, especially in relation to renewable energy.

Astaldi has established a profitable partnership with Pacific Hydro – a leading Australian group in the renewable energy sector, holder of the concession to develop water in the Alto Cachapoal valley in Chile. Pacific Hydro is currently involved in developing four more hydroelectric projects in the same valley, worth a total of USD 1 billion, which will result in the performance of 4 EPC contracts to construct new hydroelectric plants. Therefore, it is felt that said partnership may generate interesting synergies in the future, with regard to the concessions sector, but also with regard to the construction sector.

Please find below a brief summary of the projects in progress in Chile at 31 December 2010.

Chacayes Hydroelectric Plant

The project, secured in 2008, represented the first step taken by Astaldi Group to consolidate the strategic partnership subsequently established in the renewable energy sector with the Australian group, Pacific Hydro.

The works have been commissioned by Pacific Hydro, one of the most important operators worldwide in the energy production plant and renewable energy sector. The project involves performance of the EPC contract to construct one of the biggest hydroelectric plants in Chile - two intake plants (Chacayes and Cipreses), a water supply system comprising channels (7 kilometres) and tunnels dug using traditional methods (3.5 kilometres) and (2.5 kilometres), a regulating reservoir of approximately 200,000 m^3, a clearing and reserve basin of 800,000 m^3, a surface-level plant with 2 55MW turbines. The contract also includes the supply, assembly and commissioning of electromechanical components (turbines, generators and flood gates).

Performance of the works has been awarded to the EPC Contractor Astaldi-Fe Grande, in which Astaldi holds a 95% stake.

Once completed, the Chacayes hydroelectric plant will have an installed power of 111 MW and will produce approximately 557 Gwh/year. The plant is located in the Alto Cachapoal valley, at a distance of 20 kilometres from Rancagua and 200 kilometres from Santiago.

The planned duration of works is approximately 26 months, with works started up during the first half of 2009. Therefore, the works are scheduled to be completed by the end of 2011.

As regards this project, an overall positive trend was recorded in 2010, with completion of tunnel excavation

activities using both the traditional method and TBM and over 90% of construction of the channel and intake structures was completed. 80% of total construction activities were completed.
The contractual value of this project amounts to USD 282 million (Astaldi as a 95% stake) at tender exchange rates.

Pacific Hydro Chacayes S.A.

Pacific Hydro Chacayes S.A. is the SPV (Special Purpose Vehicle) holding the concession for the private project performed using the project finance formula for the design and subsequent management of the Chacayes hydroelectric plant in Alto Cachapoal valley in Chile.
In 2009, Astaldi acquired a 27.3% stake in the SPV from the Australian group, Pacific Hydro which already held the concession in question.
Said stake makes Astaldi a partner in the project finance initiative with an investment value of approximately USD 450 million for management of the Chacayes hydroelectric plant currently being built by Astaldi, as detailed above.
The new plant will have an installed capacity of 111 MW and will produce approximately 557 GWh per year. The planned investment is approximately USD 463 million (excluding VAT) and is financed through a non-recourse bank loan of USD 200 million (subscribed with Calyon, Société Generale, WestLB and DnB), with 45/55 financial leverage which entails a contribution of own resources (equity + contingent equity) of approximately USD 263 million. As regards the share of own resources to be contributed, Astaldi set up an SPV regulated by Chilean law in which SIMEST (Società Italiana per le Imprese all'Estero) subscribed 40% of the relative share capital.
The plant is scheduled to be put into operation by the start of the last quarter of 2011. The SPV holding the concession will start up the management phase in the capacity of owner of the unlimited rights related to relative use of the water. It is already planned, through a long-term sales agreement, that 60% of the energy produced shall be sold on the Chilean energy market while the remaining 40% shall be allocated to the spot market.
For more information regarding progress related to construction activities, please refer to previous section dealing with the relative EPC contract.
While from a financial viewpoint, it must be noted that payment by shareholders of equity and semi-equity was completed during 2010 and the first three debts were drawn for a total of USD 150 million, closing all the conditions precedent with banks provided for in the loan contract.

Bolivia

Works related to the Quimone – San José road project in Bolivia were completed during the year and final handing over of the works carried out is pending. At the draft date of this report, site dismantling activities are being completed.
It must also be noted that at the draft date of this report, the company does not consider the promotion of new commercial projects in this area to be of interest given the lack of opportunities related to the infrastructures sector.

Peru

Astaldi's activities in Peru, just as in Chile, respond to the Group's need and desire to diversify its operations in Latin America, offsetting the planned slowdown of activities in Venezuela. At the present moment, the Group is involved in a single project only in Peru, details of which are provided below.

Huanza Hydroelectric Project

The contract, worth an equivalent of USD 116 million (Astaldi has a 60% stake and is the project leader), involves the performance of civil works related to Huanza hydroelectric plant in Peru.

The project consists in the construction of a hydroelectric plant with a nominal power of 90 MW, making use of the water provided by the Rio Pallca. Construction of this plant will involve, inter alia, the construction of a 34,000 m^3 barrier in RCC (roller-compacted concrete), a 10-kilometre tunnel, a penstock, a hydroelectric plant and a switchyard.

The works have been commissioned by Minera Buenaventura, one of the leading mining operators in Peru.

The project was acquired during 2009 and, site installation activities were started up during the same year. The works are expected to be completed within 29 months.

Costa Rica

Installation of the electromechanical works and completion of the Pirris hydroelectric plant, built by Astaldi, are currently underway in Costa Rica. At the draft date of this report, dismantling of the site's industrial plants had almost been completed.

El Salvador

The projects developed in El Salvador are mainly related to the energy production plant and healthcare construction sectors.

Activities related to construction of the two hospital complexes (Ilopango Hospital and San Miguel Hospital) were completed during 2010, and the contract to construct Nuevo Eden Bridge and its twin Nombre de Jesus Bridge (smaller in size than Nuevo Eden) was secured. As regards this project, the worksite was officially opened in 2010, and the ceremony was attended by the El Salvador's President. The works are scheduled to be completed by the first half of 2012.

Please refer to the section below for details regarding the project involving the El Chaparral hydroelectric plant.

El Chaparral Hydroelectric Plant

The contract, awarded to Astaldi Group in 2008, has a contractual value of USD 220 million (equivalent to EUR 160 million at tender exchange rates) and involves construction of the El Chaparral hydroelectric plant in El Salvador.

The contract consists in the design and construction of a new hydroelectric plant in RCC (roller-compacted concrete) with an installed power of 66 MW, as well as construction of a substation. The plant is located in the north-east of the country, in the low part of the hydrographic basin of the River Tarola (in the municipalities of San Luis La Reina and Carolina) which stretches as far as the municipality of San Antonio del Masco in San Miguel Department. The contract also involves the final design of civil and electromechanical works and operational testing of the plant.

The works have been commissioned by CEL (Rio Lempa Hydroelectric Executive Commission), El Salvador's electricity company. The project is financed by the BCIE (Central American Bank for Economic Integration) and by the local government.

Works were started up during the last quarter of 2008, with a total duration of 50 months. The works are scheduled to be completed by February 2012.

Geological problems related to this project were encountered during 2010 which resulted in a partial delay in activities. The delay, which affected only a part of the works in progress, did not make it impossible to perform construction activities, but created the conditions for re-definition of some project aspects, currently under assessment by the customer.

Honduras

Honduras witnessed gradual resolution of the political crisis during the year with the election of a new President. This lends the country greater stability, and 2011 is expected to see consolidation of international acknowledgement of the new government in office, as well as the arrival of important funding for the infrastructures sector which could generate new, interesting opportunities.
The activities carried out in Honduras during 2010 mainly concerned the completion of works related to construction of the basic infrastructures for the Bahía de Tela project (concluded during the year) and road projects with a low contractual value. Works connected to the La Barca – Pimenta Road still have to be completed, and the project which was started up in November 2010 is expected to be completed by June 2011.
Commercial activities aimed at acquiring new projects, mainly in the transport infrastructures sector, also went ahead.

Nicaragua

As regards Nicaragua, the activities developed during the year mainly concerned the "*Carretera Empalme de Lóvago - Empalme Pajaro Negro*" road project. The contract, worth EUR 18 million, involves upgrading of two lots of the Empalme de Lóvago - Empalme Pajaro Negro road. The first lot (Tramo I.1) refers to the 30-kilometre section between Empalme de Lóvago and Puente Niscala, while the second lot (Tramo I.2) refers to the following 31-kilometre section linking Puente Niscala to Empalme Pajaro Negro. The works have been commissioned by Nicaragua's Ministry of Transport and Infrastructures and funding by the BID (Inter-American Development Bank) is expected to perform the project.
As regards commercial projects carried out in the area, it is important to note that Astaldi Group, as part of a consortium with a Brazilian company, is currently negotiating the acquisition of a major hydroelectric project (253 MW of installed power) as part of a larger project finance initiative currently being finalised by a group of Brazilian companies.

United States of America

All Astaldi Group's activities within the United States are performed by Astaldi Construction Corp., a company subject to US law and owned entirely, both directly and indirectly, by Astaldi S.p.A.
Therefore, please refer to the section of this report dealing with the above company for more information regarding activities performed in the United States.

The main Group companies

Astaldi S.p.A. (Parent company)

Economic performance

(thousands of euros)	Notes	31/12/10		31/12/09	
Revenues	1	1,551,075	92.6%	1,449,025	95.4%
Other operating revenues	2	124,325	7.4%	69,494	4.6%
Total revenues		1,675,400	100.0%	1,518,519	100.0%
Cost of production	3 – 4	(1,309,549)	(78.2%)	(1,180,641)	(77.7%)
Added value		365,851	21.8%	337,878	22.3%
Personnel costs	5	(154,543)	(9.2%)	(168,506)	(11.1%)
Other operating costs	7	(19,432)	(1.2%)	(23,926)	(1.6%)
EBITDA		191,876	11.5%	145,446	9.6%
Amortisation and depreciation	6	(36,435)	(2.2%)	(35,235)	(2.3%)
Provisions	7	(744)	0.0%	(3,120)	(0.2%)
EBIT		154,697	9.2%	107,091	7.1%
Net financial income and charges	8 – 9	(81,182)	(4.8%)	(5,407)	(0.4%)
Pre-tax profit (loss)		73,516	4.4%	101,684	6.7%
Taxes	10	(26,624)	(1.6%)	(28,429)	(1.9%)
Profit (loss) for the year		46,891	2.8%	73,255	4.8%
Group net profit		46,891	2.8%	73,255	4.8%

The parent company, Astaldi S.p.A.'s income statement shows an improvement in the top line values thus reflecting the good performance recorded, especially as regards activities in progress in Italy, with direct consequences on the interim margins up to the operating level.
In absolute and relative terms, 2010 witnesses a significant improvement in both EBITDA and EBIT (respectively up by 31.9% to EUR 191.2 million and up by 44.5% to EUR 154.7 million).
On the contrary, the pre-tax result was affected by the item regarding write-down of equity investments and by the negative consequences, as already mentioned, of the activities carried out by Astaldi Arabia Ltd. For more information, please refer to the Notes to the 2010 Financial Statements..

Revenues

Astaldi S.p.A.'s revenues at the end of 2010 amounted to EUR 1,551.1 million, showing a 7% increase compared to EUR 1,449 million at the end of 2009, thanks above all to the contribution from the domestic and European areas. Said results were achieved thanks to the positive trend recorded in relation to the project to construct Line C of the Rome underground and maxi lot DG21 of the Jonica National Road, the complete start-up of activities related to maxi lot DG22 of said Jonica National Road and, as regards foreign activities, the better than expected start-up of works on the Warsaw underground in Poland and the positive trend of Otopeni Airport in Bucharest and other motorway projects in Romania as well as the Istanbul underground in Turkey.
From a geographical viewpoint, Italy accounted for

49.1% of revenues, while as regards foreign activities (50.9% of revenues), the European area's contribution stands out, more than offsetting the planned slow-down of activities in America. All of this goes to prove the validity of Astaldi's geographical mix which makes it possible to deal with possible organisational or currency problems (such as, for example, the devaluation of the *Bolivar fuerte* in January 2010). In percentage terms, the contribution from the Maghreb (Africa) remains unvaried even though there was an increase of approximately 15% in absolute terms.
Transport infrastructures continue to be the company's reference sector, accounting for 87.9% of revenues (86.8% in 2009), followed by energy production plants with 7.1% (7.4% in 2009) and civil and industrial construction with 5% (5.8% in 2009).

Breakdown of operating revenues according to geographical area and sector

Breakdown of operating revenues according to geographical area

(millions of euros)	31-Dec-10	%	31-Dec-09	%
Italy	762	49.1%	683	47.1%
Abroad	789	50.9%	766	52.9%
Europe	399	25.8%	233	16.1%
America	253	16.3%	414	28.6%
Africa (The Maghreb)	137	8.8%	119	8.2%
Total	1,551	100.0%	1,449	100.0%

Breakdown of operating revenues according to sector

(millions of euros)	31-Dec-10	%	31-Dec-09	%
Transport infrastructures	1,363	87.9%	1,257	86.8%
Hydraulic works and energy production plants	110	7.1%	107	7.4%
Civil and industrial construction	78	5.0%	84	5.8%
Total	1,551	100.0%	1,449	100.0%

Other revenues amounted to EUR 124.3 million, showing a marked increase of 79%. The increase in the item in question – which basically refers to activities that are complementary to the company's core business and of a lasting nature – can be attributed to: Turkey as regards operations with individual subcontractors, Romania as regards hire and rentals and Poland and Bolivia as regards the provision of services.

Total revenues amounted to EUR 1,675.4 million, showing a 10.3% increase compared to EUR 1,518.5 million in 2009.

Costs

Total costs represented 88.5% of total revenues (90.4% in 2009) and were characterised by greater use of outsourcing, thus highlighting a lower incidence of personnel costs and a more flexible direct product cost structure.

The cost of production totalled EUR 1,309.5 million, with a largely unvaried YOY incidence equal to 78.2% (77.7% in 2009).

Personnel costs amounted to EUR 154.5 million (-8.3% compared to 2009), with an incidence which dropped from 11.1% (2009) to 9.2%.

Other operating costs remained largely unvaried as regards their percentage incidence on revenues (2.2% in 2010 and 2.3% in 2009) and mainly comprised other operating costs related to the performance of the company's individual activities.

Depreciation of technical fixed assets and investment properties amounted to EUR 36.4 million and, combined with the costs on exposures, went to determine an **operating result of EUR 154.7 million** equal to a margin of 9.2 % (compared to EUR 107.1 million and 7.1% in 2009).

Financial operations

Net financial charges amounted to EUR 81.1 million (EUR 5.4 million in 2009). The increase in absolute terms in said item can be largely explained by the write-down performed with regard to the investee company in Arabia and by the increasing burden of bonds and sureties resulting from the increase in turnover and the order backlog. Moreover, on a year-on-year basis, the comparative figures show less financial income due to late payment by customers compared to the previous year. As regards exchange rate differences, the 2010 financial statements showed a negative difference compared to the previous year, also as a result of the already mentioned devaluation of the *Bolivar fuerte* which affected financial items. While as regards the consequences of devaluation of the Bolivar on operating items, said consequences were already provided for in the overall contract results, also taking into account exchange rate hedging.

Results

Pre-tax profit amounted to EUR 73.5 million, showing a decrease compared to EUR 101.7 million in 2009 as a result of the aforementioned dynamics.

Net profit totalled EUR 46.9 million (equal to 2.8% of total revenues, compared to EUR 73.2 million and 4.8% in 2009), with an estimated tax rate of 36.2% which takes into account the different incidence of the various tax rates applied in the countries the Group operates in.

Financial results

(thousands of euros)	Notes	31 December 2010	31 December 2009
Intangible fixed assets	14	3,015	3,941
Tangible fixed assets	12 - 13	135,627	170,255
Equity investments	15	157,414	128,293
Other net fixed assets	10 - 16 - 17	99,578	62,866
TOTAL fixed assets (A)		395,635	365,355
Inventories	18	75,676	81,706
Works in progress	19	780,812	604,091
Trade receivables	20	93,654	70,620
Accounts receivable	20	524,273	587,205
Other assets	16 - 17	226,392	167,694
Tax receivables	21	54,274	56,279
Advances from customers	19	(292,176)	(344,999)
Subtotal		1,462,905	1,222,596
Trade payables	17 - 27	(356,064)	(216,940)
Due to suppliers	17 - 27	(363,099)	(333,476)
Other liabilities	10 - 24 - 25 - 28	(184,580)	(138,293)
Subtotal		(903,743)	(688,709)
Working capital (B)		559,162	533,888
Employee benefits	26	(5,820)	(6,654)
Provisions for non-current risks and charges	29	(66,927)	(18,721)
Total Provisions (C)		(72,747)	(25,375)
Net invested capital (D) = (A) + (B) + (C)		882,050	873,868
Cash and cash equivalents	22	233,580	289,383
Current financial receivables	17		2,672
Non-current financial receivables	16 - 17	4,154	2,418
Securities	16	4,789	3,964
Current financial liabilities	24	(277,362)	(343,048)
Non-current financial liabilities	24	(452,819)	(513,444)
Net financial payables / receivables (E)		(487,658)	(558,055)
Receivables arising from concessions	16		43,046
Total financial payables / receivables (F)		(487,658)	(515,010)
Group equity	23	(394,392)	(358,858)
Equity (G) = (D) - (F)		394,392	358,858

Astaldi S.p.A.'s net fixed assets at 31 December 2010 **amounted to EUR 395.6 million** (EUR 365.4 million in 2009), especially thanks to the increase in the value of equity investments as a consequence of the investments made by the company in relation to new activities undertaken.

Working capital amounted to EUR 559.2 million (EUR 533.9 million at the end of 2009). Said figure shows a trend in line with that forecast in the business plan and, at the same time, reflects the increase in turnover recorded for the year, without however causing the equity structure to become unstable; indeed the latter continues to be well-balanced.

Equity increased to EUR 394.4 million (EUR 358.9 million in 2009), as a combined effect of the year's result, dividend distribution and suspended economic items entered in the comprehensive income statement. In this regard, it must be noted that the cash-flow hedge reserves generated a negative impact of approximately EUR 11 million as a result of fixed-rate hedging of financial debt, thus confirming the risk hedging policy adopted which tends to standardise medium-term results rather than "speculating" in the short-term on especially low interest rates. The common school of thought envisages an increase in rates, hence said policy does not represent a weak point.

Net financial position

(thousands of euros)			31/12/10	31/12/09
A	Cash and cash equivalents		233,580	289,383
B	Securities held for trading		4,789	3,964
C	Available funds	(A+B)	238,369	293,347
D	Financial receivables		4,154	5,090
E	Current bank payables		(186,950)	(314,280)
F	Current share of non-current debt		(86,362)	(18,814)
G	Other current financial payables		(4,051)	(9,954)
H	Current financial debt	(E+F+G)	(277,362)	(343,048)
I	Net current financial debt	(H+D+C)	(34,839)	(44,611)
J	Non-current bank payables		(449,917)	(509,078)
K	Other non-current payables		(2,902)	(4,366)
L	Non-current financial debt	(K+J)	(452,819)	(513,444)
M	Net financial debt	(L+I)	(487,658)	(558,055)
N	Receivables arising from concessions			43,046
O	Total financial debt	(M+N)	(487,658)	(515,010)
	Treasury shares on hand		4,168	5,172
	Total net financial position		(483,490)	(509,838)

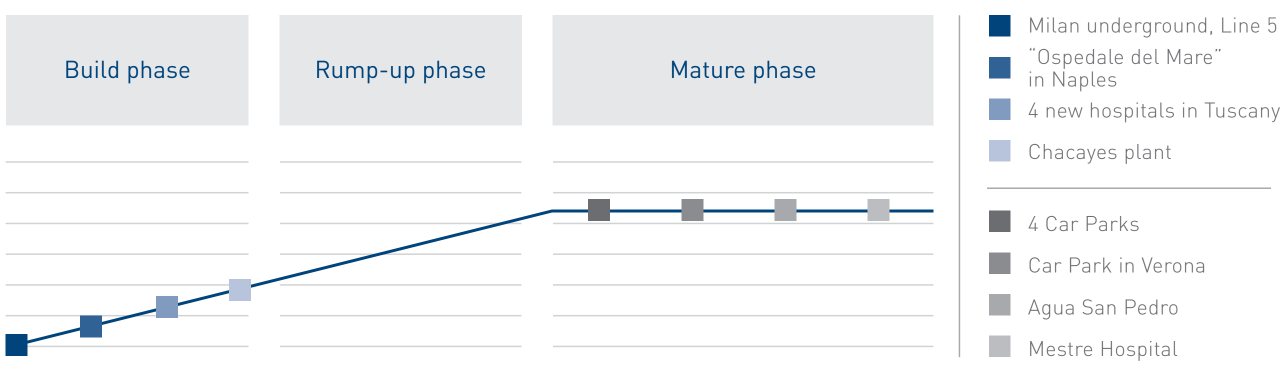
The company's debt structure remains focused on the long-term with the first significant deadline scheduled for 2013. The company has therefore achieved a significant growth as regards turnover, while still maintaining a necessary financial equilibrium.

Astaldi Concessioni S.r.l.

Astaldi Group's involvement in the concessions sector consists in the **performance of projects in Italy and abroad in the following sectors: healthcare construction (6 hospitals for a total of 2,380 hospital beds), transport infrastructures (1 underground for a total of 14.1 km of line), car parks (5 projects for a total of 3,700 parking spaces) and water and energy (2 projects, 110 MW).** Two motorways are also under development, in relation to which the concession agreement has already been signed (Gebze - Izmir in Turkey, road network surrounding Ancona Port in Italy) as well as additional projects in the hydroelectric sector (Latin America).

7 out of the 11 projects in progress are already operational – Mestre Hospital, "Riva Reno" and "Piazza VIII Agosto" car parks in Bologna, "Corso Stati Uniti" and "Porta Palazzo" car parks in Turin and "Piazza della Cittadella" car park in Verona as regards Italy and a project in the water sector in San Pedro Sula in Honduras. As far as the other projects are concerned – four hospitals in Tuscany, Ospedale del Mare – Naples and Line 5 of the Milan underground in Italy and the Chacayes hydroelectric plant in Chile – the management phase will be started-up subsequent to the completion of construction activities which are currently being carried out.

State of progress of concession projects currently included among backlog



Sector	Projects	Details
Car parks	Porta Palazzo, Turin Corso Stati Uniti, Turin Riva Reno, Bologna Piazza VIII Agosto, Bologna Piazza della Cittadella, Verona	5 projects 3,700 parking spaces (5 car parks)
Healthcare construction	Mestre Hospital Ospedale del Mare - Naples Four hospitals in Tuscany	3 projects 2,830 hospital beds (6 hospital complexes)
Transport	Line 5 of Milan underground	1 project 14.1 km of line 19 stations
Water and energy	Chacayes plant, Chile Agua de San Pedro Sula, Honduras	2 projects 110 MW (Chile)

Astaldi S.p.A. invested EUR 16 million in the concessions sector over the whole year against the revenues recorded for the year. Therefore, the investments made to date in the concessions sector – in the form of payment of Astaldi's quotas of equity in the SPVs (Special Purpose Vehicles) set up to manage the individual projects in progress – amounted to EUR 120 million at 31 December 2010, including financial receivables totalling EUR 60 million related to the current value of forecast financial flows from car park management.

Lastly, it must be remembered that "Astaldi Concessioni" – a company owned entirely by Astaldi which all the concession activities will gradually be transferred to – was set up on 30 July 2010, in light of the increasing importance of concession activities and the major expansion planned for the future which will see **concession activities accounting for one third of the value of Astaldi's total backlog by 2015**.

By performing this operation, Astaldi wanted to:

- **define a new organisational structure which makes it possible to capitalise experience accrued,** creating a suitable "knowledge centre" for the Group's development strategies;
- **make the most of managed assets,** highlighting their strategic value;
- **vest the concessions sector with a legal, economic and financial identity;**
- **optimise the system of sources of finance,** so as to bring deadlines into line with the economic and financial cycle of projects.

The company will have the strategic role of developing the projects in progress and consolidating the Group's presence in this sector, both in Italy and abroad. Therefore, it represents a management operating instrument to be used to further consolidate the role of contractor assumed to date by Astaldi that will continue to perform the activities it has always done, employing its characteristic high level of knowledge, even if in a different form, in other words the construction of large-scale works and infrastructures.

For more information concerning the technical content and value of the individual contracts, please refer to the section of this report dealing with the performance of activities according to sector and geographical area.

Reclassified income statement

(thousands of euros)	31/12/2010	%
Revenues	4,618	99.3%
Other operating revenues	32	0.7%
Total revenues	4,650	100.0%
Cost of production	(1,272)	(27.4%)
Added value	3,378	72.6%
Personnel costs	(177)	(3.8%)
Other operating costs	(162)	(3.5%)
EBITDA	3,040	65.4%
Amortisation and depreciation	(4)	(0.1%)
EBIT	3,035	65.3%
Net financial income and charges	1,008	21.7%
Pre-tax profit (loss)	4,043	86.9%
Taxes	(1,492)	(32.1%)
Profit (loss) for the year	2,551	54.8%

Reclassified balance sheet

(thousands of euros)	31/12/2010
Intangible fixed assets	651
Equity investments	18,724
Other net fixed assets	13,039
TOTAL fixed assets (A)	32,414
Trade receivables	146
Tax receivables	86
Other assets	1,540
Subtotal	1,773
Trade payables	(551)
Due to suppliers	(3,534)
Other liabilities	(12,891)
Subtotal	(16,977)
Working capital (B)	(15,204)
Employee benefits	(16)
Total provisions (C)	(16)
Net invested capital (D) = (A) + (B) + (C)	17,194
Cash and cash equivalents	661
Current financial liabilities	(4,370)
Non-current financial liabilities	(32,763)
Net financial payables / receivables (E)	(36,473)
Receivables arising from concessions	60,363
Total financial payables / receivables (F)	23,890
Equity (G) = (D) - (F)	41,084

Astaldi Construction Corp.

Astaldi Construction Corporation is the company operating under U.S. law, based in Davie (Broward County, Florida) and owned entirely by Astaldi S.p.A. which handles the Group's activities in the USA.
The reference geographical area is the south of Florida, both the east coast (Miami, Fort Lauderdale), and the west coast (Naples, Tampa), with additional real possibilities of expansion in the adjacent areas of Orlando and Jacksonville.
Astaldi Construction Corp. is currently involved in projects in two business areas: traditional construction activities and procurement activities on the US market which the company performs for both its own operating units and on behalf of other Astaldi Group areas located outside the USA, to support the local procurement facility.
The procurement division avails itself of a network of accredited suppliers located throughout North America as far as Canada. The activities performed by said division have made it possible to carry out widespread monitoring of the opportunities offered by the local market, allowing for the consolidation of relations with leading US manufacturers and dealers (these include, among others, firmly-established relations with Caterpillar International), with consequent benefits at a Group level too.

As regards the construction of infrastructures, Astaldi Construction Corporation is accredited with several public authorities including the Florida Department of Transportation (FDOT), the South Florida Water Management District (SFWMD), the US Army Corps of Engineers, as well as various local administrations (counties and cities).
The company has also been registered since 2008 with the USGBC (United States Green Building Council), a no-profit organisation dedicated to developing and making known sustainable design and construction methods (green building). The USGBC has also developed the so-called LEED rating system (Leadership in Energy and Environmental Design), in accordance with which Astaldi Construction Corporation has undertaken to certify some of its employees in order to create an internal LEED Team, able to support operating units with regard to future green projects, a sector which is expected to experience major growth and expansion in the near future.
In keeping with the above, the company has developed and defined over the year, commercial agreements with local partners working in the renewable energy sector in order to explore possible photovoltaic-related projects in North America, also making use of the partnerships generated through procurement activities.
Lastly, in 2010, Astaldi Construction Corporation also obtained acknowledgement of the level achieved in developing and implementing its own occupational health and safety management system, which has always been looked on as a priority in order to safeguard employees, and was awarded the Silver Level Step Award by ABC (Associated Builders & Contractors Inc.).
Works currently in progress (or recently completed) mainly refer to road infrastructure works, performed on behalf of the Florida Department of Transportation, which has always been one of Astaldi's strategic customers in Florida, and on behalf of local administrations.
During 2010, despite the efforts made by the US Administration to pursue the investment plan set forth in the ARRA (American Recovery and Reinvestment Act), the company continued to have to face a difficult market due to continuation of the effects of the major economic-financial crisis. Said crisis has reduced the number of projects put out to tender on the one hand, while on the other the number of competitors has considerable increased compared to past years, with the majority originating from sectors other than large-scale infrastructures.
Despite this, Astaldi Construction Corporation was awarded two contracts with the Florida Department of Transportation (FDOT) during the year, worth a total of USD 68.6 million.
The SR-93 (I-75) contract was acquired in January 2010 related to the widening and rebuilding of a section of the I-75 in Sarasota County (FL), on the west coast south of Tampa. The works, which have a duration of 625 days, have been started up and are currently in progress. The contract is worth USD 31.7 million.
In December 2010, Astaldi Construction Corporation was awarded an additional contract worth USD 36.9 million for the performance of civil works for the rebuilding and widening of a highway junction located on the SR-862/I-595, in Broward County (FL), at the eastern end of the I-595 between Port Everglades, Fort Lauderdale Airport and the US-1. Works are planned to be started up by the first half of 2011 with a planned duration of 920 days.
Said contract consolidates the Group's position in Florida, especially in Broward Country where Astaldi has been active since the beginning of the 1990s and where it has already performed various projects for the FDOT. The project acquires additional strategic importance thanks to the location of the works between the I-595, Fort Lauderdale Airport and Port Everglades where major infrastructure investments are planned as from 2011.
The projects in progress also include another contract with the FDOT to construct and widen National Road 823 (NW 57th Avenue) in Hialeah, in Miami-Dade County. The contractual value amounts to USD 14.3 million and the planned duration of works is 696 days.
Astaldi Construction Corporation also completed the

Santa Barbara Boulevard Extension in Collier County on the west coast during the second half of the year. The contract, worth a total of USD 13.7 million, involved the construction from scratch of a section of road and widening from 2 to 6 lanes of an existing road for a total of 3.3 kilometres.
Astaldi Construction Corporation's residual order backlog at 31 December 2010 amounted to approximately USD 60.8 million, mainly related to the three road projects mentioned above, and showed an increase compared to USD 20.6 million in 2009. The company ended the year with a profit and achieved a turnover of USD 28.8 million compared to USD 24.2 million in 2009. As regards 2011, an acquisition plan has been drawn up which should make it possible to increase annual production levels and which is mainly based on the transport infrastructures sector (highways and railways), also in light of the recent USD 50 billion investment plan presented by the US Administration in September 2010.

Astaldi Arabia Ltd.

Astaldi Arabia Ltd. is the Astaldi Group company, owned entirely by Astaldi S.p.A., which handles and monitors all the Group's working and commercial activities in the Middle East (Qatar, Saudi Arabia, United Arab Emirates).
As far as Astaldi is concerned, the Middle East is a recently-acquired area, yet one where the Group has acquired expertise thanks to the partnerships established and consolidated with the leading EPC contractors at an international level in industrial plant design applied to the raw material extraction sector. While the new projects in the high-speed railway sector (Jeddah and KAEC HS stations in Saudi Arabia) are more recent acquisitions.
At the present moment Astaldi Group's role in the area can be considered stable and aimed at developing opportunities singled out not only in the already tried and tested oil&gas sector (Qatar – Ras Laffan industrial district), but also in the more traditional transport infrastructures and civil construction sectors (Saudi Arabia, United Arab Emirates). It must be recalled that Astaldi is not interested in performing works in the residential (real estate) sector, at least not for the moment.
Lastly, it is important to note that, following the conclusion of some projects in progress in the country – still not offset by the entry into full operation of more recently-acquired contracts - Astaldi Arabia Ltd. ended 2010 with a drop in production and negative economic results due to an increase in costs linked to the closure of sites, and to the lack of absorption of structure costs as a result of the decrease in production.

Saudi Arabia - Jubail Export Refinery Project

The project, awarded during 2010, has a contractual value of USD 80 million and refers to the performance of civil works to construct an oil refinery in the Jubail industrial district ("Jubail Export Refinery Project"), in Saudi Arabia.
The works have been commissioned by TECHNIP and will be performed by Astaldi Arabia Ltd., the company owned entirely by Astaldi S.p.A. which handles the Group activities in the Middle East.
The works are already being performed at the date of this report, and the planned duration is 30 months.

Saudi Arabia – Jeddah and Kaec high-speed railway stations

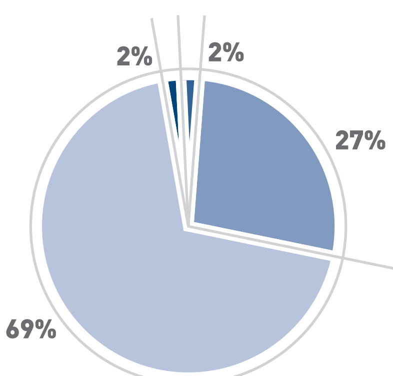
The contract was acquired by Astaldi Group, as part of a joint venture, at the end of 2010.
The project refers to the construction of two major railway stations, Jeddah and KAEC (King Abdullah Economic City), along the Mecca – Medina high-speed line (forming part of the "Haramain High Speed Rail Project" – the railway network expansion programme approved by the Saudi government).
The total value of the works is USD 1.24 billion (Astaldi has a 15% stake).
The works have been commissioned by the Saudi Railways Organization.
Designed by Norman Foster and Buro Happold, the two stations are characterised by their large dimensions: Jeddah, the larger station, will occupy a total

surface area of over 111,000 m^2 – equivalent to approximately 14 football pitches – while KAEC will occupy a total surface area of approximately 64,000 m^2. More than 200,000 m^3 of concrete and 74,000 tons of steel will be used to construct the stations that will feature 58 lifts and 116 escalators.
Works are scheduled to commence by the first half of 2011, with a duration of approximately 2 years.

Human resources and organisation

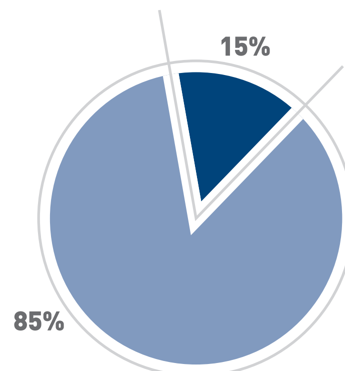
Astaldi Group avails itself of the services of 8,363 employees, 15% of whom are employed in Italy, and the remaining 85% abroad in the 23 countries the Group operates in.

Human Resources



■ Managers
■ Executives
■ Office workers
■ Workers

Human resources by geographical area



■ Italy
■ Abroad

From an organizational viewpoint, 2010 saw the introduction of important changes which completed the model launched in previous years, aimed at anticipating and supporting the development of business activities and expansion in size Astaldi Group is pursuing as from 2010.
Specifically, in May, the company's organisation chart was updated in order to take on board splitting of the company's General Management into four divisions (one for domestic activities, two for international activities and one for administration and finance) and the setting up of an Industrial Services Division which brings together the Engineering, Project Scheduling, Procurement and Capital Assets and Tenders and Prequalification departments. The aim of said bringing together of the aforementioned technical skills and know-how into a single division at a corporate level is to encourage more effective and integrated management and sharing of know-how and methods, which goes to benefit contracts in progress and production activities in general. All of this responds and arises from application of a matrix management model where, without prejudice to the project manager's complete responsibility as regards economic and production results of the contracts he/she is responsible for, staff support for projects is guaranteed, managed

in accordance with a transversal logic which ensures homogeneity and compliance with operating standards, as well as long-term management of specialist skills and resources.
A Corporate Risk Management department was also officially set up in order to ensure stricter control of the risks related to the activities performed and to provide the general management in charge of production and management with an instrument to optimise project management.
The last part of the review of the organisational structure consisted in the setting-up at the end of July of "Astaldi Concessioni", a company owned entirely by Astaldi S.p.A. dedicated to developing business and projects in progress in the concessions sector. The industrial reasons behind the setting-up of said initiative include the desire to vest the concessions sector with a legal, economic and financial identity, but also to define an organisational structure able to capitalise on the experience acquired in this sector by creating a suitable "knowledge centre" for the Group's development strategies. For more information regarding this new company and its relative organisation, please refer to the section of this report dealing with the main Group companies.
In keeping with the organisational model described above and with the development of activities, 2010 witnessed continuation of the search for and hiring of suitable professional profiles to reinforce the Italian and foreign project structure and, at a corporate level, to ensure gradual, balanced generational turnover which sees new entries with various profiles and skills working alongside resources with vast experience. In total, more than 100 resources were hired during 2010, equally split between Italian and foreign contracts, of which more than 40 with technical-engineering qualifications and approximately 10 with legal and economic qualifications.
2010 also saw major focus being given to the hiring of young graduates who formed a group of approximately 25 resources, mainly with a technical background (approximately 90% have a degree in engineering and architecture).

As regards training – excluding obligatory training provided for by law and training of local staff in foreign locations – more than 4,000 hours were provided in 2010 for Italian management and administrative staff in relation to occupational safety issues, information systems, foreign languages, engineering and design, internal auditing, administration and financial statements, personnel management, asset management and so forth.
Lastly, it must be noted that a process re-engineering programme was carried out during the year by introducing software for the management and development of human resources and planning of contract and office requirements.

Quality, safety and environment

As regards Astaldi Group, 2010 was the year when maturity was achieved in relation to the voluntary use of corporate quality, safety and environmental management systems as a key instrument for the overall improvement of performance and individual corporate processes.
In keeping with the targets set in 2009, some important corporate projects were fully implemented at last. Said projects concerned, among other things, improvement of the quality of the HSE performance planning process as an integral part of the more general process of formulating the company's business plan.
Therefore, during the corporate meetings prior to formulation of the new business plan, new, more challenging goals for the near future were defined together with the management more directly involved in project management activities. The achievement of said goals is considered by the top management to provide an important sign of continuity of the policy voluntarily

adopted years ago, testifying to the company's commitment as regards socially responsible issues such as those related to the health and safety of workers and the environment they work in.
The Group continues to focus on the health and safety of workers, which is looked on as a strategic variable of the company's business, adopting a "zero accidents" approach. Said approach forms the basis of the strategy for starting-up and developing all projects where corporate activities such as training, internal assessment and monitoring of performance are aimed at sharing and making known the top management's commitment, also taking into account the customers' and stakeholders' expectations.
At the same time, from July 2010 to October 2010, some key Group projects in progress in Italy and abroad were subject to auditing by independent third parties, by DNV – *Det Norske Veritas* –, in order to maintain the validity of the Group's certification.
The Group's definitive adoption of an organisational structure based on the matrix management model completed the company's management system-related activities. Said model is considered instrumental in achieving the growth targets set down in the business plan and considered more suitable for companies such as Astaldi which operate within a project management logic.
Complete redefinition of the management system, which is currently being validated by the relevant corporate facilities, was carried out during 2010 on the basis of said vision.
Lastly, it must be noted that the following important acknowledgements were obtained during 2010:

- for the fifth year running, the subsidiary, Astaldi Construction Corporation, obtained acknowledgement of the level achieved with regard to development and implementation of its own occupational health and safety management system, which has always been looked on as a priority for safeguarding employees, and received the Silver Level Step Award from ABC (Associated Builders & Contractors Inc.);
- the investee company, Veneta Sanitaria Finanza di Progetto S.p.A., holder of the concession granted by Venice's local health authorities (Azienda Sanitaria ULSS 12 Veneziana) to perform and manage services at the new hospital in Mestre, obtained certification from DNV - *Det Norske Veritas*, of its quality management system which complies with UNI EN ISO 9001:2008 as regards management of concessions services.

Privacy safeguard and protection

This is to make known that the company has updated the Programmatic Document on Safety, drafted in accordance with the provisions contained in point 19 of Legislative Decree No. 196/2003 (the so-called Personal Data Protection Code), in order to ensure correct processing of personal data, and especially data defined as sensitive and judicial, and to implement the content of point 26 of technical regulations as per Annex B to the aforementioned legislative decree.

Corporate Governance Report

The governance model adopted by Astaldi S.p.A. is in keeping with the principles contained in the "Self-Regulation Code for listed companies" – drawn up by Borsa Italiana S.p.A. in October 1999 and subsequently amended and added to –, with the recommendations formulated by CONSOB in this regard and, more generally with international best practice.
As regards the information requested by Article 123-bis of the Finance Consolidation Act, please refer to the "Annual Report on Corporate Governance and Shareholder Structure" drafted in compliance with current legislation and published together with this report.
The Annual Report on Corporate Governance and Shareholder Structure" is available for consultation www.astaldi.it, Governance/Documents section.

Subsequent events

In February 2011, Metro 5 S.p.A. – the SPV which Astaldi holds an approximately 24% stake in and which is linked to the concession project regarding Line 5 of the Milan underground – signed an agreement with the Municipality of Milan concerning extension of said Line 5, which has been mentioned above in the section detailing the content of the order backlog.
In the same month, Astaldi, in partnership with a Turkish company, was the preferred bidder in the procedure to award the international contract for upgrading of St Petersburg's Pulkovo Airport, the number four airport in Russia for the number of transit passengers. The outcome of the tender procedure is expected for early 2011.
Still with regard to February, Astaldi was awarded the contract, as part of a joint venture, to construct Line 5 of the Bucharest underground (Lot 1, Doamenei Station-PS Opera section), worth a total EUR 215 million (Astaldi, the project leader, holds a 40% stake). The contract involves the design and construction of structural works related to 6 kilometres of new underground line, all below ground level, to be performed using a TBM (Tunnel Boring Machine) along the Drumul Taberei – Pantelimon section, and featuring 9 stations. The start-up of works is scheduled by the first half of 2010, with a planned duration of 25 months. The project has been commissioned by METROREX S.A., which is responsible for managing the Municipality of Bucharest's underground network which reports to the local Ministry of Transport and Infrastructures. The joint venture comprising Astaldi (leader with a 39% stake), the Spanish company FCC S.A. and two local companies will be responsible for performing the works.
As regards commercial activities in Italy, it must be noted that the bid submitted by the Astaldi-Impregilo joint venture (Astaldi is the project mandatary with a 60% stake) proved to be the best bid submitted in the procedure to award the general contracting project to perform Lot DG41 (Mega lot 3) of the Jonica national road (SS-106) in Italy. The amounts relating to Astaldi shall be entered in the Group's order backlog following final awarding of the contract.
Lastly, it must be noted that Astaldi Group, together with the Turkish company Ozkar Insaat, has been awarded a contract worth OMR 125 million – equivalent to approximately USD 324 million (Astaldi has a 51% stake). The project involves the construction of 42 kilometres of new road and refers to the first phase (Lot 1 – Package 1A) of the project to widen the BidBid – Sur road, one of the main sections of Oman's road network which links the capital to the country's eastern regions. The start-up of works is scheduled for the coming months, with a duration of just over three years. The project has been commissioned by Oman's Ministry of Transport and Communications.

Foreseeable development of operations

The overall results for 2010 make it possible to confirm the growth targets established by the management during approval of the Business Plan for the coming five years.
The year's figures have confirmed the ability to continue along the growth path already mapped out, consolidating an already solid financial and equity structure despite the extremely difficult macroeconomic situation. The setting up of Astaldi Concessioni, the entry into full operation of some projects such as the recently-acquired underground projects in Italy and abroad, as well as the finalisation of major projects such as the Gebze-Izmir motorway and development of the energy sector in Latin America will ensure additional growth capacity for the immediate future.
Therefore, in keeping with the targets already set, a further growth is expected over the coming years and will be pursued by playing on:

- **further consolidation of the market positioning of the Group and its core business – construction –** which will be boosted by the major projects currently in progress in Italy and abroad, and will find new satisfaction in the results of the commercial strategies implemented in recent year. Specifically, as regards Italy, a renewed boost may come from the selective identification of opportunities currently being studied – priority projects in the country's development policies (motorways, railways), also developed using the PPP (public-private partnership) formula. This will allow for possible projects involving major urban centres as well as additional initiatives singled out in relatively new sectors for the domestic scenario such as renewable energy production plants. As regards foreign activities, Eastern Europe, Turkey and Algeria will see an increase in the contribution from the transport infrastructures sector; the Middle East will experience a new development phase with the expansion of transport infrastructures (railways, high speed); Latin America will benefit from the implementation of major existing contractual options related to contracts in progress in Venezuela (railways) and Chile (energy);

- **expansion of the range of action to take in new geographical areas**, able to offer interesting infrastructure investment opportunities with dedicated resources in the construction sector as well as in the concessions sector. Areas where already present such as Peru, the USA and Brazil are proving to be areas of renewed interest (also to be developed through partnerships with local operators), and new commercial targets such as India and Canada, in keeping with the Group's commercial approach methods, will be the subject of careful, in-depth study which, if the findings are positive, will lead to the identification of new development opportunities. The strategic goal of keeping each area where present below a standard limit of 10% of total revenues remains unvaried;
- **strengthening of industrial partnerships** built up by the Group over the years. Stable industrial relations with leading partners in areas that are complementary to those the Group operates in will guarantee partnerships able to promote an additional growth in activities or easier access to markets singled out as of interest in the Group's commercial development strategies, with consequent sharing of the capital contribution and risk related to the management of activities.

The outcome of the offer submitted on 5 November by Astaldi Concessioni to purchase a 4.75% stake (or the smaller stake left unopted) in Autostrada Brescia-Verona-Vicenza-Padova S.p.A., concession holder of the Serenissima motorway, put up for sale by the Municipality of Milan, is also pending. In December 2010, the Municipality's relevant bodies voiced a favourable opinion with regard to the offer, but the actual size of the stake will be calculated following preliminary exercise of the right of pre-emption by shareholders and by the concession holder on the shares not taken up by shareholders.

As regards the Gebze-Izmir motorway, the Turkish government's major commitment to the project, which is a priority for the economic development of the areas involved in the 442 kilometres of planned route, can be confirmed. The preliminary special surveys and project design activities have been performed as scheduled and the relative funding procedures are going ahead as planned. Once these have been completed, the project amounts related to Astaldi's stake in the initiative will be entered in the order backlog.

Also as far as Turkey is concerned, acquisition of a stake in the SPV, which is already concession holder of the project to design, build and subsequently manage the international terminal of Milas-Bodrum Airport, is currently being made official. In compliance with agreements already entered into, Astaldi will sign the deed of purchase of shares, which is subordinate to the positive opinion of the local antitrust authority, subsequent to the signing of shareholder agreements and amendment of the SPV's bylaws.

Lastly, it should be noted that, at the present time, the activities in progress in the Maghreb area, and specifically in Algeria, are not being affected by difficult socio-political situation being experienced in Tunisia and Egypt.

Specific risks and uncertainties

The business model adopted by Astaldi Group is based, inter alia, on constant monitoring of the risks connected with business management.
In order to provide additional instruments to mitigate said risks, the Corporate Risk Management department was recently made official within the company. The aim of said department is to help all the management with the decision-making process, striving to "neutralise" unwanted and unsustainable risk situations during the whole corporate business cycle and in the various contractual areas (traditional contracts, general contracting projects, concessions and project finance initiatives).
The ERM (Enterprise Risk Management) model adopted is three-dimensional, in other words split according to the type of risk (operational financial, strategic and compliance), level (corporate, country, contract) and project phase (development, performance, management).
Risk management is considered a "focal" element, especially in the planning process which defines the business plan's key risks and the general risk management procedures. Said model implies that Enterprise Risk Management activities and responsibilities (identification, assessment, management and monitoring) must be attributed to the organisation's various levels on the basis of the type of risk in question and the time phase during which said risk arises.
As regards current legislation regulating "description of main risks and uncertainties", it must be pointed out that, at the present moment, there are no specific situations that may have a significant impact on the Group's economic and financial performance.
Please find below a description of the areas in relation to which the Group performs close monitoring by applying targeted procedures and other mitigation instruments, taking into account the reference macroeconomic scenario and sector the company operates in.

Country risk. The Group is exposed to risks that are typical of international activities (for example, risks related to unstable political situations and local economies and the risks related to changes in the macroeconomic, fiscal or legislative situation). Therefore, the identification of new Group projects in foreign countries is accompanied by preliminary, in-depth assessment of said risks which are constantly monitored through to completion of the projects. Moreover, it is important to note that foreign activities performed by the Group are concentrated solely in countries (i) offering development opportunities for long-term infrastructure investment plans, (ii) that consider the works of interest for the Group as priorities in local investment policies, (iii) for which international insurance cover is guaranteed or in whose regard there are bilateral agreements between the Italian and local governments, (iii) with a certain reference legislative framework.

Use of estimates. A major part of activities are performed on the basis of contracts which provide for a specific amount upon awarding in the sector the Group operates in. The greater charges and/or costs which the Group may encounter and/or incur while performing said contracts must be covered by the Group and can be recovered from the customer in accordance with legislation regulating the contract and/or agreed contractual terms and conditions. Consequently, the margins achieved on contracts of this type can vary with regard to the original estimates as a result of the recoverability of the aforementioned greater charges and/or costs.

Risks related to the trend in infrastructure investments. The main area of the Group's activities is currently represented by the performance of large-scale and complex works, especially for public customers, and is therefore seriously affected by planned investment in infrastructures in the various countries. Said investments are affected by the economic cycle trend whose main variables are the growth of the GDP, inflation rate changes, interest rate trends, consumer dynamics and exchange rate dynamics. In the light of said variables, the Group has opted to operate solely in situations where infrastructure works are considered priorities in the investment policies of individual countries.

Risks related to capital markets. The current situation of the financial markets highlights critical phenomenon in terms of limitation of credit and fluctuation in the cost of money. The Group has undertaken, as from previous years, to bring into line its debt structure and position it in the medium/long-term, curbing variations in the cost of money through an interest risk hedging policy.

Risks related to currency market. The current situation of currency markets can bring to light some extremely volatile situations. The Group has already undertaken to control said risk, as from previous years, through suitable direct and indirect hedging transactions.

Risk related to the price trend of raw materials. The fluctuation, in some cases considerable, in the price of some raw materials can entail an increase in the costs of production which the Group tends to neutralise through diversified procurement policies, framework agreements with strategic suppliers, contractual price review clauses and the use of ad hoc action by local governments aimed at mitigating the financial consequences.

Lastly, it must be noted that in order to optimise the complete risk management process, the Corporate Risk Management department intends for the ERM Programme to become fully operational during 2011 – in accordance with an approach focused on value creation – concentrating on the main categories of risk able to jeopardise the Group's targets and strategies. The involvement of top and senior management is envisaged which will help:

- development of risk measurement and aggregation methods;
- definition of a risk analysis and risk responses on selected risks;
- preliminary aggregation and reporting of results;
- updating of the Group's ERM policy;
- definition of the IT features needed to make the ERM process repetitive in the future.

Other information

Information on transactions with related parties

As regards transactions with related parties, it must be remembered that this form part of the Group's normal corporate activities and are regulated at market conditions. For information regarding said relations, please refer to Note 26 of Astaldi's consolidated financial statements at 31 December 2010.

The transactions performed by Astaldi with related parties mainly concern the exchange of goods, supply of services and the supply and employment of financial resources with its subsidiaries, associates and other investee companies as well as optimisation of the Group's cash management.

Said relations form part of the company's ordinary operations and are regulated at market conditions, i.e. at the conditions which would be applied between two independent parties.

All the transactions performed were in the Group's interest.

Please refer to details contained in the notes to the financial statements for quantification of the total amount of commercial, financial and other relations with related parties as well as a description of the type of most important transactions.

Treasury shares

It must be noted that, in relation to the Astaldi share buy-back plan implemented during the year, 511,516 shares were gradually acquired during 2010 while 681,286 shares were sold.

Treasury shares on hand at 31 December 2019 amounted to 821,979 with a nominal value of EUR 2.

Parent company shares held by subsidiaries

No parent company shares are held by subsidiaries.

Astaldi S.p.A. shares held by company directors, auditors and managers with strategic responsibility at 31 December 2010

Annex 3C - Model 3 CONSOB Issuers Regulation No. 11971/99

Shares held by directors at 31 December 2010

Board of Directors	Investee company	No. shares held at end of 2009	No. shares purchased in 2010	No. shares sold in 2010	No. shares held at end of 2010
Ernesto Monti	-	0	0	0	0
Vittorio Di Paola	Astaldi S.p.A.	1,500,000	100,000	590,000	1,010,000 (a)
Paolo Astaldi	Astaldi S.p.A.	49,426	13,500	0	62,926
Giuseppe Cafiero	Astaldi S.p.A.	125,000	71,800 (b)	0	196,800
Stefano Cerri	Astaldi S.p.A.	100,000	55,000 (c)	5,000	150,000
Caterina Astaldi	-	0	10,700	0	10,700
Pietro Astaldi	-	0	0	0	0
Luigi Guidobono Cavalchini	-	0	0	0	0
Giorgio Cirla (in office from 23 April 2010)		0	0	0	0
Paolo Cuccia (in office from 23 April 2010)		0	0	0	0
Franco A. Grassini (in office until 23 April 2010)	-	0	0	0	0
Mario Lupo	-	0	0	0	0
Nicola Oliva (in office until 23 April 2010)	Astaldi S.p.A.	105,000	62,000 (c)	61,835	105,165
Eugenio Pinto (in office from 23 April 2010)		0	0	0	0
Maurizio Poloni	-	0	0	0	0
Gian Luigi Tosato (in office until 23 April 2010)	-	0	0	0	0

(a) Shares held by Famifin S.p.A.
(b) Shares resulting from the free stock grants allocated pursuant to the company's Incentive Scheme approved by the Shareholders' Meeting of 27 June 2007 and pursuant to the Shareholders' Meeting's resolution of 5 November 2010 regarding the extraordinary end-of-career bonus.
(c) Of which 50,000 shares resulting from the free stock grants allocated pursuant the company's Incentive Scheme approved by the Shareholders' Meeting of 27 June 2007.

Shares held by auditors at 31 December 2010

Board of Auditors	Investee company	No. shares held at end of 2009	No. shares purchased	No. shares sold	No. shares held at end of 2010
Pierumberto Spanò	-	0	0	0	0
Pierpaolo Singer	-	0	0	0	0
Antonio Sisca	-	0	0	0	0

Shares held by managers with strategic responsibilities at 31 December 2010

Managers with strategic responsibilities	Investee company	No. shares held at end of 2009	No. shares purchased	No. shares sold	No. shares held at end of 2010
Paolo Citterio	Astaldi S.p.A.	13,000	6,000	0	19,000
Rocco Nenna	-	0	0	0	0
Cesare Bernardini	Astaldi S.p.A.	7,500	11,000	0	18,500
Luciano De Crecchio	-	0	0	0	0

"Non-GAAP" alternative performance indicators

Astaldi's management assesses the economic and financial performance of the Group and business segments on the basis of some indicators not provided for in IFRSs. Please find below, as required by Communication CESR/05 – 178b, a description of the components of each of said indicators:

EBIT (net operating result): is equal to the result pre-tax and prior to financial income and charges, without any adjustments. Income and charges resulting from the management of non-consolidated shareholdings and securities are also excluded from EBIT together with the results of any transfers of consolidated shareholdings, included under the heading of "financial income and charges" in balance sheet statements, or under the heading of "effects of valuation of equity investments using the equity method" for the results of equity investments valued using the equity method;

EBITDA: is obtained by eliminating the following elements from EBIT, as described above: (i) amortisation and depreciation of intangible and tangible assets, (ii) write-downs and provisions, (iii) capitalisation of internal construction costs.

Treasury margin: the treasury margin refers to the available funds resulting from cash holdings and available lines of credit.

Debt/Equity ratio: said indicator is provided by the ratio between the net financial position – drafted in accordance with the CESR model (Committee European Securities Regulators) – as numerator and equity as denominator, excluding treasury shares on hand.

ROI (Return On Investment): said indicator is calculated at the ratio between EBIT (net operating result) and average invested capital for the period.

Current ratio: this indicator is calculated as the ratio between short-term assets and short-term liabilities.

Research and development

The Group did not incur any costs for research and development during the year.

Atypical or unusual operations

No atypical or unusual operations were performed during the year.

Conclusions

Dear Shareholders,
The consolidated financial statements show a net profit of EUR 63 million, excluding amortisation, depreciation, provisions and consolidation adjustments.

On behalf of the Board of Directors
(The Chairman)
Paolo Astaldi

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Statement as per Article 36 of CONSOB Regulation No. 16191/07 (“Market Regulation”)

Astaldi S.p.A. hereby declares that its internal procedures are in line with the provisions as per Article 36, letters a), b) and c) of the Market Regulation ("Conditions for listing of shares of companies controlling companies set up and regulated by laws of non-EU states"), issued in order to implement Article 62, paragraph 3-bis of Legislative Decree No. 58/1998.

Specifically, Astaldi S.p.A. makes known that:

1. the parent company, Astaldi S.p.A., has ongoing access to the bylaws and composition of the corporate bodies of all non-EU subsidiary companies of importance as per Article 36, paragraph 2 of the Market Regulation, with highlighting of the corporate offices held;

2. the parent company Astaldi S.p.A. makes available to the public, inter alia, the accounts of all non-EU subsidiary companies of importance as per Article 36, paragraph 2 of the Market Regulation, formulated for the purpose of drafting the consolidated financial statements, including at least the balance sheet and income statement;

3. the administrative-accounting and reporting procedures currently in use by Astaldi Group are suitable for transmitting to the parent company's management and auditors at regular intervals, the economic, equity and financial information of the non-EU subsidiary companies of importance as per Article 36, paragraph 2 of the Market Regulation, needed to draft the consolidated financial statements;

As regards checking by the parent company of the information provided to the central auditors, needed to perform auditing of the parent company's annual and interim accounts, it is felt that the current procedures used to communicate with the auditing firm, implemented at various levels of the corporate auditing chain throughout the whole year, are effective in this regard.
The area of application concerns 3 subsidiaries based in 3 countries not belonging to the European Union, which are of importance as per paragraph 2 of the aforementioned Article 36.

Consolidated Accounts

Separate consolidated income statement (*)

(thousands of euro)	Notes	31/12/2010	31/12/2009
OPERATIONS			
Revenues	1	1,918,969	1,802,775
of which with related parties		*182,112*	
Other operating revenues	2	125,799	69,312
of which with related parties		*9,939*	*7,127*
Total revenues		2,044,768	1,872,087
Purchase costs	3	(336,344)	(310,962)
Service costs	4	(1,215,891)	(1,085,135)
of which with related parties		*309,967*	*164,947*
Personnel costs	5	(236,574)	(240,458)
Amortisation, depreciation and write-downs	6	(56,118)	(46,284)
Other operating costs	7	(27,470)	(32,450)
Total costs		(1,872,398)	(1,715,290)
(Capitalisation of internal construction costs)	8	1,241	822
Operating result		173,611	157,619
Financial income	9	26,025	40,465
of which with related parties		*640*	*895*
Borrowing costs	10	(103,746)	(107,819)
of which with related parties		*284*	*799*
Effects of valuation of investments using equity method	11	4,429	530
TOTAL FINANCIAL AREA AND INVESTMENTS		(73,292)	(66,824)
PRE-TAX PROFIT (LOSS) OF CONTINUED OPERATIONS		100,319	90,795
Taxation	12	(36,796)	(33,336)
PROFIT (LOSS) FOR THE YEAR		63,523	57,460
Group profit		63,056	55,902
Minority profit		466	1,557
Basic profit per share	13	0.64	0.57
Diluted profit per share		0.64	0.57

(*) Application of Ifric interpretation 12, in force since 1 January 2010, involved restating the 2009 comparison.
For an analysis of the effects, please refer to paragraph "Changes in accounting standards".

Consolidated statement of comprehensive income

(thousands of euro)	Notes	31/12/10	31/12/09
Profit (loss) for the year		63,523	57,460
Change in Cash Flow hedge reserve of subsidiaries		(193)	(3,283)
Change in Cash Flow hedge reserve of associated companies		(3,535)	(2,691)
Change in Translation reserve of subsidiaries		2,528	(1,580)
Change in Translation reserve of associated companies		299	161
Result of the other Group components	25	(901)	(7,393)
Change in Cash Flow hedge reserve of minority subsidiaries		(1,737)	655
Change in Translation reserve of minority subsidiaries		1,080	(471)
Result of the other minority components		(658)	184
Total result		61,964	50,250
of which pertaining to the Group		62,156	48,509
of which pertaining to third parties		(191)	1,741

Consolidated statement of the financial position (*)

(thousands of euro)

BALANCE SHEET - ASSETS	Notes	31/12/2010	31/12/2009
Non-current assets			
Property, plant and equipment	14	298,680	319.780
Investment property	15	1,178	179
Intangible assets	16	3,716	3,966
Equity investments	17	95,874	93,397
of which:			
Equity investments valued using the equity method		93,910	91,389
Non-current financial assets	18	82,794	55,222
of which with related parties		*22,452*	*10,100*
Other non-current assets	19	21,287	19,454
Deferred tax assets	12	8,609	2,743
Total non-current assets		512,138	494,741
Current assets			
Inventories	20	86,466	90,316
Amounts due from customers	21	845,877	648,626
of which with related parties		*46,735*	
Trade receivables	22	617,841	711,076
of which with related parties		*48,055*	*29,606*
Current financial assets	18	27,908	26,558
Tax receivables	23	90,430	78,391
Other current assets	19	297,904	268,844
of which with related parties		*28,385*	*22,093*
Cash and cash equivalents	24	391,527	444,138
Total current assets		2,357,952	2,267,949
Total assets		2,870,090	2,762,690

(*) Application of Ifric interpretation 12, in force since 1 January 2010, involved restating the 2009 comparison.
For an analysis of the effects, please see the paragraph "Changes in accounting standards".

(thousands of euro)

BALANCE SHEET - LIABILITIES	Notes	31/12/2010	31/12/2009
Equity	25		
Share capital		193,606	193,610
Reserves:			
Legal reserve		18,453	14,972
Extraordinary reserve		143,522	91,278
Retained earnings		27,581	40,986
Other reserves		4,380	3,083
Other items of comprehensive income		(25,611)	(24,710)
Total capital and reserves		361,932	319,220
Profit (loss) for the year		63,056	55,902
Total Group equity		424,988	375,122
Minority profit (loss)		466	1,557
Other items of minority comprehensive income		(149)	509
Third party consolidation reserve		17,924	16,199
Minority equity		18,241	18,265
Total equity		443,229	393,387
Non-current liabilities			
Non-current financial liabilities	26	563,618	582,565
of which to related parties		*1,683*	*6,166*
Other non-current liabilities	27	98,223	94,951
Employee benefits	28	8,382	9,555
Deferred tax liabilities	12	742	119
Total non-current liabilities		670,966	687,190
Current liabilities			
Amounts due to customers	21	326,367	382,905
of which to related parties		*9,564*	
Trade payables	29	881,651	744,936
of which to related parties		*150,321*	*90,034*
Current financial liabilities	26	343,275	387,359
Tax payables	30	54,458	55,103
Provisions for current risks and charges	31	20,220	23,809
Other current liabilities	27	129,924	88,001
of which to related parties		*16,704*	*18,052*
Total current liabilities		1,755,895	1,682,113
Total liabilities		2,426,861	2,369,303
Total equity and liabilities		2,870,090	2,762,690

Statement of changes in equity

Changes in equity at 31 December 2010

(thousands of euro)	Share Capital	Legal reserve	Extraordinary reserve
Balance at 01 January 2010	193,610	14,972	91,278
Profit of continued operations 2010			
Cash flow hedge for the period			
Conversion of foreign management for the period			
COMPREHENSIVE ECONOMIC RESULT			
Treasury shares	(4)		104
Dividends			
Provision as per Art. 27			
Allocation of profit of 2009 continued operations		3,481	52,408
Other changes			(268)
Stock grant allocation reserve			
Balance at 31 December 2010	193,606	18,453	143,522

The effect of other items in comprehensive income generates a Cash flow hedge reserve at 31/12/2010 equal to EUR (20,894) and a Translation reserve equal to EUR (4,716).

Changes in equity at 31 December 2009

(thousands of euro)	Share Capital	Legal reserve	Extraordinary reserve
Balance as at 31 December 2008	193,554	13,542	76,710
IFRIC 12 reserve			
IFRIC 12 deferred taxes			
Balance at 01 January 2009	193,554	13,542	76,710
Profit of continued operations 2009			
Cash flow hedge for the period			
Conversion of foreign management for the period			
COMPREHENSIVE ECONOMIC RESULT			
FTA changes			
Treasury shares	56		(281)
Dividends			
Provision as per Art. 27			
Allocation of profit of 2008 continued operations		1,430	14,727
Other changes			122
Stock grant allocation reserve			
Balance at 31 December 2009	193,610	14,972	91,278

The effect of other items in comprehensive income generates a Cash flow hedge reserve at 31/12/2009 equal to EUR (17,166) and a Translation reserve equal to EUR (7.,543).

(*) The 2009 economic result reflects the Ifric 12 effects; please see the paragraph "Changes in accounting standards" for an analysis of these effects

Other items of comprehensive income	Other reserves	Retained earnings	Profit for the year	Total	Minority interests	Total equity
(24,710)	3,083	40,987	55,902	375,122	18,265	393,387
			63,056	63,056	466	63,522
(3,728)				(3,728)	(1,737)	(5,465)
2,827				2,827	1,080	3,907
(901)			63,056	62,155	(191)	61,964
	(109)			(9)		(9)
			(12,687)	(12,687)	(1,650)	(14,337)
			(1,044)	(1,044)		(1,044)
		(13,718)	(42,171)	-		-
	(39)	312		5	1,817	1,822
	1,445			1,445		1,445
(25,610)	4,380	27,581	63,056	424,988	18,241	443,229

Other items of comprehensive income	Other reserves	Retained earnings	Profit for the year	Total	Minority interests	Total Equity
(17,316)	(8,511)	25,248	42,101	325,328	6,547	331,874
	14,854			14,854		14,854
	(4,458)			(4,458)		(4,458)
(17,316)	1,885	25,248	42,101	335,723	6,547	342,269
			55,902	55,902 (*)	1,557	57,459
(5,974)				(5,974)	655	(5,319)
(1,419)				(1,419)	(471)	(1,890)
(7,393)			55,902	48,509	1,741	50,250
	8			8		8
	659			434		434
			(9,732)	(9,732)	(1,639)	(11,371)
			(429)	(429)		(429)
		15,783	(31,940)	-		-
	(563)	(44)		(485)	11,616	11,131
	1,094			1,094		1,094
(24,710)	3,083	40,987	55,902	375,122	18,265	393,387

Consolidated Cash Flow Statement

(thousands of euro)	31/12/2010	31/12/2009
A – CASH FLOW FROM OPERATIONS:		
Group and minority result for the year	63,523	57,460
Adjustments to reconcile net profit (loss) to cash flow generated (used) by operations:		
Deferred taxes	3,363	6,801
Amortisation, depreciation and write-downs	56,118	46,284
Provisions for risks and charges	744	3,120
Costs for employee severance indemnity and defined benefit plans	1,096	2,053
Cost for employee incentive plans	1,544	1,660
Capital loss on transfer of non-current assets	2,353	456
Effects of valuation using equity method	(4,429)	(530)
Capital gains on transfer of non-current assets	(2,216)	(7,558)
Subtotal	*58,573*	*52,286*
Changes in operating assets and liabilities (working capital):		
Trade receivables	93,236	(194,724)
of which with related parties	*(18,449)*	*5,376*
Inventories and accounts receivable from customers	(193,401)	(60,707)
of which with related parties	*(46,735)*	
Trade payables	136,716	100,069
of which with related parties	*59,823*	*23,822*
Provisions for risks and charges	(8,250)	(656)
Amounts due to customers	(56,538)	31,361
of which with related parties	*9,564*	
Other operating assets	(48,798)	42,449
of which with related parties	*(6,292)*	*14,962*
Other operating liabilities	40,267	45,411
of which with related parties	*(1,348)*	*15,872*
Payment of employee severance indemnity and defined benefit plans	(2,268)	(2,812)
Subtotal	*(39,037)*	*(39,609)*
Cash flows from operations	83,060	70,136

Consolidated Cash Flow Statement

(thousands of euro)	31/12/2010	31/12/2009
B – CASH FLOW FROM INVESTMENTS:		
- Construction		
Investment property	(1,019)	6
Investment in intangible assets	(869)	(458)
Investment in tangible assets	(25,426)	(75,995)
Amounts collected from the sale of intangible and tangible assets and investment property	(137)	7.101
Sale (purchase) of other investments net of acquired cash, hedging of losses of non-consolidated companies and other changes in the consolidation area	(628)	(2,350)
Change in financing of equity investments	(2,915)	(563)
of which with related parties	(2,915)	(563)
Subtotal of cash flow from Construction investments	*(30,994)*	*(72,259)*
- Concessions		
Net investment in tangible assets	(4,537)	(19,309)
Sale (purchase) of other investments net of acquired cash, hedging of losses of non-consolidated companies and other changes in the consolidation area	(1,006)	(36,608)
Change in financing of equity investments	(8,555)	(5,910)
of which with related parties	(8,555)	(5,910)
Change in facility fees from concessions	(15,645)	(16,680)
Subtotal of cash flow from Concession investments	*(29,743)*	*(78,507)*
Cash flows from investment activities	(60,737)	(150,766)
C – CASH FLOW FROM FINANCING ACTIVITIES:		
Increases in paid up capital		
Dividends paid + other changes	(10,095)	(6,342)
Taking out (repayment) of non-current payables net of commissions	(18,948)	101,950
of which with related parties	*(4,483)*	*3,859*
Net change in current financial payables (including leasing agreements)	(44,084)	94,878
Net change in financial assets		
Sale (purchase) of securities/bonds and treasury shares	(1,806)	522
Cash flows from financing activities	(74,933)	191,008
D - EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(52,611)	110,378
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	444,138	333,759
CASH AND CASH EQUIVALENTS AT END OF YEAR	391,527	444,138

Notes to the consolidated accounts

General information

Astaldi Group has been operating for over eighty years in Italy and abroad in the design and construction of major civil engineering works. It is one of the most important groups operating in the construction sector at an international level and is a leader in Italy in its capacity as general contractor and promoter of project finance initiatives.
The Group operates through the parent company, Astaldi S.p.A. which is a joint stock company (società per azioni) with registered offices at Via Giulio Vincenzo Bona 65, Rome. It has been listed in the STAR division of the Milan Stock Exchange since June 2002.

Form, contents and segment information

Astaldi Group's consolidated financial statements at 31 December 2010 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union and in compliance with CONSOB regulations regarding international accounting standards. The aforementioned standards have been integrated with the interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee), approved by the European Union as at 31 December 2010.
The 2010 consolidated financial statements include the following statements:

1. Separate Income Statement;
2. Statement of Comprehensive Income;
3. Statement of Financial Position;
4. Cash Flow Statement;
5. Statement of Changes in Equity;
6. Explanatory Notes.
7.

Please note that the Group decided to present the Statement of Comprehensive Income in two distinct statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit(loss) items for the period (Separate income statement) and a statement which starts from the profit(loss) for the period and algebrically adds "other components of comprehensive income" (Statement of comprehensive income). It should be noted that, with reference to the other components of comprehensive income, for Astaldi Group, only the items "Reserve for cash flow hedge" and "Translation reserve" are included. Moreover, it should be underlined that including these reserves in the statement of comprehensive income, does not alter its nature of suspended economic items, and therefore, an item not referring to the year, as per provisions set out by IAS 39 and IAS 21, respectively.
The separate income statement is prepared based on

a classification of each single component by nature. Such classification reflects the management report methods used within the Group and is therefore considered more representative compared to presentation of items according to their destination, providing more reliable and more relevant information for the sector of origin.
As far as the Statement of financial position is concerned, it has been chosen to enter items, separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provision contained in paragraph 60 and following of IAS 1.
The cash flow statement shows cash flow for the year, broken down into operations, investments and financial activities; cash flows from operations are entered using the indirect method.
The statement of changes in equity was prepared in accordance with IAS 1.
Finally, with regard to sector disclosure, the so-called management approach was applied, meaning that the elements that top management uses for taking its strategic and operational decisions are considered. To this purpose, it should be specified that the operating sectors subject to disclosure were determined according to reporting used by the top management as an information set for their decisions. This reporting is specifically based on the various geographical areas in which the Group operates, and it is determined by using the same accounting standards used to draw up the consolidated financial statements. Refer to Note 34 for the presentation of the models for the segment information.

Drafting criteria

The consolidated financial statements have been prepared on the basis of the historical cost principle, except for derivatives that are valued at fair value. In this regard, since no fair value hedging transactions were performed, there are no financial instruments whose cost has been adjusted in relation to changes in the fair value attributable to the hedged risk.
All amounts are expressed in thousands of Euro unless otherwise indicated. Consequently, the total amounts in some statements can slightly deviate from the sum of the single addenda that compose the amount by virtue of round-offs.
The consolidated financial statements have also been prepared under the going concern assumption.

Changes in accounting standards

The accounting standards adopted in these consolidated financial statements are consistent with those adopted in previous year, with the exception of those approved by the European Union which came into force as from 2010.
To this regard, please refer to Ifric 12 regarding the measurement and accounting criteria to apply to the Concession agreements. Specifically, Ifric 12, published by IASB in November 2006, was approved by the European Commission with EC regulation no. 254/2009 on 25 March 2009, and must be applied from the financial statements referring to the year that started on a date subsequent to that of the interpretation's approval.
Ifric 12 is applied to the agreements for services under concession in which the authority granting the concession is an entity of the public sector and the concessionaire is an entity of the private sector if the following conditions are observed:
(i) The authority granting the concession controls or regulates the services that the concessionaire must supply with the infrastructure, to whom it must supply them, and at what price; and
(ii) The authority granting the concession controls any remaining interest in the infrastructure at the expiry date of the agreement through its ownership or in another way.
From the analysis conducted, the interpretation is applied to the Group Concessions regarding car parks and the concession agreements which several associated companies of the Group hold.
The major novelty of Ifric 12 relates to the fact that the

concessionaire does not have to register the transferable infrastructure as a tangible asset since it does not hold its "control" as defined in par. 5 of Ifric 12.
The right to use the infrastructure for supplying the service - which is the asset to be recorded pursuant to Ifric 12 - is classified as a financial asset when there is an unconditioned right to receive a payment regardless of the actual use of the infrastructure and as an intangible asset when there is a right to charge the users for the use of the public service. If the concessionaire is paid for the construction services in part with a financial asset and in part with an intangible asset, we have a mixed accounting model. In this case it becomes necessary to separate the component of the agreement between the portion referring to the financial asset and that concerning the intangible asset. Specifically, Ifric 12 requires that the concessionaire should first calculate the portion of financial asset and then the of the intangible asset remaining (as to the value of the construction and/or improvement services supplied).
After the analyses were completed, it was found that in most cases the mixed accounting model is applied to the Group Concessions regarding the car parks and the concession agreements that several Group associated companies hold. The agreement component referable to the financial asset absorbs the prevailing part (if not the entire part) of the value of the construction services executed; it ensues that the intangible asset component recorded is of an absolutely small amount.
As for the Concessions concerning the design, construction and management of the car parks, the facility fees forming the financial asset were determined by discounting the cash flows deriving from unconditioned right to receive a payment regardless of the actual use of the infrastructure at an interest rate including the time value and counterparty risk. The value calculated this way was compared with the fair value of the construction serve and if it was higher, it was recorded as a financial asset up to the amount of the mentioned fair value; if lower, it was entered in its entirety and the difference was classified within intangible assets.
When the financial asset was entered (and the intangible asset, if necessary), the tangible asset (represented by the freely transferrable assets) was deleted.
Ifric 12 was applied starting from 1 January 2010 with effects also in comparative terms (restatement of 1 January 2009), considering the transitory provisions of par. 30 of Ifric 12. To this regard, in order to clearly express the effects deriving from application of Ifric 12, the reconciliation of equity statements as at 1 January 2009 and 31 December 2009, as well as the economic result as at 31 December 2009, are presented below.
The new income statement and balance sheet for the year 2009 were obtained from the reconciliation statements, to compare with those relating to 2010.

Statement: reconciliation of equity 31 December 2009

(thousands of euro)	Equity 01/01/2009	Equity 31/12/2009	Change	Ref
Values before IFRIC 12	331,874	378,547		
IFRIC 12 adjustments before tax effect	14,854	20,962	6,108	a)
I) Elimination of costs increasing equity (freely transferrable assets and inventories)	(17,140)	(24,181)	(7,041)	b)
II) Entry of intangible assets	642	632	(10)	d)
III) Entry of facility fees from concessions	30,695	43,046	12,351	c)
IV) Adjustment of value of the equity investments valued based on the equity method	657	1,465	808	e)
Tax effect on IFRIC 12 adjustments	(4,458)	(6,122)	(1,664)	
Values after IFRIC 12	342,270	393,387		
Absolute change	10,396	14,840	4,444	f)

Statement: reconciliation of economic result 31 December 2009

(thousands of euro)	Net result 31/12/2009	Ref
Values before IFRIC 12	53,016	
IFRIC 12 adjustments before tax effect	6,108	a)
V) Elimination of costs increasing equity (freely transferrable assets and inventories))	(7,302)	b)
VI) Elimination of amortisation on freely transferrable assets	261	
VII) Entry of the fair value of the construction service	11,404	
VIII) Reversal of the revenues of the management activities	(1,551)	c)
IX) Entry of the financial income	2,498	
X) Entry of the amortisation of the intangible assets	(10)	d)
XI) Adjustment amount of the result of the equity investments valued based on the equity method	808	e)
Tax effect on IFRIC 12 adjustments	(1,664)	
Values after IFRIC 12	57,460	
Change	4,444	f)

I); V); VI): elimination of the capitalised costs brings about an item adjusting equity and the economic result, bearing in mind that some car parks were still undergoing construction in 2009. The accounted amortisation was also eliminated for the car parks already under management in 2009. The combination of these adjustments produces a negative equity change in 2009 equal to EUR 7,041, which is economically explained by the algebraic sum of effects V) and VI).
II); X): entry of the intangible concession fees derives from the fact that the value of the service of constructing a car park is not entirely absorbed by the current value of the guaranteed cash flows it generates. Because of this, equity as at 1 January 2009 increases by EUR 642, and afterwards decreases due to amortisation.
III); VII); VIII); IX): the increase in equity as at 1 January 2009 is caused by the difference between the book value of the assets under concession and the current value of the guaranteed cash flows relating to the construction service and that generate the financial receivables. They later increase in connection with completion of the construction service. On the economic level, the progress of the car parks under construction (VII), adjustment of the revenues coming from the guaranteed minimums whose value is now broken down into a principal reducing financial receivables and interest (IX), and the charging of the interest accrued on the financial receivables are pointed out.
IV); XI): the increased equity comes from the equity valuation of the concessionaire associated companies: Veneta sanitaria finanza di progetto S.p.A., Sa.t. S.p.A., Metro 5 S.p.A. What should be noted in this regard is that for all of these associated companies, measurement of the current value of the guaranteed cash flows allows the value of the construction to be recovered. Sa.t and Metro 5 are still in the infrastructure construction stage.

The economic and financial position of 2009 compared with the same position deriving from application of Ifric 12 is shown below.

Balance sheet - assets

(thousands of euro)	31/12/2009 Ifric 12	31/12/2009	Change	
Non-current assets				
Property, plant and equipment	319,780	333,348	(13,569)	
Investment property	179	179		
Intangible assets	3,966	3,334	632	
Equity investments	93,397	91,932		
of which:				
Equity investments valued using the equity method	91,389	89,924	1,465	
Non-current financial assets	55,222	12,518	42,705	
Other non-current assets	19,454	19,454		
Deferred tax assets	2,743	8,865	(6,122)	
Total non-current assets	494,741	469,630	25,111	
Current assets				
Inventories	90,316	100,929	(10,613)	
Amounts due from customers	648,626	648,626		
Trade receivables	711,076	713,142	(2,066)	(*)
Current financial assets	26,558	23,546	3,013	(*)
Tax receivables	78,391	78,391		
Other current assets	268,844	269,450	(606)	(*)
Cash and cash equivalents	444,138	444,138		
Total current assets	2,267,949	2,278,221	(10,272)	
Total assets	2,762,690	2,747,850	14,840	

(*) Balance sheet items also reclassified as part of the application framework of IFRIC 12

Balance sheet - liabilities

(thousands of euro)	31/12/2009 Ifric 12	31/12/2009	Change
Equity			
Share capital	193,610	193,610	
Reserves:			
Legal reserve	14,972	14,972	
Extraordinary reserve	91,278	91,278	
Retained earnings	40,986	40,986	
Other reserves	3,083	(7,313)	10,396
Other items of comprehensive income	(24,710)	(24,710)	
Total capital and reserves	319,220	308,824	10,396
Profit (loss) for the year	55,902	51,458	4,444
Total Group equity	375,122	360,282	14,840
Minority profit (loss)	1,557	1,557	
Other items of minority comprehensive income	509	509	
Third party consolidation reserve	16,199	16,199	
Minority equity	18,265	18,265	
Total equity	393,387	378,547	14,840
Non-current liabilities			
Non-current financial liabilities	582,565	582,565	
Other non-current liabilities	94,951	94,951	
Employee benefits	9,555	9,555	
Deferred tax liabilities	119	119	
Total non-current liabilities	687,190	687,190	
Current liabilities			
Amounts due to customers	382,905	382,905	
Trade payables	744,936	744,936	
Current financial liabilities	387,359	387,359	
Tax payables	55,103	55,103	
Provisions for current risks and charges	23,809	23,809	
Other current liabilities	88,001	88,001	
Total current liabilities	1,682,113	1,682,113	
Total liabilities	2,369,303	2,369,303	
Total equity and liabilities	2,762,690	2,747,850	14,840

Income statement

(thousands of euro)	31/12/2009 Ifric 12	31/12/09	Change
Revenues	1,802,775	1,797,875	4,900
Other operating revenues	69,312	71,661	(2,349)
Total revenues	1,872,087	1,869,536	2,551
Purchase costs	(310,962)	(310,962)	
Service costs	(1,085,135)	(1,085,135)	
Personnel costs	(240,458)	(240,458)	
Amortisation, depreciation and write-downs	(46,284)	(46,534)	251
Other operating costs	(32,450)	(32,450)	
Total costs	(1,715,290)	(1,715,541)	251
(Capitalisation of internal construction costs)	822	822	
Operating result	157,619	154,817	2,802
Financial income	40,465	37,967	2,498
Borrowing costs	(107,819)	(107,819)	
Effects of valuation of investments using equity method	530	(278)	808
TOTAL FINANCIAL AREA AND INVESTMENTS	(66,824)	(70,130)	3,306
PRE-TAX PROFIT (LOSS) OF CONTINUED OPERATIONS	90,795	84,687	6,108
Taxation	(33,336)	(31,671)	(1,664)
PROFIT (LOSS) OF CONTINUED OPERATIONS	57,460	53,016	4,444
PROFIT (LOSS) FOR THE YEAR	57,460	53,016	4,444
Group profit	55,902	51,458	4,444
Minority profit	1,557	1,557	
Profit per share	0.57	0.53	0.04
Diluted profit per share	0.57	0.53	0.04

A table showing the Concessions for which Ifric 12 was applied is provided below.

Table: Ifric 12 application framework

Type of Concession: Car parks (*)

Grantor	Purpose of concession	Concession expiry
Municipality of Turin (Porta Palazzo car park)	Design, construction and management of a multi-storey car park	Year: 2076
Municipality of Turin (Corso Stati Uniti car park)	Design, construction and management of a multi-storey car park	Year: 2079
Municipality of Bologna (Piazza VIII Agosto car park)	Design, construction and management of a multi-storey car park.	Year: 2058
Municipality of Bologna (former Manifattura Tabacchi car park)	Design, construction and management of a multi-storey car park.	Year: 2040
Municipality of Verona (Cittadella car park)	Design, construction and management of a multi-storey car park.	Year: 2048

Type of Concession: Healthcare (**)

ULSS 12 Veneziana (Venice Local Health Authority 12)	Design, construction and management of no-core services of the Nuovo Ospedale in Mestre	Year: 2032
ASL 1,2,3,4 Toscane (Tuscan Local Health Authorities 1,2,3,4)	Design, construction and management of no-core services of the four new hospitals in the Apuane area, Lucca, Pistoia and Prato (*)	Year: 2032

Type of Concession: Underground (**)

Municipality of Milan	Design, performance of civil and technological works and management of the underground line	Year: 2038

(*) Concession agreements in which Astaldi S.p.A. is directly holder. On this subject, please note that in 2010 Astaldi S.p.A. gave the Car Parks line of business to the newly-formed Astaldi Concessioni s.r.l. See the Management Report for in-depth information.
(**) Concession agreements in which Astaldi S.p.A. is indirectly holder through shareholdings in the concessionaire companies. Please note that of the shareholdings, the associated company Pacific Hydro Chacayes S.A. is not included in the Ifric 12 framework. Among other things, it is specified that this associated company was also given to Astaldi Concessioni s.r.l.

Summary of main accounting standards adopted

The most important accounting standards and valuation criteria adopted to prepare the consolidated financial statements at 31 December 2010 are listed below.

Consolidation area and consolidation standards

The Group's consolidated financial statements comprise the financial statements of the parent company, Astaldi S.p.A. and the Italian and foreign companies in which Astaldi holds the controlling interest, either directly or indirectly, and have been prepared, for the purpose of consolidation, in accordance with the IFRSs adopted by Astaldi Group. A list of the companies included in the area of consolidation and relative percentages held by the Group, either directly or indirectly, together with other important information, is attached to these Notes. Summarized below, a list of the companies included in the consolidation area at 31 December 2010 showing the changes with regard to the first half-year of 2010.

Consolidation area (*)

1	Astaldi Concessioni S.r.l.	100.00%
2	Astaldi Arabia Ltd.	100.00%
3	Astaldi International Inc.	100.00%
4	Astaldi International Ltd.	100.00%
5	Garbi Linea 5 S.c.a.r.l.	100.00%
6	Sartori Sud S.r.l.	100.00%
7	Grooupment G.R.S.H.	100.00%
8	Astaldi Bulgaria LTD	100.00%
9	Astaldi-Astaldi International J.V.	100.00%
10	Astaldi Algerie - E.u.r.l.	100.00%
11	Astaldi Construction Corporation	100.00%
12	Messina Stadio S.c.r.l. in liquidation	100.00%
13	Euroast S.r.l. in liquidation	100.00%
14	Italstrade IS S.r.l.	100.00%
15	Redo-Association Momentanée	100.00%
16	Seac S.p.a.r.l. in liquidation	100.00%
17	I.F.C. Due S.c.r.l. in liquidation	99.99%
18	CO.MERI S.p.A.	99.99%
19	AR.GI S.c.p.A.	99.99%
20	CO.NO.CO. S.c.r.l. in liquidation	99.98%
21	Portovesme S.c.r.l. in liquidation	99.98%
22	Astur Construction and Trade A.S.	99.98%
23	Astaldi de Venezuela C.A.	99.80%
24	ASTALROM S.A.	99.52%
25	Romairport S.r.l.	99.26%
26	Constructora Astaldi Fe Grande Cachapoal Limitada	95.00%
27	Toledo S.c.r.l.	90.39%
28	Susa Dora Quattro S.c.r.l. in liquidation	90.00%
29	S. Filippo S.c.r.l. in liquidation	80.00%
30	Forum S.c.r.l.	79.99%
31	Bussentina S.c.r.l. in liquidation	78.80%
32	AS. M. S.c.r.l.	75.91%
33	Mormanno S.c.r.l. in liquidation	74.99%
34	S.P.T. - Società Passante Torino S.C.r.l.	74.00%
35	CO.ME.NA. S.c.r.l. in liquidation	70.43%
36	Astaldi-Max Bogl-CCCF JV S.r.l.	66.00%
37	Scuola Carabinieri S.C.r.l.	61.40%
38	Cachapoal Inversiones Limitada	60.00%
39	Quattro Venti S.c.r.l. in liquidation	60.00%
40	Inversiones Assimco Limitada	60.00%
41	Consorcio Rio Pallca	60.00%
42	Ospedale del Mare S.C.r.l.	60.00%
43	Partenopea Finanza di Progetto S.p.A.	59.99%
44	C.O.MES. in liquidation S.C.r.l.	55.00%
45	Italstrade Somet JV Rometro S.r.l.	51.00%
46	Infraflegrea Progetto S.p.A.	51.00%
47	Romstrade S.r.l.	51.00%
48	Italstrade CCCF JV Romis S.r.l.	51.00%

(*) The following changes are to be noted:

1. Exits from the consolidation area due to final liquidation: Silva S.r.l. in liquidation.
2. The following have been included in the consolidation area: Astaldi Concessioni S.r.l.
1. Increase of investment from 60.00% to 100% in Garbi Linea 5 S.c.r.l.

The financial statements approved by the Shareholders' Meetings or, if unavailable, the draft financial statements prepared by the Boards of Directors have been used to perform consolidation. The reference dates of the consolidated companies' financial statements coincide with that of the Parent Company's apart from the investee company Astaldi de Venezuela C.A. whose financial year ended at 30 November 2010. In this regard, the company was consolidated taking into account the provisions contained in IAS 27 for such circumstances. The financial statements included in the consolidation are prepared in accordance with Parent Company's accounting standards, making adjustments where necessary in order to update the valuation of specific items calculated according to different standards. Specifically, the companies where Astaldi has a controlling interest have been fully consolidated. Such controlling interest consists in holding the ma-

jority of shares with voting rights, either directly or indirectly, or the powers to determine the company's financial and managerial choices, obtaining the relevant benefits, regardless of shareholder composition.
Equity investments in companies where control is exercised jointly with third parties are consolidated using the equity method.
Subsidiaries are consolidated on a line-by-line basis starting from the date of acquisition, or from the date on which the Group acquired the controlling interest, and cease to be consolidated as from the date on which the controlling interest is transferred outside the Group.
All intra-group operations and balances, including possible unrealised profits and losses resulting from relations between Group companies, are completely eliminated. In this respect it is noted that, as far as concession activities are concerned, the margins inside the Group have not been reversed. Both because works were awarded by grantors in accordance with the procedures provided for by law, based on market prices, and because the margins in terms of absolute amounts are insignificant. Moreover, such works performed on behalf of third parties will be freely transferred to the respective grantors upon expiry of the individual concessions.
Equity investments in companies over which a considerable influence is exercised, generally combined with a shareholding of between 20% and 50%, are valued using the equity method. In the event of application of the equity method, the value of the holding is aligned with equity, adjusted where necessary to reflect application of IFRSs, and includes goodwill (net of impairment) as identified at the moment of purchase, as well as the effects of adjustments required by standards regarding the drafting of consolidated financial statements. Specifically, any profit and loss from transactions between the Group and the associated company is eliminated in proportion to the share held in the associated company.
As far as investments in associated companies and companies under joint control are concerned, any losses of value exceeding the book value are entered in the provision for risks on investments, solely to the extent to which the subsidiary has undertaken legal or implicit obligations or made payments on behalf of the companies.

Conversion of items and translation of financial statements in foreign currency

Astaldi Group's financial statements have been prepared in Euro, which is the Parent company's presentation and operating currency.
The balances included in each Group company's financial statements have been entered in the currency of the Company's main economic environment (operating currency). The items expressed in a currency other than the operating currency, being monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-set or determinable sums of money, etc.) or non-monetary (inventories, works in progress, advances to suppliers of goods and/or services, goodwill, intangible assets etc.) are initially entered at the exchange rate in force on the transaction date. The monetary items are subsequently converted into the operating currency at the exchange rate on the closing date of the financial statements and the resulting differences are entered in the income statement. In this last respect, please note that the exchange rate differences are classified on the separate income statement based on the type of equity item that generated it.
The non-monetary items are kept at the conversion rate on the transaction date except in the event of an ongoing unfavourable trend in the reference exchange rate. The exchange rate differences relating to non-monetary items are entered (income statement or equity) in the same way as the differences in the value of such items.
The rules for translating financial statements expressed in foreign currency into the presentation currency are as follows:

- assets and liabilities entered in financial statements are converted at the exchange rate on the closing date of the financial year;
- costs and revenues, income and charges, entered in

financial statements, are converted at the average exchange rate for the period, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- equity items, excluding profit for the period, are converted at historic exchange rates;
- the "translation reserve" includes both the exchange rate differences generated by the conversion of economic items at a different rate from the year-end rate, and the differences generated by conversion of opening equity balances at a different exchange rate than the year-end rate.

In the event of hyperinflationary economies, according to the definition supplied by IAS 29, measurement criteria provided for by the above-mentioned standard are taken into account.

Property, plant and equipment

Tangible assets are valued at purchase or production cost, net of accrued depreciation and any impairment. The cost includes all expenses directly incurred in order to prepare assets for use, as well as any charges for dismantling and removal needed to restore the site to its original conditions.
Charges incurred for routine and/or cyclical maintenance and repairs are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or improvement of facilities owned or used by third parties are capitalised exclusively within the limits in which they meet the requirements for separate classification as an asset or part of an asset. Borrowing costs incurred are capitalized when conditions set out by IAS 23 are met.
The value of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of use based on its useful life. Depreciation is applied when the asset becomes available for use. The useful life estimated by the Group for the various categories of assets is as follows:

	Years
Buildings	20-33
Plant and machinery	5-10
Equipment	3-5
Other assets	5-8

Land, including land pertaining to buildings, is not depreciated.
Should the asset subject to depreciation be composed of distinctly identifiable elements, whose useful life differs significantly from that of the other components forming the tangible asset, depreciation is performed separately for each of the components forming the asset, in application of the component approach policy.
Profits and losses resulting from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant net book value.

Leased property, plant and equipment

Tangible assets owned through financial leasing agreements, which basically transfer all the risks and benefits of ownership to the Group, are entered in the financial statements, at the effective date of the agreement, as Group assets at their current value or, if lower, at the current value of the minimum payments due for the leasing agreement, including the sum to be paid for exercising the purchase option. The corresponding liabilities, vis-à-vis the lessor, are included within financial payables.
If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the leasing agreement, the financially leased assets are depreciated over a period equal to the duration of the leasing agreement or the useful life of such asset, whichever is shorter.
Leases in which the lessor largely maintains all the risks and benefits of ownership of the assets are classified as operating leases. The charges referring to operating leases are entered in the income statement in the financial years of the duration of the leasing agreement.

Intangible assets

Intangible assets are non-monetary items having no physical consistency, and clearly identifiable and suited to generating future economic benefits for the company. These items are recorded in the financial statements at purchase and/or production cost, including expenses that may be directly attributed during the preparation phase to bring it into operation, net of accrued amortisation (with the exception of assets with an undefined useful life) and any impairment. Amortisation is performed when the asset is available for use, and is divided systematically in relation to the residual possibility of its use, which is based on its useful life. A rate is applied which takes into account its actual use during the financial year the intangible asset is entered for the first time.
Industrial patent and intellectual property rights are entered at purchase cost, net of amortisation and impairment accrued over time.
Amortisation is performed starting from the financial year in which the purchased right is available for use, and takes into account the corresponding useful life.
Concessions, licenses and similar rights are entered at cost, net of amortisation and impairment accrued over time. Amortisation is performed starting from the financial year in which ownership is acquired, in relation to its duration.
Goodwill, if related to business combination transactions, is entered within intangible assets and represents the positive difference between the cost incurred to acquire a business or line of business and the acquired share in relation to the value of the assets and liabilities forming the capital of the business or line of business. Potential Purchased and identifiable assets and liabilities (including respective minority interests) are entered at their current value (fair value) at purchase date. While the negative difference, if any, is entered in the income statement at the time of purchase. After its initial disclosure, goodwill is not amortised, but it is tested for impairment.
In accordance with the provisions of IAS 36 (Impairment of assets) an impairment test is performed on an annual basis, or more frequently if specific events or changed circumstances show the possibility that Goodwill might be to impairment. In this regard, it is noted that no goodwill was recorded at 31 December 2010.

Business combinations

Business combinations are accounted for using the acquisition method. According to this method, the consideration transferred to a business combination is measured at fair value, calculated as the sum of fair values of the assets transferred and the liabilities undertaken by the Group at the date of acquisition and the capital instruments issued in exchange for control of the acquired company. The additional charges at transaction are usually recorded on the income statement when they are incurred. Goodwill is calculated as the surplus between the sum of considerations transferred to the business combination, the minority equity and the fair value of any investment previously held in the acquired company with respect to the fair value of the net assets acquired and liabilities undertaken at the date of acquisition. If the value of the net assets acquired and liabilities undertaken as at the date of acquisition exceeds the sum of the transferred considerations, the value of the minority equity and the fair value of any investment previously held in the acquired company, such surplus is immediately recorded on the income statement as income coming from the concluded transaction. The business combinations that took place before 1 January 2010 were recorded according to the previous version of IFRS 3.
No business combination transactions took place during 2010. However, and for the sake of completeness, it is noted that in 2010 the parent company formed a new company, Astaldi Concessioni S.r.l., by granting a line of business consisting of the "Car park" concessions in an initial stage, as well as several foreign activities active in the "Water and Energy" sector. This operation was carried out in continuity with accounting values. Please refer to the Management Report for a broader analysis of the operation in question.

Investment property

An investment property is recognised as an asset when it
held for the purpose of receiving rent or appreciation of the invested capital, provided that the cost of the asset can be reliably established and the relevant economic future benefits can be used by the company.
Investment property is valued at purchase or production cost, increased by any additional costs, net of accrued depreciation and any impairment.
The useful life of the property is between 20 and 33 years.
Investment property is eliminated from the financial statements when transferred or when the investment is unusable in the long-term and no future economic benefits are expected from its transfer.

Impairment of tangible and intangible assets

Assets with an undefined useful life are not subject to systematic amortisation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the value entered in the financial statements.
For assets subject to systematic amortisation and depreciation, the presence of indicators leading to the possibility of impairment is assessed; consequently the recoverable amount of the asset is estimated. Such amount is defined as the greater between the fair value net of sale costs and the asset's value in use, with any surplus entered in the income statement.
Should the prerequisites for the previously performed impairment cease to exist, the asset's book value is restored within the limits of the net book value. Any value restoration is recorded in the income statement. Conversely, the value of previously amortised goodwill or an intangible asset with an undefined useful life is never restored.
When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash generating unit to which it belongs.

It is noted that during 2010, there were no internal and external indicators of impairments, as defined in IAS 36. Furthermore, it is noted that, in the absence of goodwill and having ascertained that the recoverable value of individual assets may be easily calculated, the Group has not identified any impairment.

Equity investments

Investments in companies other than subsidiaries, associated companies and joint ventures, for which the consolidation area should be referred to (generally with a share of less than 20%) are classified, at the moment of purchase, among "equity investments" and valued at cost in case calculation of the fair value is unreliable. In this case, the cost is adjusted for impairments according to provisions set forth by IAS 39. Nevertheless, considering their little significance, the Group measures investments in other companies at cost, and then adjusts it for impairments according to the provisions set forth by IAS 39.

Inventories

Inventories are entered at cost or the net recoverable value, whichever is less. The value of inventories is calculated on the weighted average cost, applied to homogenous categories of goods. The cost includes all charges related to purchase and transformation and all other costs incurred to bring inventories to the site where being used and in the conditions to be suitable for the production process.

Long-term contracts

Work in progress are entered in accordance with the percentage of completion method, according to which costs, revenues and the margin are entered on the basis of activities carried out. The percentage of completion is calculated by applying the "incurred cost" (cost to cost) criterion.
Valuation reflects the best estimate of works performed at reporting date. Assumptions, underlying

measurements, are periodically updated. Any economic effects deriving therefrom are accounted for in the year in which such update is made.

Contract revenues include:
agreed contractual fees, changes in works, price reviews, and incentives, to the extent in which these are likely to be valued reliable. Specifically, the relative valuations are performer by referring to:
- specific legislation regarding public works and international legislation,
- contract clauses,
- specific technical-legal studies on the positive results which can be reasonably reached in legal disputes with customers

Contract costs include:
all costs that refer directly to the contract, costs that may be attributed to contract activity in general and that may be allocated to such contract, as well as any other costs that may be specifically charged to the customer on the basis of contract clauses.
Such costs moreover include:
- pre-operating costs, i.e. the costs incurred during the initial phase of the contract prior to the start of construction activity (tender preparation costs, design costs, organisation and production start-up costs, construction site installation costs), as well as,
- post-operating costs incurred after completion of the contract (site removal, return of equipment/machinery to base, insurance, etc.), and additionally,
- costs for services to be performed after the completion of works, remunerated in the contract referring to the contract activity (for example, periodic maintenance, assistance and supervision during the first phase of operation of individual works).

Finally, it is noted that contract costs include borrowing costs, as allowed by the amendment to IAS 11 in connection with the new IAS 23 standard, resulting from financing specifically referred to works carried out. In fact, during the call for tenders, specific terms of payment are defined on the basis of law conditions that require the Group to perform structured financing transactions on the contract's invested capital, the relative charges for contract fee calculation.
Should it be forecasted that completion of a contract may generate a loss, this shall be entirely recorded in the financial year when reasonably expected.
When the outcome of a long-term contract cannot be reasonably estimated, the value of work in progress is calculated on the basis of costs incurred, assuming it is reasonably expected that such will be recovered without recognition of the margin.
When favourable or unfavourable events attributable to present situations at date of the financial statements occur after balance-sheet date, the amounts entered in the financial statements are adjusted to reflect the consequent economic, financial and equity effects.
Work in progress is presented net of any provisions for depreciation and/or final losses, as well as of any advances for the contract in progress.
In this regard, it is noted that invoiced amounts related to individual interim work reports (Advances) reduce the gross contract value, if the latter is higher, and any surplus is entered under liabilities. On the other hand, invoiced advances are considered as financial transactions and are not relevant for the purpose of revenue recognition. Therefore, since advances represent simple financial events, these transactions are always entered among liabilities insofar as received not as consideration for works carried out. However, such advances are progressively decreased, usually by virtue of contract agreements, to offset invoicing of the contract.
With reference to provision for losses on individual contracts, it is noted that in case such provision exceed the contract value entered among assets, such excess is recorded under "Amounts due to customers".
Such analyses are carried out on a contract-by-contract basis: in case the differential is positive (due to work in progress being greater than the amount of advances), such amount is classified among assets under "*Amounts due from customers*"; on the other hand, in case this differential is negative, the amount is classified among liabilities, under "*Amounts due to customers*".

Crediti e Attività Accounts receivable and financial assets

The Group classifies financial assets in the following categories:

- assets at fair value through income statement;
- accounts receivable and loans;
- financial assets held to maturity;
- financial assets available for sale.

Classification depends on the reasons why the asset was acquired, the nature thereof, and the valuation made by management as at the purchase date.

All financial assets are initially valued at fair value, increased by additional charges in case of assets other than those classified at fair value through income statement.

The Group determines the classification of its own financial assets after initial entry and, if appropriate and allowed, reviews such classification at the end of each financial year. In this regard, it is noted that during 2010, similarly to the previous year, the categories adopted were accounts receivable and loans and assets at fair value through income statement; the latter includes derivatives and some securities of a minor amount.

Financial assets at fair value through income statement

This category includes financial assets acquired for short-term trading or financial assets originally designated for this purpose by management. Assets held for trading include all assets purchased in order to be sold in the short term. Derivatives, including stripped derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments. Profits or losses on assets held for trading are recorded in the income statement. Upon initial entry, financial assets may be classified as financial assets at fair value through income statement, if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency of entry which would arise by valuing the assets or entering profits and losses generated by such assets in accordance with a different criterion; or (ii) the assets are part of a group of managed financial assets and their return is valued on the basis of their fair value, in accordance with a documented risk management strategy.

Accounts receivable and loans

This category includes assets which are not derivatives and that are not quoted in an active market, from which fixed or calculable payments are expected. Such assets are valued at the amortised cost based on the effective interest rate method. Any impairment calculated through the impairment test is entered in the income statement. These assets are classified as current assets, except for portions whose terms expire after more than 12 months, which are included within non-current assets.

Financial assets held to maturity

As opposed to derivatives, these assets have a pre-established maturity and are the assets that the Group intends to hold in its portfolio until maturity.

Such assets are valued at the amortised cost based on the effective interest rate method. Those whose contractual term is established within 12 months are classified under current assets. Any impairment calculated through the impairment test is entered in the income statement.

Financial assets available for sale

This category includes financial assets, which are not derivatives, specifically designated as falling within this category or not classified in any of the three previous categories. They are valued at fair value, with any changes in value being offset to a specific equity provision ("provision for financial assets available for sale"). Such provision is recorded in the income statement only when the financial asset is actually transferred or, in the event of decrease in value, when it is clear that the impairment recorded in equity cannot be recovered. Classification as current or non-current assets depends on management's intentions and on the negotiability of the security. Assets whose realization is expected in the subsequent 12 months are entered among current assets.

Impairment of financial assets

At the end of each financial year, the Group verifies whether any financial assets or group of financial assets were impaired according to the following criteria.

Assets valued at amortised cost

If there is actual evidence that financing or a receivable entered at amortised cost might be impaired, an impairment test is performed in order to determine the difference between the book value of the asset and the current value of estimated future cash flows (excluding losses on future amounts receivable not yet incurred) discounted by the initial actual rate of interest of the financial assets (i.e. the actual interest rate calculated at the date of initial entry). The book value of the asset will be reduced by application of a provision. The amount of the loss will be entered in the income statement.
With reference to trade receivables, amortisation for impairment is made when there is evidence, largely based on the counterparty's nature, that there is no possibility of collecting such receivables according to the original conditions. If, subsequently, the amount of impairment decreases, the decreased value may be restored. Any subsequent restorations of value are entered in the income statement, to the extent in which the asset's book value does not exceed the amortised cost at the date of restoration.

Financial assets available for sale

In case of impairment of a financial asset available for sale, an amount corresponding to the difference between its cost (net of repayment of capital and amortisation) and its current fair value is deducted from equity and entered in the income statement, net of any impairment previously entered in the income statement.
Reversal of value relating to equity investments classified as available for sale is not entered in the income statement. Reversal of values relating to debt instruments is entered in the income statement if the increase in instrument's fair value may be objectively attributed to an event which occurred after impairment was entered in the income statement.

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralising the risk of underlying assets or liabilities or Astaldi Group undertakings, except when they are classed as assets held for the purpose of trading and valued at fair value through income statement.
The Group uses derivatives within the context of hedging strategies aimed at neutralising the risk of fluctuations of cash flows expected with regard to contractually defined or highly probable transactions (cash flow hedge). Fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are entered in a specific reserve charged to the statement of comprehensive income ("cash flow hedge reserve"), which is then entered in the separate income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately entered in the separate income statement for the year. If the derivative instrument is transferred or no longer qualified as an effective hedge against the risk for which the operation had been made, or the occurrence of the underlying operation is no longer considered highly probable, the relative share of the "cash flow hedge reserve" is immediately reversed to the separate income statement.
Financial derivatives are initially entered at fair value at the stipulation date; subsequently, such value is periodically adjusted. Derivative instruments are entered as assets when the fair value is positive, and as liabili-

ties when the fair value is negative. Possible profit or loss deriving from changes in the fair value of derivatives not suitable for hedge accounting are entered directly in the income statement during the year. The effectiveness of hedging operations is documented both at the start of the transaction and periodically (at least at every date of publication of financial statements or interim reports), and is measured by comparing the changes in the fair value of the hedging instrument with those of the hedged item, or, in the case of more complex instruments, through statistical analyses based on risk fluctuation.
It is noted that the Group does not stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are entered according to the rules of hedge accounting.

Calculation of fair value

The fair value of instruments listed on public markets is calculated with reference to the bid prices at the reference date of the period in question. The fair value of non-listed instruments is measured with reference to financial valuation techniques. Specifically, the fair value of interest rate swaps is measured by discounting the expected cash flows, while the fair value of foreign exchange forwards is calculated on the basis of market exchange rates at the reference date, and the rate differentials between the currencies in question.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised from financial statements when:

- the rights to receive cash flow from the asset have expired;
- the right to receive cash flow from the asset is retained, but according to contractual obligations such cash flow has to be paid immediately and entirely to a third party;
- the Group transferred the right to receive cash flows from the asset and the Group: (a) has substantially transferred all risks and benefits deriving from ownership of the financial asset, or (b) has neither transferred nor kept all the risks and benefits deriving from the asset, but has transferred the control of the asset.

When the Group has transferred the rights to receive cash flow from an asset and has neither transferred nor kept all the risks and benefits or has not lost the control of the asset, the asset is entered in the Group's financial statements to the extent of the Group's residual involvement in the asset itself. The residual involvement which, by way of example, is represented by a guarantee on the transferred asset, is valued at the initial book value of the asset or the maximum value of the consideration the Group may be required to pay, whichever is lower.
Financial liabilities are derecognised from the financial statements when the obligation underlying the liability expires, is cancelled, or discharged. In the cases where an existing financial liability is replaced by another liability from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such replacement or change is considered as derecognition of the original liability and recognition of a new liability. Any differences between the accounting values are consequently entered in the income statement.

Cash and cash equivalents

These include cash, deposits or other amounts with banks or other credit institutes, available for current transactions, postal current accounts, and other equivalent securities, as well as investments with terms expiring within three months of the purchase date. Cash and cash equivalents are entered at fair value, which normally corresponds to their nominal value.

Equity

Share capital

The share capital is the parent company's subscribed and paid up capital. Costs strictly related to shares issue are classified as reducing the share capital when such costs are directly attributable to the capital transaction.

Treasury shares

Treasury shares are entered as a reduction of equity. Specifically, the nominal value of treasury shares is entered as a reduction of the issued share capital, while the excess of the purchase value compared to the nominal value is carried-over to reduce other reserves as resolved by the Shareholders' Meeting. Therefore, profits or losses relating to the purchase, sale, issue, or cancellation of treasury shares are not entered in the income statement.

Retained earnings

This includes the economic results of the current period and of the previous financial years for the part not distributed or allocated to reserves (in the event of profit) or balanced (in the event of loss).

Other reserves

These are reserves deriving from the first application of international accounting standards and other equity reserves (such as Stock reserve grant).

Other items of comprehensive income

This item includes the reserve for cash flow hedge related to fair value of hedging derivatives related to the effective component and the translation reserve.

Financial liabilities

Financial liabilities are initially entered in the financial statements at their fair value, net of transaction costs, and are subsequently valued at their amortized cost.
Any difference between the sum received (net of transaction costs) and the nominal value of the payable is entered in the income statement by applying the actual interest rate method.
Financial liabilities are classified as current liabilities unless the Group has the contractual right to fulfil their obligations at least more than 12 months after the balance sheet date.
It is noted that the Group has not designated any financial liability at fair value through income statement.

Trade payables and other payables

Trade payables, whose term of expiry falls within standard commercial terms, are not discounted back and are entered at cost (identified by their nominal value).

Income taxes

Current taxes

Current taxes for the year and for the previous years are entered at the value expected to be paid to tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the closing date of the financial statements in the individual countries where the Group operates.

Deferred taxes

Deferred taxes are calculated by adopting the so-called liability method, applied to the temporary taxable or deductible differences between the value of assets and liabilities entered in the financial statements and the taxable value.
Deferred tax liabilities are entered against all temporary taxable differences, except when:

- deferred tax liabilities are the result of initial valuation of goodwill or an asset or liability in a transaction that is not a business combination and at the moment of the transaction does not affect the profit for the year, calculated for the purpose of financial statements, or the profit or loss calculated for tax purposes;
- temporary taxable differences related to interests in subsidiaries, associated companies and joint ventures; reversal of the temporary differences may be checked and it is likely that it will not occur in the future.

Deferred tax assets are entered against all deductible temporary differences. Deferred tax assets contain tax losses carried forward, to the extent in which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial valuation of an asset or liability in a transaction that is not a business combination and that, at the moment of the transaction, does not affect the profit for the year, calculated for the purpose of financial statements, or the profit or loss calculated for tax purposes. The value of deferred tax assets to be entered in the financial statements is reassessed at each closing date of the financial statements and reduced to the extent in which sufficient future tax profits are no longer likely, in order to allow all or part of the credit to be used. Deferred tax assets that are not entered are reassessed on an annual basis at the closing date of the financial statements, and are entered in the extent in which it is likely that the tax profit is sufficient to allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applied for the period in which such assets will be realised or such liabilities will be discharged, considering the rates in force and those already substantially issued at the closing date of the financial statements.

Deferred tax assets and liabilities are offset in the event of a legal right to offset current tax assets with current tax liabilities and when the deferred taxes refer to the same tax and the same tax authority.

Income taxes (deferred and current) directly related to equity items are entered under equity and not in the income statement.

Employee benefits

Provision for Employee Severance Indemnity

The provision for employee severance indemnity represents, as per IAS 19, a "defined contribution plan", except for entities with less than 50 employees, for which the previous regulation for the employee severance indemnity still applies. In this case, a "defined benefit plan" is therefore implemented, according to IAS 19, and the corridor method is applied.

Cash-settled, share-based payments

The Parent Company has set up an incentive scheme for top management (CEO and general managers), linked to their achievement of specific economic-financial targets and falling within the scope of IFRS 2. Specifically, the scheme offers the CEO the free disbursement of Astaldi shares marked by a lock up period lasting three years, while the others are assigned, free of charge, Astaldi shares, meaning the disbursement - again free - of a packet consisting of shares and cash. The scheme assignment cycle for all beneficiaries refers to the 2010-2012 three-year period. The beneficiaries will be entitled to what is specified above on every date of approval of the financial statements of the years indicated, and they must reach targets.

Provisions for risks and charges

The provisions for risks and charges are entered when at balance date there is a current obligation (legal or constructive) resulting from a past event, the outflow of resources to settle the obligation are likely and a reliable estimate of the obligation can be made.

The provisions are entered at the value representing the best estimate to settle the obligation or to transfer it to third parties at the closing date of the period. If the effect of discounting the cash outflow is significant, the amounts allocated are calculated by discounting the future expected financial flows at a pre-tax discount rate that reflects the current market valuation. When discounting is performed, the increase in the provision is entered as a financial charge in the income statement.

Revenues other than from contracts in progress

Revenues are valued at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.
Revenues related to the sale of goods are posted when the company has transferred the significant risks and benefits connected with ownership of the assets to the buyer, which in many cases coincides with transferring ownership or possession to the buyer, and the value of the revenue may be reliably calculated.
Revenues from services rendered are entered, when they can be reliably estimated, on the basis of the percentage-of-completion method.

Government grants

Government grants are entered when there is reasonable certainty that such grants will be received and all the conditions relating thereto are satisfied. When the grant relates to cost items, it is deferred and systematically released over the years to income statement in such proportion that it offsets the corresponding costs. In case the grant is linked to an asset, the grant's fair value is entered as a reduction of the asset. The grant is accrued among liabilities should the underlying asset not be in operation or should it be under construction. The relative amount is not included in the value of the asset.

Borrowing costs

Interest is entered on an accrual basis according to the effective interest method. By using the interest rate that makes all incoming and outgoing flows (including premiums, discounts, commissions, etc.) related to such transaction financially equivalent. Borrowing costs are capitalized according to provisions set out by IAS 23.

Dividends

Dividends are entered when the right arises from shareholders to receive the payment that normally corresponds to the dividend distribution approved by the Shareholders' Meeting. Distribution of dividends to the shareholders is recorded as a liability in the financial statements for the period in which the distribution thereof is approved by the Shareholders' Meeting.

Costs

Costs are entered on an accrual basis and on the basis of going concern of the activity of the Group companies.

Profit per share

The basic profit per share is calculated by dividing the share of the Group's economic result attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares.
The diluted profit is calculated by adjusting the denominator of the ratio with the effect of the potential ordinary shares coming from the Stock Grant schemes.

Use of estimates

Preparing the financial statements and notes in compliance with IFRSs requires the formulation of estimates and assumptions affecting the values of assets and liabilities and the information regarding potential assets and liabilities. In respect to the recently issued document by Banca d'Italia/CONSOB and ISVAP no. 2 dated 6 February 2009, it is noted that such estimates are based on the most recent information available to top management at the time of preparing these financial statements, the reliability of which is, therefore, unprejudiced. Estimates are used, inter alia, to record provisions for credit risks, contract revenues, amortisation and depreciation, write-down of assets, employee benefits, taxes, other amounts allocated, and provisions. The final results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of all changes are reflected in the income statement of the period when the change occurred.

New accounting standards and interpretations adopted by the European Union but still not in force.

The possible impacts on the consolidated financial statements deriving from amendments or new standards effective after 31 December 2010 are indicated hereunder:

- Reg. 574/2010 IFRS 7 (Financial instruments) was amended in the part concerning the additional information;
- Reg. 632/2010 IAS 24 (Financial statements information on operations with related parties) was amended;
- Reg. 633/2010 Interpretation IFRIC 14 (Prepayments of a minimum funding requirement) was amended.
- Reg. 662/2010 regarding Ifric 19 "Extinguishing financial liabilities with equity instruments"

In a preliminary analysis these amendments should not generate significant effects on the financial position of the Group.

Notes to the consolidated financial statements

1. Revenues: EUR 1,918,969 (EUR 1,802,775)

Revenues from works amounted to EUR 1,918,969, up by around 6.4% compared to 31 December 2009. This increase, which also confirms the plan objectives, is due to a general increase of strategic areas where the Group operates, including the domestic area. Details are provided in the following table:

(thousands of euro)	31/12/10	31/12/09	Change
Revenues from sales and services	275,255	500,486	(225,231)
Changes in contracts in progress	1,643,714	1,302,289	341,425
Total	1,918,969	1,802,775	116,194

It is noted that the item "Revenues from sales and services" includes the amounts for works performed and approved by the respective customers and the revenues coming from the concessions, while the item "Changes in contracts in progress" represents the value of works performed during the period, but not yet completed.
In connection with the geographic composition of revenues, there was a significant increase of the European area particularly attributable to the Turkish area (Istanbul underground), the Algerian area (railways), the Romanian area (Basarab overpass, Otopeni Airport Phase 3, Arad-Timisora motorway, Lia Manoliu Stadium) and the Polish area (Warsaw underground). The domestic area is also worthy of note, where the contracts concerning the Jonica national road and the Rome Metro C mostly contributed to increasing revenues. For more detailed information on contracts, reference is made to the Management Report.
Revenues broken down by geographical area are shown hereunder:

(thousands of euro)	31/12/10	%	31/12/09	%	Change
Italy	860,124	44.8%	808,428	44.8%	51,696
Europe	474,491	24.7%	258,117	14.4%	216,374
Americas	421,055	21.9%	501,135	27.8%	(80,080)
Africa	140,498	7.3%	121,178	6.7%	19,320
Asia	22,800	1.2%	113,917	6.3%	(91,117)
Total	1,918,969	100.0%	1,802,775	100.0%	116,194

For more detailed information on this item, please refer to note 34 of Segment Information according to IFRS 8.

2. Other Revenues: EUR 125,799 (EUR 69,312)

Other revenues, equal to EUR 125,799, comprise economic items not directly related to the Group's main production activity, but nevertheless secondary to the core business and of a lasting nature. Details are provided in the table below:

(thousands of euro)	31/12/10	31/12/09	Change
Revenues from sales of goods	41,105	12,315	28,790
Services provided to third parties	34,967	19,457	15,510
Services and activities to manage joint projects	2,758	3,287	(529)
Rentals and leases receivable	3,976	3,437	539
Net gains from disposal of tangible assets	2,216	7,558	(5,342)
Other	40,778	23,258	17,520
Total	125,799	69,312	56,488

A general increase was recorded in almost all item components and especially:

- EUR 28,790 mainly related to the Turkish market for operations with sub-contractors for each single arrangement;
- EUR 15,510 mainly related to the European area (Turkey, Poland) and the American area (Bolivia).
- EUR 17,520 related to revenues from residual and marginal assets. The amount of financial year 2010, EUR 40,778, is mainly composed of EUR 9,988 from insurance repayments, EUR 8,065 from use of surplus Provisions with respect to the need for future resources necessary to fulfil any obligations deriving from past events; EUR 11,899 from contingent assets recorded in the Central American, South American and African areas, and EUR 8,456 from sundry revenues regarding the Central American and African areas, and however relevant to routine services.

3. Purchase costs: EUR 336,344 (EUR 310,962)

The costs for the purchase of raw materials, subsidiary materials and consumables, together with changes in warehouse inventories, totalled EUR 336,344, with a net increase of around 8% compared to previous year.
The item in question is as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Purchase costs	327,889	318,812	9,077
Changes in inventories of raw materials, Subsidiary materials, consumables and goods	8,455	(7,850)	16,305
Total	336,344	310,962	25,382

The increase is due to the activities in progress to build the underground in Istanbul, marked by a significant acceleration during 2010. It is also pointed out that the increase recorded on the whole in works in progress in the "Europe" area also refers to the contracts under execution in Romania. The decreases refer to the partial completion of the works in Italy and in the Asian area, as well as to reduced activities in the Venezuelan area.
The geographical breakdown of purchase costs is as follows:

(thousands of euro)	31/12/10	%	31/12/09	%	Change
Italy	105,842	32.3%	130,291	40.9%	(24,449)
Europe	117,011	35.7%	36,188	11.4%	80,823
Americas	62,761	19.1%	88,662	27.8%	(25,901)
Africa	28,931	8.8%	31,236	9.8%	(2,305)
Asia	13,343	4.1%	32,436	10.2%	(19,092)
Total	327,889	100.0%	318,812	100.0%	9,077

4. Service costs: EUR 1,215,891 (EUR 1,085,135)

Service costs totalled EUR 1,215,891, showing a general increase of EUR 130,756 compared to previous year. The item in question is as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Consortium costs	317,435	196,429	121,005
Subcontracts and other services	715,662	726,670	(11,008)
Technical, administrative and legal consultancy	68,596	62,953	5,643
Remuneration of directors and auditors	4,141	3,405	736
Utilities	11,435	10,075	1,360
Travel and travel indemnities	4,670	5,065	(396)
Insurance	17,057	17,112	(55)
Rentals and other costs	47,392	39,856	7,537
Rent and running expenses	7,398	8,157	(760)
Maintenance costs for leased assets	738	641	97
Other	21,367	14,771	6,596
Total	1,215,891	1,085,135	130,756

The increase is mainly due to the consortium costs regarding the execution of works in association with other partners for contracts executed in Italy, particulararly Underground C in Rome. The same item also increases in the Polish area (Warsaw Underground) and Romanian area (Basarab overpass, the Arad-Timisora motorway, the Lia Manoliu Stadium in Bucharest, the by-pass road in Constance). With reference to the increases of the other cost components, one of the most significant is leases attributable to the Algerian, Romanian, Turkish and Peruvian areas.

In connection with costs for subcontracts, a decrease is noted in all areas of operations as shown below, except for the European area (Turkey, Romania and Poland) and African area (Algeria), in which advantageous production combinations were awarded that favoured the granting of subcontracts for certain works.

(thousands of euro)	31/12/10	%	31/12/09	%	Change
Italy	350,982	49.0%	366,103	50.4%	(15,121)
Europe	175,769	24.6%	106,191	14.6%	69,577
Americas	149,032	20.8%	199,896	27.5%	(50,863)
Africa	29,555	4.1%	19,920	2.7%	9,635
Asia	10,325	1.4%	34,561	4.8%	(24,236)
Total	715,662	100.0%	726,670	100.0%	(11,008)

Lastly, with reference to the other service costs, the increase is due to the recording of non-repetitive and unforeseeable charges regarding the final inspection of works in progress that are constructed in Italy.

5. Personnel costs: EUR 236,574 (EUR 240,458)

Personnel costs, equal to EUR 236,574 decreased with respect to the previous year by about 2%. The item in question is as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Wages and salaries	156,466	157,311	(845)
Social security charges	36,336	36,397	(62)
Other costs	41,130	43,264	(2,134)
Other benefits subsequent to employment	1,099	1,825	(727)
Cost of share-based payments	1,544	1,660	(116)
Total	236,574	240,458	(3,884)

A decrease is seen in all areas of operations except for the European area (Turkey, Poland and Romania) and Chile with reference to the construction of the Chacayes Dam. "Other costs", which decreased in comparison with previous year, includes both the cost components linked to personnel management (training, canteen, board, etc.) and the employee severance indemnity cost allocation as a defined-contribution plan as set out in IAS 19. The component "Other benefits subsequent to employment" is representative of both the employee severance indemnity assessment as a defined-contribution plan and the revaluation of the employee severance indemnity allocated up until the new regulations come into force. Please refer to Note 26 for more information on changes in employee severance indemnity.
The component of the item in question, "Cost of share-based payments", includes the valuation of an incentive scheme for top management linked to their achievement of specific economic-financial targets. The most important features of the scheme are described hereunder.

The scheme consists of assigning the Beneficiaries (CEO or General Manager) Astaldi shares free of charge, meaning disbursing – again free of charge – the corresponding value of the shares to the Beneficiaries in the manners and under the conditions specified in the regulations. Five Beneficiaries have been identified.
The share assignment cycle refers to the 2010-2012 three-year period.
The CEO can be assigned a maximum number of 100,000 shares for each year of validity of the plan, and each General Manager can be assigned, free of charge, a maximum number of 34,000 or 38,000 shares, depending on the Beneficiary's choice with regard to the methods of delivery of the right to receive the benefit, for each year of validity of the plan.
The maximum number of shares that can be assigned as a whole to the Beneficiaries during each year will equal 252,000, and they cannot exceed the number of 756,000 during the three-year period of validity of the scheme.
As an alternative, each General Manager will be entitled to receive, at his discretion, the following for each year of validity of the scheme when the conditions set out in the regulations take place:

a. a gross amount equal to the counter-value of 17,000 shares, valued at average closing price of Astaldi's ordinary shares traded on the market during the last quarterly period prior to the date of assignment, and the physical delivery of a number of shares totalling 17,000; in any case, assignment of the "liquidity" cannot exceed 50% of the fixed and ordinary remuneration annually paid to the General Manager;
b. the physical delivery of shares equal to 34,000 multiplied by an inducement factor equal to 1.12 and therefore for a total amount of 38,000 shares.

Assignment of the shares or delivery of their counter-value every year is subordinate to the Company's achievement of the economic-financial performance targets defined each year by the Board of Directors; in accordance with the regulations, the assignment date of the shares is the date of resolution with which the Board of Directors ascertains achievement of said targets and the occurrence of the required conditions consequently provides for assigning the shares to the Beneficiaries.
The achievement of the aforesaid targets is ascertained by the Board of Directors upon approval of the draft financial statements.
In connection with what has been described up to this point, two schemes emerge from an accounting point of view: a stock option plan in which a net equity provision is recorded from an accounting viewpoint, and a mixed stock-grant and cash plan in which a net equity provision and a financial liability are recorded. More detailed:

(thousands of euro) Mixed plans	Stock grant value	Financial liability value	Total
Plan 1	314	99	413
Plan 2	808	324	1,131
Total	1,122	422	1,544

For further information to this regard, please refer to the Corporate Governance and Ownership Report; actuarial assumptions with regard to calculation for 2010 are however listed below:

- Dividend rate: 2.66%
- Volatility: 35%
- Probability of target achievement: 95%
- Risk-free rate: 2.14%

The following tables show personnel costs according to geographical area of composition:

(thousands of euro)	31/12/10	%	31/12/09	%	Change
Italy	98,026	41.4%	100,731	41.9%	(2,705)
Europe	38,250	16.2%	30,942	12.9%	7,308
Americas	64,839	27.4%	60,774	25.3%	4,065
Africa	22,851	9.7%	23,108	9.6%	(257)
Asia	12,608	5.3%	24,902	10.4%	(12,294)
Total	236,574	100.0%	240,458	100.0%	(3,884)

Composition of the personnel	31/12/2010	31/12/2009	Change
Managers	146	126	20
Executives	141	131	10
White collars	2,284	2,413	(129)
Workers	5,792	8,530	(2,738)
Total	8,363	11,200	(2,837)

The decrease in the Workers category is due to completion of the works in Qatar, which also results in a proportional decrease of the personnel cost.

6. Amortisation, depreciation and write-downs: EUR 56,118 (EUR 46,284)

Amortisation, depreciation and write-downs, equal to EUR 56,118 show an increase of EUR 9,834, in absolute terms, compared to the previous year. Depreciation of tangible assets, amounting to EUR 5,836, increased due to the higher volume in production. The item in question is as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Amortisation of intangible assets	1,119	845	274
Depreciation of tangible assets	51,083	45,247	5,836
Bad debts	3,916	192	3,725
Total	56,118	46,284	9,834

The item includes depreciation of investment properties for a residual value. Refer to note 15 for more details. With reference to impairment of receivables, the amount calculated during the year takes into account their recoverable value considering the nature of the counterparty, in particular pertaining to shareholders of consortium companies controlled by the Astaldi Group.

7. Other operating costs: EUR 27,470 (EUR 32,450)

Other operating costs, equal to EUR 27,470, show a decrease in absolute value of EUR 4,980 due to all of the components of the item in question, which breaks down as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Provisions for risks and charges	744	3,120	(2,376)
Other operating costs	26,726	29,330	(2,604)
Total	27,470	32,450	(4,980)

The decrease in provisions for risks and charges is directly related to the valuation of contracts on a "whole life result" and estimates of charges for disputes. The other operating costs, which have also decreased since last year, break down as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Contingent and non-existent liabilities for value adjustments	2,703	7,965	(5,262)
Fiscal charges	7,448	11,377	(3,928)
Other administrative costs	16,574	9,988	6,587
Total	26,726	29,330	(2,604)

More specifically, the decreases are due to:
- for the sum of EUR 5,262 to fewer differences in estimates compared to the previous year;
- for the sum of EUR 3,928 to few indirect taxes (e.g. customs duties, concession taxes, etc.), above all in the Venezuelan area;

Then an increase totalling EUR 6,587 due to charges deriving mostly from transactions with third parties and the renewal of the machinery park is to be pointed out.

8. Capitalisation of internal construction costs: EUR 1,241 (EUR 822)

Capitalisation of internal construction costs refers to activities carried out during 2010 in contractual relations developed in transitional regime with regard to the major concession agreement whose resolutory effects were temporarily suspended by express agreement between the parties, and therefore outside the field of application of Ifric 12.

9. Financial income: Euro 26,025 (Euro 40,465)

Financial income decreased in comparison to 2009 by EUR 14,440 mainly due to lower exchange rate profit and the component related to the residual income included in this item.

(thousands of euro)	31/12/10	31/12/09	Change
Income from associated companies	874	(166)	1,040
Income from other investee companies	115	-	115
Income from financial transactions with credit institutes	1,934	3,631	(1,697)
Commissions on guarantees	622	818	(196)
Exchange rate profit	14,819	21,707	(6,888)
Income from derivatives	2,245	54	2,191
Other financial income	1,909	11,922	(10,013)
Interest receivable from financial receivables from concessions	3,508	2,498	1,010
Total	26,025	40,465	(14,440)

The main decreases in financial income were as follows:
- EUR 1,697 related to cash flow management, primarily from bank relations, for which the EUR 1,375 decrease is due;
- EUR 6,888 related to exchange rate profit, based on the dynamics of exchange rates.
- EUR 10,013 above all coming from lower interest on delayed payment for which about half the decrease is due.

Lastly, in the analysis of the components of this item there is then an increase of EUR 2,191 related to valuation of the derivatives used for hedging purposes. Please refer to Note 32 for more information on derivatives.

10. Borrowing costs: EUR 103,746 (EUR 107,819)

This item decreased with respect to 2009 mainly because of the lower interest on loans, also due to the adequate use of the market rates, despite the increase in production volumes. The financial components of this item are listed hereunder:

(thousands of euro)	31/12/10	31/12/09	Change
Commissions on guarantees	18,606	16,532	2,074
Charges from financial relations with credit institutes	27,723	32,755	(5,032)
Exchange rate loss	24,593	26,440	(1,847)
Charges from derivatives	15,694	12,060	3,634
Borrowing costs on leasing agreements	668	854	(186)
Other borrowing costs	16,024	18,577	(2,552)
Total	103,309	107,217	(3,909)
Write-down of equity investments	12	209	(197)
Write-down of securities and bad debts	425	393	32
Total	437	602	(164)
Total borrowing costs	103,746	107,819	(4,073)

The decrease in borrowing costs was as follows:

- EUR 5,032, due to minor charges for interest payable, which mainly affected Italy and Venezuela. The balance is broken down as follows: EUR 21,770 refer to charges on medium/long-term loans, EUR 3,088 to interest payable on short-term loans and EUR 2,865 to bank commissions and expenses.
- EUR 1,847 to minor losses on exchange rates.
- EUR 2,552, related to interest and commissions on disposals of receivables, for which derecognition was applied.

As in the case of the same type of income, the increase in charges on derivatives is mainly due to hedging instruments. Please refer to Note 32 for more information on derivatives. The increase in commissions for guarantee was the result of the greater average value of projects of interest for the Group in Italy and abroad, thus generating an increase in undertakings for operating securities and guarantees (bid bonds and performance bonds).

11. Effects of valuation of investments using equity method: EUR 4,429 (EUR 530)

The effect of valuation of equity investments using the equity method (associated companies and companies subject to joint control) is shown in the following table:

(thousands of euro)	31/12/2010	31/12/2009	Change
Revaluation of equity investments:			
Avrasya Metro Grubu S.r.l.	2,188	767	1,421
Veneta Sanitaria Finanza di Progetto - V.S.F.P. S.p.A.	1,979	1,545	434
Consorzio Novocen		696	(696)
S.A.C.E.S. S.r.l. in liquidation	1,060		1,060
Pacific Hydro Chacayes	38	36	2
M.N. Metropolitana di Napoli S.p.A.	989		989
Metro 5 S.p.A.	44		44
Others of minor amount	10	27	(17)
Total revaluation	6,308	3,070	3,236
Write-down of equity investments			
MaxBoglAss	(954)	-	-
M.N. Metropolitana di Napoli S.p.A.		(924)	924
Astaldi Fe Grande Sierra Nevada		(872)	872
Copenhagen Metro Construction Group J.V. (COMET)	(629)	(607)	(22)
S.A.C.E.S. S.r.l. in liquidation		(67)	67
Metro 5 S.p.A.		(46)	46
Consorzio Novocen	(167)		(167)
Others of minor amount	(128)	(24)	(104)
Total write-downs	(1878)	(2540)	662
Total effects of valuation using equity method	4,429	530	3,899

The equity investments considered most significant and strategic by the Group are shown below along with the relative equity values:

(thousands of euro)	31/12/2010	31/12/2009	Change
Pacific Hydro Chacayes	37,076	36,608	468
Metro C S.c.p.A.	12,771	12,771	-
Veneta Sanitaria Finanza di Progetto - V.S.F.P. S.p.A.	8,841	6,017	2,824
Metro 5 S.p.A.	1,126	2.337	-1,211
Pedelombarda S.c.p.A.	4,800	4,800	-
M.N. Metropolitana di Napoli S.p.A.	5,907	4,918	989
Total	70,520	67,451	3,069

It should be noted that the amounts also include the effect of differences relating to equity items, such as the derivative reserves as well as capital increases already paid by the Group. Refer to the related attachment for more information regarding companies valued at equity.

12. Taxes: EUR 36,796 (EUR 33,337)

The total amount of taxes for the period is equal to EUR 36,796. The tax rate of the period, including IRAP, is equal to 36.7%, in line with that recorded in 2009 (36.8%). The item in question is as follows:

Income Statement (thousands of euro)	31/12/2010	31/12/2009	Change
Current income taxes (*)	28,516	21,951	6,565
Deferred income taxes (*)	2,960	6,465	(3,505)
Current I.R.A.P. taxes	6,786	5,388	1,398
Deferred I.R.A.P. taxes	403	340	63
Substitute and other taxes	(1,869)	(809)	(1,060)
Total	36,796	33,336	3,460

(*) Income taxes refer to IRES tax for Italy and taxes of a similar kind for foreign areas

In 2010, net deferred taxes generated a receivable for prepaid taxes (IRES and IRAP) of EUR 8,609, to be recovered in following years. The receivable for prepaid taxes was determined by the components listed below:

Balance Sheet (thousands of euro)	2010 Income taxes	2010 IRAP	2009 Income taxes	2009 IRAP
a) Deferred tax assets resulting from:	26,380	2,098	17,718	1,516
- taxed provisions for risks	11,307	684	8,789	571
- taxed provision for arrears interest risks	428		511	
- exchange rate differences	5,525		1,333	
- Ifric 12_Tangible assets	8,618	1,413	6,657	944
- other minor taxes	502	1	428	1
b) Deferred tax liabilities resulting from:	(16,637)	(3,231)	(14,040)	(2,453)
- financial leasing agreements			(1,525)	(216)
- buildings entered at fair value in lieu of cost	(3,752)	(532)	(3,752)	(532)
- provisions for deducted contract risks	(47)		(693)	
- arrears interest to be collected	(1,330)		(1,273)	
- Ifric 12_Financial assets	(16,456)	(2,699)	(12,020)	(1,705)
- others + cash flow hedge reserve	4,948		5,223	
c) Net deferred tax assets (liabilities) a) - b)	9,743	(1,133)	3,678	(937)
d) Deferred taxes for the period entered in the income statement	2,960	403	6,461	340

Reconciliation between (current and deferred) recorded taxes and theoretical taxes resulting from application of the current tax rate to pre-tax profit (equal to 27.5%) is as follows:

(thousands of euro)	2010	%	2009	%
Pre-tax profit	100,319		90,795	
Theoretical income taxes	27,588	27.5%	24,969	27.5%
Net effect of permanent increases (decreases)	1,507	1.5%	(8,790)	(9.7%)
Net effect of deferred and current taxes of foreign companies and other adjustments	513	0.5%	11,427	12.6%
IRAP (current and deferred)	7,189	7.2%	5,729	6.3%
Income taxes entered in financial statements (current and deferred)	36,796	36.7%	33,336	36.7%

13. Profit per share: EUR 0.64 (EUR 0.57)

Profit per share is calculated as follows:

(thousands of euro)	31 December 2010	31 December 2009
Numerator		
Profit of parent company's ordinary shareholders	63,056	55,902
Denominator (in units)		
Weighted average of shares (all ordinary shares)	98,424,900	98,424,900
Weighted average of treasury shares	(765,884)	(996,954)
Weighted average of shares to be used to calculate basic profit per share	97,659,016	97,427,946
Basic profit (loss) per share	0.645	0.573

In this respect, it is noted that the existence of mixed stock-grant plans for managers with strategic responsibilities does not generate a significant dilution effect. Indeed, considering the effect of potential shares that could be assigned to recipients, the result obtained is 0.644.

14. Property, plant and machinery: EUR 298,680 (EUR 319,780)

Tangible assets decreased, especially in Italy and Algeria, by approximately EUR 21,100 compared to previous year. This decrease is mainly due to the General Contractor work execution methods and a precise investment policy that considers optimum use of the assets during their useful life, as well as the distinct production stages of the single contract directly carried out. The following table shows the changes in tangible assets during 2010.

(thousands of euro)	Land and buildings	Special plants and general plants	Excavators, loaders vehicles	Sundry equipment and machinery	Work in progress and advances	Total
Value at 31/12/2009, net of amortisation (1)	45,631	85,578	46,433	33,715	108,423	319,780
Increases						
- resulting from acquisitions	307	19,961	12,575	10,860	5,415	49,117
	45,938	105,539	59,008	44,575	113,838	368,897
Amortisation	(1,211)	(19,423)	(17,727)	(12,702)		(51,063)
Other disposals		(12,448)	(3,358)	(4,715)	(4,968)	(25,490)
Exchange rate differences	131	46	171	126	94	568
Other changes	(16)	6,517	(1,490)	2,350	(1,594)	5,767
Value at 31/12/2010, net of amortisation (2)	44,841	80,231	36,604	29,633	107,371	298,680
(1) of which						
- Cost	51,624	139,637	117,340	79,473	108,423	496,497
- Accumulated amortisation	(5,993)	(54,059)	(70,907)	(45,758)		(176,717)
Net value	45,631	85,578	46,433	33,715	108,423	319,780
(2) of which						
- Cost	52,072	147,516	116,182	81,707	107,371	504,847
- Accumulated amortisation	(7,231)	(67,285)	(79,578)	(52,074)		(206,167)
Net value	44,841	80,231	36,604	29,633	107,371	298,680

The value of property, plant and equipment included leased assets for a value of EUR 11,845, represented as follows:

(thousands of euro)	Special plants and general plants	Excavators, loaders and Vehicles	Sundry equipment and machinery	Total
Value at 31/12/2010, net of amortisation				
of which:				
- Cost	7,792	9,276	4,187	21,255
- Accumulated amortisation	(2,489)	(5,353)	(1,568)	(9,410)
Net value	5,302	3,923	2,619	11,845

15. Investment properties: EUR 1,178 (EUR 179)

Investment properties increased compared to previous year because of an additional investment in the Turkish area, as shown in the following table:

Value at 31/12/2009, net of amortisation (1)	179
Increases	1,018
Amortisation	(20)
Value at 31/12/2010, net of amortisation (2)	1,178
(1) of which	
- Cost	204
- Accumulated amortisation	(24)
Net value	179
(2) of which	
- Cost	1,222
- Accumulated amortisation	(44)
Net value	1,178

In relation to measurement of fair value, it is noted that since the indicators were not remarkably reliable and due to the scarce significance of the investment in question, it was not deemed necessary to list a precise measurement nor a range of fair values.

16. Intangible assets: EUR 3,716 (EUR 3,966)

Intangible assets fairly ss stable compared to the previous year. The table below shows the changes in the item in question; it is noted that there are no leased assets.

(thousands of euro)	Intellectual property rights	Concessions, licenses, trademarks and rights	Other intangible assets	Total
Value at 31/12/2009, net of amortisation (1)	788	661	2,517	3,966
Increases				
- resulting from acquisitions	211		658	869
Total	999	661	3,175	4,835
Amortisation	(421)	(10)	(688)	(1,119)
Value at 31/12/2010, net of amortisation (2)	578	651	2,486	3,716
(1) of which				
- Cost	1,976	671	3,144	5,791
- Accumulated amortisation	(1,189)	(10)	(627)	(1,825)
Net value	788	661	2,517	3,966
(2) of which				
- Cost	2,029	671	3,993	6,694
- Accumulated amortisation	(1,451)	(20)	(1,507)	(2,978)
Net value	578	651	2,486	3,716

17. Equity investments: EUR 95,874 (EUR 93,397)

Equity investments, equal to EUR 95,874 increased in connection with the valuation of the associated companies and companies under joint control pertaining to both constructions and concessions.
The changes are shown hereunder:

(thousands of euro)	31/12/2010	31/12/2009	Change
Equity investments valued with the equity method	93,910	91,389	2,521
Equity investments valued at cost	1,964	2,008	(45)
Total	95,874	93,397	2,476

The item under evaluation, like in the previous year, is disclosed net of investments still to be made on subscribed quotas and/or shares.
The value of equity investments valued using the equity method equal to EUR 93,910 (2009: EUR 91,389), refer to investments in associated companies and companies subject to joint control. Please refer to the relative attachment for a summary of the most important balance sheet figures regarding the investments, including total assets, liabilities, revenues and operating result.

The value of the investments entered in the financial statements, equal to EUR 1,964, correspond to EUR 8 net of the provision for bad debts. The decreased value of these investments becomes clear in connection with the final result of the liquidation of some of them. As they are investments in mainly consortium companies, the calculation and recording at fair value, even through valuation techniques, proves insignificant.

18. Financial assets

Non-current financial assets: EUR 82,794 (EUR 55,222)

The item in question includes about EUR 58,806 in financial assets coming from concession (2009: 42,704) while the remainder, of which EUR 18,365 is included in the net financial position in connection with their nature, basically refers to receivables due from associated companies and companies under joint control. It mainly consists of receivables, basically coming from financial contributions made by the Parent Company, and that express the investment strategy specifically in the concession business. Refer to the attachment on related parties for more information about transactions with associated companies and companies under joint control.

Current financial assets: EUR 27,908 (EUR 26,558)

The item refers to:
- financial assets coming from concessions for EUR 1,556
- securities on hand approximately amounting to EUR 5,003 which increased by about EUR 829 compared to the previous year due to cash flow management;
- derivatives tied to hedging operations for EUR 978;
- financial receivables, amounting to EUR 20,371, related to amounts due to the subsidiary Partenopea Finanza Progetto S.p.A. from A.SL. NA1, and included in net financial position.

19. Other assets

Other non-current assets: EUR 21,287 (EUR 19,454)

The item in question increased with respect to the previous year as per the following:

(thousands of euro)	31/12/10	31/12/09	Change
Tax receivables	4,507	4,276	231
Other assets	16,780	15,178	1,602
Total other non-current assets	21,287	19,454	1,833

As regards tax receivables, the item includes EUR 3,103 of indirect tax credits asked for refund to the Financial Administration and EUR 1,404 related to direct taxes. With reference to Other assets, this item includes:

- receivables for advances to suppliers and sub-contractors, equal to EUR 913;
- guarantee deposits amounting to EUR 1,874;
- prepaid expenses for insurance amounting to EUR 6,658, prepaid expenses for commissions on guarantees equal to EUR 3,803 and other prepayments equal to EUR 3,375.

Other current assets: EUR 297,904 (EUR 268,844)

The item in question is as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Receivables from associated companies	28,071	21,455	6,616
Receivables from other companies	147	33	115
Other assets	269,685	247,356	22,329
Grand Total	297,904	268,844	29,060

"Other current assets" include:

- receivables from associated companies, equal to EUR 28,071, and other receivables due from other investee companies. Refer to the relevant attachment for more detailed information on transactions with related parties;
- other assets, equal to EUR 269,685, were mainly as follows: receivables for advances to sub-contractors, equal to approximately EUR 88,624 (EUR 111,263 in 2009) which mostly decreased in the foreign areas, and particularly in Venezuela; prepaid expenses including those regarding insurance policies for about EUR 9,302; other accounts receivable from third parties for disposal of goods and services amounting to approximately EUR 104,269 in which they particularly increase in the foreign areas (Turkey, Poland); in addition to the difference between the nominal value of receivables factored before 31 December 2003 and the amounts collected. Moreover, it is noted that the realizable value of receivables from third parties was adjusted as follows:

(thousands of euro)	31/12/2009	Provisions	Uses	Other	31/12/2010
Provision for bad debts	(4,176)			(3)	(4,179)

20. Inventories: EUR 86,466 (EUR 90,316)

Inventories decreased compared to the previous period by EUR 3,850, mostly in the foreign areas and particularly in Venezuela. The item in question is as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Raw materials, subsidiary materials and consumables	83,592	82,913	679
Finished products and goods	1,567	1,967	(400)
Goods and materials in transit	1,307	5,437	(4,130)
Total	86,466	90,316	(3,850)

The following table shows a geographical breakdown of the item in question:

(thousands of euro)	31/12/10	%	31/12/09	%	Change
Italy	7,096	8.2%	7,555	8.4%	(459)
Europe	28,954	33.5%	18,453	20.4%	10,501
Americas	42,661	49.3%	54,060	59.9%	(11,399)
Africa	5,760	6.7%	8,539	9.5%	(2,779)
Asia	1,995	2.3%	1,709	1.9%	286
Total	86,466	100.0%	90,316	100.0%	(3,850)

21. Amounts due from customers: EUR 845,877 (EUR 648,626) Amounts due to customers: EUR 326,367 (EUR 382,905)

A breakdown of the items in question is as follows:

(thousands of euro)	31/12/2010	31/12/2009	Change
CURRENT ASSETS			
contracts in progress	5,218,486	3,858,107	1,360,379
provision for write-down of final losses	(16,494)	(18,964)	2,470
Total contracts in progress	5,201,992	3,839,143	1,362,849
advances from customers	(4,356,115)	(3,190,517)	(1,165,598)
Total amount due from customers	845,877	648,626	197,251
CURRENT LIABILITIES			
contracts in progress	440,107	239,071	201,036
advances from customers	(500,999)	(270,330)	(230,669)
contract advances	(255,963)	(334,696)	78,733
provision for write-down of final losses	(9,511)	(16,950)	7,439
Total amount due to customers	(326,366)	(382,905)	56,539

The increase in works in progress is general to all areas of operation and particularly for the Foreign sector in the areas of Venezuela, Chile, Algeria and Romania, and for Italy to the works of construction of the Jonica national road, the Brescia underground, Line 5 of the Milan underground and Line C of the Rome underground.

22. Trade receivables: EUR 617,841 (EUR 711,076)

Trade receivables decreased by approximately EUR 93,236 compared to previous year. A breakdown is provided below:

(thousands of euro)	31/12/10	31/12/09	Change
Accounts receivable	599,681	694,302	(94,621)
Receivables from associated companies	34,176	29,216	4,959
Accounts receivable from parent companies	13	18	(5)
Accounts receivable from other investee companies	958	372	586
Provisions for bad debts	(16,987)	(12,831)	(4,155)
Total	617,841	711,076	(93,236)

The significant decrease of the item in question compared to the previous year is basically due to the activities in progress in Venezuela, where a volume of collections close to EUR 200 million was recorded. This effect was partly mitigated by the increase in receivables in the domestic area, European area (Romania and Turkey) and African area (Algeria) correlated with the increase in the production activity, although to a proportionally lower extent.
The following table shows the geographic breakdown of the receivables:

(thousands of euro)	31/12/10	%	31/12/09	%	Change
Italy	208,737	33.8%	188,075	26.4%	20,662
Europe	96,178	15.6%	61,690	8.7%	34,487
Americas	256,180	41.5%	413,999	58.2%	(157,820)
Africa	53,239	8.6%	38,453	5.4%	14,785
Asia	3,508	0.6%	8,858	1.2%	(5,350)
Total	617,841	100.0%	711,076	100.0%	(93,235)

The bad debt provision increased compared to the previous year. Variations are shown below:

(thousands of euro)	31/12/2009	Provisions	Uses		Other	31/12/2010
			Economic	Equity		
Provision for bad debts	(7,150)	(3,916)	-	-	18	(11,048)
Provision for write-down of arrears interest	(5,681)	(392)	134	-	-	(5,939)
Total	(12,831)	(4,308)	134	-	18	(16,987)

23. Tax receivables: EUR 90,430 (EUR 78,391)

Tax receivables, net of a provision for arrears interest, equal to EUR 198, increased in comparison with previous year by approximately EUR 12,038. The increase is mainly as follows:

- Euro 70,706 (2009: Euro 43,869) relating to receivables for indirect taxes, particularly for the Foreign sector in the areas of Bolivia, El Salvador, Romania, Algeria, Chile, Turkey and Venezuela, and for the Italy sector in the initiatives concerning the works of construction of the Jonica national road, Line 5 of the Milan underground and the Turin railway junction.
- Euro 19,921 (2009: EUR 34,719) relating to direct taxes, entered in accordance with and for all effects and purposes of the laws and regulations of the countries where the Group operates, particularly in Turkey.

24. Cash and cash equivalents: EUR 391,527 (EUR 444,138)

Cash and cash equivalents decreased by EUR 52,611 compared to 2009 and were as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Bank and post office deposits	390,834	443,353	(52,519)
Cash on hand	692	785	(92)
Total	391,527	444,138	(52,611)

In geographical terms, the item in question is as follows:

(thousands of euro)	31/12/2010	31/12/2009	Change
Italy	253,268	249,259	4,009
Europe	83,416	50,346	33,070
Asia	4,123	1,747	2,376
Americas	30,506	63,577	(33,071)
Africa	20,214	79,208	(58,994)
Total	391,527	444,138	(52,611)

25. Equity: EUR 443,229 (EUR 393,387)

The share capital, subscribed and fully paid, comprises 98,424,900 ordinary shares of a par value of EUR 2 each. Treasury shares held at the end of financial year equal to 821,979 (991,749 in 2009) whose nominal value, equal to EUR 1,644, was entered to directly reduce share capital. Treasury shares totalling 799,800 (628,000 shares in 2009) used for stock-grant plans amounting to EUR 1,600 were likewise deducted from the share capital. Moreover, it is noted that all shares are free from encumbrances and there is no share capital increase in progress subject to pre-emptive rights.

As at 31 December 2010, according to the Shareholders' Register and other information required according to the law (as per Art. 120 of Legislative Decree No. 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 2%, were as follows:

DIRECT SHAREHOLDER (thousands of euro)	Number of shares	% Shareholding
Fin.Ast S.r.l.	39,063,495	39.689%
Finetupar International S.A.	12,327,967	12.525%
TOTAL Fin.Ast. S.r.l.	51,391,462	52.214%
Odin Forvaltning AS	4,841,885	4.919%
Pictet Asset Management Ltd	2,024,396	2.057%
TOTAL	58,257,743	59.190%
Market	40,167,157	40.810%
Grand total	98,424,900	100.000%

Equity reserves are disclosed in the following table:

(thousands of euro)	31/12/2010	31/12/2009	Change
Legal reserve	18,453	14,972	3,481
Extraordinary reserve	143,522	91,278	52,244
Retained earnings and accrued losses	27,581	40,986	(13,405)
Other reserves	4,380	3,083	1,297
Other items of comprehensive income	(25,611)	(24,710)	(900)
Total	168,326	125,610	42,716

The change in the items shown in the table aboveis explained as follows:

- The legal reserve increased by EUR 3,481 in relation to the provision contained in Art. 2430 of the Italian Civil Code.
- The extraordinary reserve increased by a total of EUR 52,244 compared to the previous year. In detail: EUR 52,408 as the remaining amount of allocation of the profit of the 2009 separate financial statements of the parent company; EUR 104 as a result of the buy-back operation and for other changes equal to EUR (268). As for the buy-back operations, the total amount of the Reserve for treasury shares carried over to reduce the Extraordinary Reserve amounts to EUR 5,029.
- Retained earnings amounting to EUR 27,581 included the economic effects resulting from consolidation of equity investments in subsidiaries, and from application of the equity method to value associated companies and joint ventures, as well as other changes. With reference to allocation of the 2009 economic result shown on the separate financial statements of the parent company, it is noted that the dividend (EUR 12,687) resolved by the Shareholders' Meeting of 23 April 2010 was EUR 0.13 per share (EUR 0.10 in 2009), and was paid on 6 May 2010 with coupon detachment on 3 May 2010; a part of the profit of the same financial period 2009, EUR 1,044, was allocated to the Provision pursuant to Art. 27 of the company's bylaws.

- Changes in other reserves mainly refer to stock grant reserve, for the amount of EUR 1,445 and the effects of the buy-back operations, totalling EUR (109). They are particularly represented by:
- the effects resulting from first-time adoption of the International Accounting Standards amounting to a positive value of EUR 1,093;
- the effects calculated in connection with application of IFRIC 12 "Agreements for services under concession" amount to a positive value of EUR 10,396;
- the effects resulting from conversion of the financial statements of foreign permanent establishments as well as other investee companies, which showed a negative value of EUR 23,770 at the date of transition to IFRSs;
- consolidation reserve which showed a positive value of EUR 9,303;
- the effects of recognition of stock grants, which showed a positive value of EUR 5,700;
- the effects of trading treasury shares, which showed a positive value of EUR 1,658
- Other components in the statement of comprehensive income summarize the effects of the cash flow hedge reserve and of the translation reserves of foreign companies. Changes are shown hereunder:

(thousands of euro)	Opening balance of cash flow hedge reserve	Translation reserve	Reconciliation of equity changes
Opening stock 01/01/2009	(11,192)	(6,124)	(17,316)
Flow of previous period	(5,974)	(1,419)	(7,393)
Stock 01/01/2010	(17,167)	(7,543)	(24,710)
Flow of the period	(3,728)	2,827	(901)
Stock 31/12/2010	(20,894)	(4,716)	(25,610)

The cash flow hedge reserve is shown in detail below:

(thousands of euro)	31/12/2010	31/12/2009	Change
RCFH Parent Company/Subsidiaries	18,909	18,991	(82)
Tax effect	(4,948)	(5,222)	273
Value after tax effect	13,961	13,769	191
RCFH Associated companies	6,933	3,398	3,535
Total	20,894	17,167	3,726

Please refer to the information on hedging derivatives for a detail of the changes in derivative fair value related to Astaldi and its subsidiaries, equal to EUR 19,520, including minority interest.

Finally, the Group's main goal, as far as capital management is concerned, is to obtain an appropriate level of own funds in relation to debts, in order to preserve equity consistency and, where economic conditions allow it, to achieve an effective debt/equity ratio for the purpose of suitable management of financial leverage. Refer to the Management Report for further details regarding financial management.

26. Financial liabilities

Compared to 2009, financial liabilities show a decrease in both the long-term and short-term loans components, which is due to the more general attainment of the goal of improving the overall net financial position, result of careful cash flow management and the operating financial cycle. It is also noted that the current debt structure continues to be geared towards the medium-long term.

Non-current financial liabilities: EUR 563,618 (EUR 582,565)

Non-current financial liabilities showed a decrease of EUR 18,948 and were as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Bank payables (*)	554,471	571,335	(16,863)
Non-current share of loans (*)	4,308	115	4,193
Financial leasing payables (*)	3,155	4,950	(1,795)
Financial payables to associated companies	1,683	6,166	(4,482)
Total	563,618	582,565	(18,948)

(*) Included in the NFP for the sum of EUR 561,935 (2009: 576,400)

Current financial liabilities: EUR 343,275 (EUR 387,359)

Current financial liabilities decreased by EUR 44,084 and were as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Bank payables (*)	241,582	355,819	(114,237)
Current share of loans	202	1,119	(917)
Payables to other financers	98,137	19,311	78,826
Financial leasing payables	3,354	11,111	(7,756)
Total	343,275	387,359	(44,084)

The item under evaluation also includes hedging derivatives, totalling EUR 20,967. To this purpose, reference is made to Note 32.

Financial leasing payables: EUR 6,509 (EUR 16,061)

Financial payables for leasing agreements of an average duration of 30-60 months decreased by EUR 9,552 compared to the previous year. This decrease is due to payment of the last financial leasing instalment related to the building used by Astaldi S.p.A. as its administrative office. The item in question is as follows:

(thousands of euro)	31/12/10 Instalments	31/12/10 Current value	31/12/09 Instalments	31/12/09 Current value
Within 1 year	3,575	3,354	11,931	11,111
Over 1 year and within five years	3,286	3,155	5,209	4,950
Total leasing instalments	6,861		17,140	
Borrowing costs	352		1,080	
Current value	6,509	6,509	16,061	16,061

Covenants and negative pledges on financing incurred by the Group, and the net financial position in accordance with CONSOB Communication No. 6064293 of 28 July 2006 are as follows.

Covenants and Negative pledges

The levels of financial covenants operating on all the "committed" loans the Group has taken out with credit institutes are listed below:

- Ratio between net financial position and Group equity: less than or equal to 1.60x at year-end and 1.75x at half-year end;
- Ratio between net financial position and EBITDA: less than or equal to 3.50x at year-end and 3.75x at half-year end;

Definition of the items forming the Net Financial Position is in accordance with CONSOB Communication No. 6064293 of 28 July 2006.

The non-compliance with the above ratios, if not recovered within a period specified in the agreements, may involve the cancellation of the granting and therefore the request, by the financing banks, to accelerate repayments .

The loans to which the above covenants apply are the following:

- "Multi-Tranche Facility", for the sum of EUR 325 million, entered into on 18 July 2006, with a duration of 7 years, arranged by Mediocredito Centrale (Unicredito Group) and the Royal Bank of Scotland and subscribed by a pool of leading Italian banks; expiry April 2013;
- Bilateral committed revolving credit for the sum of EUR 30 million, entered into with BayernLB Italia on 5 October 2007, with a total duration of 3 years and with two options to renew of one year each: current expiry in October 2011;
- Bilateral committed revolving credit facility for the sum of EUR 50 million, entered into with Efibanca on 14 July 2008, with a duration of 6 years: expiry on 14 July 2014;
- Bilateral committed revolving credit facility for the sum of EUR 30 million, entered into with West LB on 7 August 2008, with a duration of 5 years: expiry on 07 August 2013;
- Loan amounting to EUR 110 million, entered on 16 July 2009 with Banca Popolare di Milano, acting as Lead Ar-

ranger of a pool of banks, with a duration of 5 years with final expiry in June 2014;

- Bilateral committed loan for the sum of USD 60 million, taken out in order to cover the misalignment between costs and revenues of the branches in Venezuela and Salvador, entered into with BNP Paribas (and guaranteed by SACE for 70% of the amount) in February 2010, with a duration of 18 months minus one day: expiry in August 2012.
- Bilateral committed loan for the sum of EUR 35 million, taken out in order to cover the misalignment between costs and revenues connected with Group operations abroad through its branches or joint ventures, entered into with Cariparma (and guaranteed by SACE for 70% of the amount) on 22 July 2010, with a duration of 18 months minus one day: expiry in January 2012.
- Bilateral committed revolving credit facility for the sum of EUR 15 million, entered into with Dexia on 4 August 2010, with a duration of 12 months: expiry in August 2011.
- Bilateral committed revolving credit facility for the sum of EUR 10 million, entered into with Cariparma on 13 December 2010, with a duration of 18 months: expiry in June 2012.

The same covenant levels are also applied to a committed credit line for the issue of signature commitments (sureties and guarantees), for the amount of EUR 175 million, entered on 30 November 2006 and with a duration of 7 years, arranged by Mediocredito Centrale (Unicredito Group) and the Royal Bank of Scotland and subscribed by a pool of leading banks: expiry November 2013.
Moreover, they were also applied to the stand-by credit lines entered in favour of the subsidiaries Co.meri SpA and Argi Scrl, a special purpose vehicle founded for the construction of the DG21 and DG22 lots of SS106 Jonica national road, according to the general contracting scheme. These facilities, secured by the parent company Astaldi SpA, respectively amount to EUR 40 million and EUR 20 million. The first (Comeri) was granted by a pool of banks led by BNL-BNP Paribas Group, and the second (Argi) was granted by Unicredit-MCC and BBVA.
The following loans to which the same financial covenants applied reached their natural expiry in 2010 and were fully repaid:

- Bilateral committed loan for the sum of USD 60 million entered into with BNP Paribas, taken out for the Venezuela branch, with expiry in January 2010.
- Bilateral committed revolving credit facility for the sum of EUR 15 million, entered into with Dexia, with a duration of 12 months and expiry in July 2010.

As regards negative pledge clauses, it must be noted that the Group, upon negotiation of loans, tends to align the commitments to those defined in its main corporate loan (the multi-tranche facility for the sum of EUR 325 million arranged by Mediocredito Centrale and the Royal Bank of Scotland). The agreement stipulates that the Group may not establish any real guarantees (mortgages, pledges, etc.) on its own assets, with the exception of some specific cases. Specifically, the undertaking does not apply:

- to guarantees already existing upon entering into a new loan;
- to guarantees given within the framework of individual contracts to be performed under a traditional tender, project finance or general contracting scheme;
- or, in any event different from the above, for amounts not exceeding a specific amount as a whole and which, in this case, amounts to EUR 3 million.

Net financial position
(thousands of euro)

			31/12/10	31/12/09
A	Cash and cash equivalents		391,527	444,138
B	Securities held for trading		5,003	4,175
C	Available funds	(A+B)	396,530	448,312
D	Financial receivables		38,889	24,461
E	Current bank payables		(220,615)	(334,442)
F	Current share of non-current indebtedness		(90,615)	(20,430)
G	Other current financial payables		(11,078)	(11,111)
H	Current financial indebtedness	(E+F+G)	(322,308)	(365,983)
I	Net current financial indebtedness	(H+D+C)	113,111	106,790
J	Non-current bank payables		(558,779)	(571,450)
K	Other non-current payables		(3,155)	(4,950)
L	Non-current financial indebtedness	(K+J)	(561,934)	(576,400)
M	Net financial indebtedness	(L+I)	(448,824)	(469,610)
N	Facility fees from concessions		60,363	43,046
O	Total financial indebtedness	(M+N)	(388,461)	(426,564)

Moreover, it is mentioned that the Parent Company holds treasury shares amounting to EUR 4,168 included in the net financial position set forth in the Management Report for the sum of EUR (384,293), to which reference is made for more detailed information. Moreover, it is noted that the net financial position, including in comparative terms, does not include derivatives used for hedging purposes which, by their very nature, do not represent financial values.

27. Other liabilities

Other non-current liabilities: EUR 98,223 (EUR 94,951)

Other non-current liabilities, equal to EUR 98,223, show an increase of EUR 3,272 compared to the previous year and main consist of long-term deferred income related to grants accrued with regard to contractual relations developed in transitional regime with regard to the major concession agreement whose resolutory effects were temporarily suspended by express agreement between the parties, and therefore outside the field of application of Ifric 12.

Other current liabilities: EUR 129,924 (EUR 88,001)

Other current liabilities amount to EUR 129,924 and shown an increase of EUR 41,923. They are as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Payables to associated companies	16,389	18,018	(1,629)
Payables to other companies	33	33	0
Due to personnel	16,702	20,504	(3,802)
Other liabilities	96,800	49,446	47,354
Total other current liabilities	129,924	88,001	41,923

The increase of the item in question basically pertains to the activities carried out in temporary association of companies for unitary execution of works.
The remaining component is broken down as follows: due to social security for EUR 7,308; payables for advances for EUR 13,600; other payables including amounts due to associated companies for EUR 72,791; accrued liabilities and deferred income for EUR 3,011.
With regard to relations with Group companies, please see the attachment on related parties. Lastly, it is noted that payables to associated companies, for shares of capital to be paid and still to be called for by the individual Boards of Directors, have been reclassified, as in the previous year, to directly reduce the respective book values of equity investments.

28. Employee benefits: EUR 8,382 (EUR 9,555)

Such item refers to employee severance indemnity and is as follows:

(thousands of euro)	Value at 31/12/2009	Increases for the period	Decreases for the period	Value at 31/12/2010
	9.554	1.099	(2.271)	8.382

The liability entered in the financial statements is as follows:

(thousands of euro)	31/12/2010	31/12/2009
Total amount obligation	7,871	9,474
Non-recognised actuarial loss/(profit)	511	80
Current value of the obligation	8,382	9,554

(thousands of euro)	Actuarial Value of undertaking
Initial balance	9,554
Costs for services rendered	581
Interest	516
Benefits paid	(2,271)
Actuarial losses/profit	2
Final balance	8,382

The cost relating to the liability is as follows

(thousands of euro)	31/12/2010	31/12/2009
Social security costs for current employment	581	1,368
Net interest payable (receivable)	516	329
Net actuarial losses (profit)	2	7
Total	1,099	1,704

The effects of the decrease in employee severance indemnity are attributable to the new defined benefit plan. To further explain such values, the main assumptions used are as follows:

- Annual discounting rate: 4.15%
- Annual inflation rate: 2%
- Annual rate of increase in salaries
- Managers 2.50%
- Medium managers/White collars/Blue collars: 1%;

29. Trade payables: EUR 881,651 (EUR 744,936)

The item in question is as follows:

(thousands of euro)	31/12/10	31/12/09	Change
Payables to suppliers	723,771	654,902	68,869
Payables to associated companies	148,066	87,761	60,305
Payables to other investee companies	9,815	2,273	7,542
Total	881,651	744,936	136,716

The item in question increased with respect to previous year by EUR 136,717, which is strictly associated with the process of developing and consolidating group activities in the areas in which it operates.

Specifically, the change for the Foreign sector is due to the areas of Romania, Poland, Turkey and Algeria, and for Italy to the activities regarding the construction works of the SS 106 Jonica national road and the Turin underground railway link.

30. Tax payables: EUR 54,458 (EUR 55,103)

Tax payables decreased by EUR 645 and are as follows:
- EUR 20,817: indirect tax payables;
- EUR 29,625: direct tax payables;
- EUR 4,015: treasury payables for employee withholding tax.

31. Provisions for risks and charges: EUR 20,220 (EUR 23,809)

The provisions for risks and charges is broken down as follows:

(thousands of euro)	Provisions for contract obligations	Provisions for equity investment risks	Provision for legal commitments	Provisions as per Art. 27 of the company's bylaws	Total
balance at 31/12/2009	15,672	5,324	2,500	313	23,809
provisions					
use	(1,590)			(299)	(1,889)
charges to accounts					
reclassification					
allocation of 2009 profit				1,044	1,044
other		(2,744)			(2,744)
balance at 31/12/2010	14,082	2,580	2,500	1,058	20,220

- Provisions for contract obligations mainly include the prudent provision for charges relating to works that have already been performed, but for which the final phase of the respective contracts has not yet been defined, as well as activities related to work in progress;
- Provisions for equity investment risks reflect the equity deficit, attributable to the Group, compared to the book value of equity investments;
- The provision for legal commitments includes the allocation of charges measured through a punctual analysis of each single case, carried out with the help of external consultants and based on both objective and evaluation elements.
- The provision as per Art. 27 of the company's bylaws was used for donation purposes and increased through the allocation of profits as per specific resolutions.

The Group is a party to civil and administration legal proceedings and legal suits connected with the regular cor-

porate activities. Based on information currently available, and taking account of existing provisions for bad debt, it is deemed that these proceedings and legal actions will not have any negative impact on the consolidated financial statements. It is specifically reported that on 3 June 2010 the Regional Management of Lazio - Large Tax-Payers Office served the company Astaldi S.p.A. two assessment notices issued following the general VAT, IRES and IRAP audit carried out by the same office for financial year 2005 (and partially for 2004).
On the same date the above-mentioned office also served two reports on findings following the conclusion of the general VAT, IRES and IRAP audit started with access on 23 December 2009 regarding financial period 2007, extended to financial year 2006 as regards several cases.
On the whole, the office found and challenged the company Astaldi S.p.A. with a few relevant observations, including: application of art. 165 of the Consolidated Tax Act on the subject of tax credit for taxes paid abroad (years from 2004 to 2007); the claimed tax relevance of the higher value of the amounts liquidated through the interim work reports on long-term contracts compared to the assessment of the works in progress carried out according to the cost to cost methodology, as required by IAS11 (year 2007); in addition to other observations of lower relevance. The total amount of the higher taxes (IRES and IRAP) notified is approximately EUR 20 million, in addition to sanctions and interest.
As far are the notices of assessment for the years 2005 and 2004 are concerned, the company Astaldi S.p.A. filed on 16 September 2010 settlement proposals pursuant to art. 6 of Legislative Decree 218/97 in order to settle the question before going to court. During the debate with the office, the company had the opportunity to argue and demonstrate its correct conduct with reference to application of art. 165 of the Consolidated Tax Act regarding calculation of the tax credit for taxes paid abroad. At the end of the debate, the office stated that the company's conduct concerning the tax credit for the taxes paid abroad was correct and put forward its proposal to fix assessments for the smaller observations with settlement, quantifying on the whole higher taxes, sanctions and interest totalling about EUR 2 million. Considering the concrete and reasonable interest in settling the challenges within a short time, the company agreed to the proposal put forward by the office but only in order to deflate the litigation, specifying that the proposal would not have represented acquiescence or acknowledgement of responsibility.
Lastly, the reports on findings will have to be evaluated by the office when the relevant notices of assessment are issued, whose terms will be forfeited at the end of 2011. As for the observations not yet defined, that regarding the claimed taxability of the higher value of the amounts liquidated with respect to the assessment of the works in progress of long-term contracts with the cost to cost method was broached by the same Financial Administration, which with the recent Circular Letter 7/E of 28 February 2011 explicitly clarified the tax relevance of the IAS compliance assessments of the long-term contracts with respect to the assessments based on the amounts liquidated by way of the interim work reports pursuant to art. 93 of the Consolidated Tax Act. In light of what has been stated, also with the support of the consultants, the risk of assessment on the observations regarding 2007 is considered remote.
It is also reported that the group company COMERI S.p.A. on 3 November 2010 received a report on findings from the Italian Tax Police of Rome following a general audit carried out on direct and indirect taxes.
The above-mentioned report of findings contained an observation concerning the tax treatment of the transaction deed signed by the undersigned company and ANAS S.p.A. on 3 May 2010 pertaining to definition of the technical reserves recorded in construction site accounting up to 31 December 2008, some of which were erroneously considered higher payments rather than penalties from compensation for damage, hence fully subject to 20% VAT, by the Tax Police.
In connection with the observation made, the company COMERI S.p.A. had previously registered the amicable settlement with the Inland Revenue on 15 June 2010, which at that time had requested and accepted the payment of

the proportionate registration fee on the reserves referred to above, confirming their tax treatment for indirect tax purposes as being conclusive after having considered their compensatory nature and therefore not subject to VAT taxation.
Precisely because of the above and by clarifying precise observations on the cases in question, the company COMERI S.p.A. petitioned the Inland Revenue on 30 December 2010 to not issue notice of assessment regarding the observation in the Italian Tax Police report of findings which was considered, on the other hand, as giving rise to double taxation of the same revenue. Therefore, also with the support of the consultants, the risk of assessment is considered remote.
For the sake of completeness of information given with regards to provisions for risks and charges, the provisions entered in the financial statements are summarised below, with information regarding their nature and specific allocation.

(thousands of euro)	Item	31/12/2010	31/12/2009	note
Provisions to directly reduce assets		37,866	36,177	
Provision for write-down of equity investments	Equity investments	8	8	17
Provision for write-down of final losses	Amount due from customers	16,494	18,964	21
Provision for bad debts	Trade receivables	11,048	7,150	22
Provision for arrears interest	Trade receivables	5,939	5,681	22
Provision for write-down of other assets	Other current assets	4,179	4,176	19
Provision for treasury arrears interest	Tax receivables	198	198	23
Provisions entered under liabilities		29,731	40,759	
For equity investment risks	provisions for risks and charges	2,580	5,324	31
For final contract losses	provisions for risks and charges	14,082	15,672	31
Other provisions for risks and charges	provisions for risks and charges	3,558	2,813	31
For final contract losses	Amount due to Customers	9,511	16,950	21
Total provisions		67,597	76,936	

32. Information on risk management, financial instruments and guarantees

Financial risk management

The Astaldi Group operates in an international context where transactions are performed in various currencies. Moreover, in order to support and develop its own industrial activities, it funds itself with external sources of financing in EUR and foreign currencies. Therefore, the Group's main economic result is subject to market risk resulting from the fluctuation of exchange rates and interest rates.
In order to maintain corporate value, the Group has drawn up guidelines for controlling its exposure to market risks and entrusted the definition of policies and strategies to be adopted to manage the same through derivatives and monitoring of hedged positions, to a Financial Risks Committee.
In relation to such policies, the use of derivatives is reserved to the management of exposure to exchange rates and interest rate fluctuations.
The derivative transactions carried out by the Group are mainly represented by: Interest Rate Swaps (IRS) and Col-

lars on interest rates; and Forwards and Cylinders on exchange rates.
The main financial risks the Group is exposed to are the "interest rate risk", "exchange rate risk", "cash flow risk" and "credit risk".

Interest rate risk

The Group funds itself with external medium/long-term variable rate sources of financing. Fluctuations in market interest rates affect the cost of various forms of financing, discount and return of the use of cash, thus affecting the Group's net borrowing costs. The Group's policy, set down in a specific Interest Rate Risk Management Policy, is to define an optimal mix of fixed rate and variable-rate debt in order to reduce financial costs and their volatility. For this purpose, the Group operates through simple derivatives ("plain vanilla") that involve transforming the variable rate into a fixed rate (IRS), or keep the rate's fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk-exposure level (Cap). These instruments are usually at zero cost.
As at 31 December 2010, the nominal value of existing hedge derivatives amounted to approximately EUR 558,323. The following tables show the aforementioned transactions, all designed to hedge financial flows, split into cash flow hedges and transactions for which the Group decided not to apply hedge accounting as a result of the charges and problems linked to the application of hedge accounting to the characteristics of the hedged items.

Cash Flow Hedges Instrument (thousands of euro)	Hedged item	Remaining notional	Fair value 2010	Fair value 2009
IRS	Financial assets	20,000	(323)	(4,796)
	Medium/Long term indebtedness	371,153	(15,016)	(11,484)
	Loan			(4)
	Short-term indebtedness	15,000	(740)	
Total		406,153	(16,079)	(16,284)
OPTIONS	Medium/Long term indebtedness	52,500	(1,680)	(3,501)
	Short-term indebtedness			(388)
	Financial assets			(683)
Total		52,500	(1,680)	(4,572)
Grand total		458,653	(17,759)	(20,856)

The portfolio of derivatives on interest rates includes hedging transactions of short and medium/long term loans, as well as hedging transactions of interest rate risk connected with the final disposal of trade receivables (Financial Assets) carried out by the Group.
With reference to hedges for which hedge accounting was applied, the decrease in value affected mainly Group equity, generating a final value of EUR (19,520) for the cash flow reserve, combined with the related effect of EUR (4,948) for deferred tax liabilities.

Cash flow hedge reserve – interest rate (thousands of euro)	31/12/2010	31/12/2009
Initial reserve	(18,991)	(13,196)
Amount to cash flow hedge reserve during the year	(14,936)	(16,334)
Amount from cash flow hedge reserve to Income Statement	(14,407)	(10,539)
- adjustment of financial costs	(14,407)	(10,539)
Final reserve	(19,520)	(18,991)
Ineffectiveness	(412)	(580)

It is noted that the figure for ineffectiveness also includes the time value of hedges performed via options for which hedge accounting is applied.
The table below shows the payout of hedged interest payable which, taking into account the market curves in forward interest rates at 31/12/2010, the Group estimates it must incur in relation to financial liabilities hedged by cash flow hedges, net of the contractually agreed spreads:

Period of realization of flows and their recognition in income statement (thousands of euro)	Hedged items 31/12/2010 Recognition	Hedged items 31/12/2009 Recognition
Interest rate risk		
Flows up to 3 months	932	569
Flows from 3 to 6 months	1,493	1,212
Flows from 3 to 9 months	1,217	990
Flows from 9 months to 1 year	2,101	1,876
Flows from 1 to 2 years	5,770	7,658
Flows from 2 to 5 years	10,614	16,642
Flows beyond 5 years	10,864	7,794
Total	32,991	36,741

The table below shows the hedging transactions in relation to which no hedge accounting was applied: the changes in value of these financial instruments were entered directly in the income statement as at 31 December 2010.

No Hedge Accounting hedges table Instrument (thousands of euro)	Hedged item	Remaining notional	Fair value 2010	Fair value 2009
IRS	Financial assets	55,904	(1,787)	
	Medium/Long term indebtedness	8,766	(495)	(156)
Total		64,670	(2,282)	(156)
OPTIONS	Financial assets	20,000	(324)	
	Medium/Long term indebtedness	15,000	(104)	(86)
Total		35,000	(429)	(86)
Grand total		99,670	(2,711)	(242)

Sensitivity analysis

The potential effects of a hypothetical increase or decrease in interest rates on the Group's Income Statement and Balance Sheet are shown hereunder in terms of higher or lower interest expense payable over the entire remaining duration of variable rate financial payables.
The analysis was carried out based on market curves at 31 December 2010 and considers a parallel rate shock by 1% upwards (shock up) and 0.25% downwards (shock down) on interest rates.

Rate risk – Exposure and sensitivity analysis (thousands of euro)	Income Statement				Equity			
	Shock up		Shock down		Shock up		Shock down	
	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
Variable rate financial liabilities								
- cash flow	(8,592)	(9,483)	2,148	2,371				
Derivative hedging instruments								
- cash flow	4,835	5,178	(1,214)	(1,294)				
Total	(3,758)	(4,305)	934	1,077				
Fair value	949	287	(127)	(2,611)	11,793	11,503	(3,073)	(1,850)

As at 31/12/2010, the analysis shows how, considering a 1% increase in interest rates, as a consequence of hedging through derivatives, borrowing costs would increase by only EUR (3,758), equal to 44% of the potential increase in charges of EUR (8,592) in the absence of hedges. In such hypothetical context, the fair value of hedges entered in the income statement compared to the fair value at 31/12/2010 would generate an increase of EUR 949, while the equity reserve would be positively increased by EUR 11,793.
The same analysis in 2009 had shown how a similar 1% shock up in interest rates would have resulted in a fair value increase, recorded to income statement, equal to EUR 287 and an increase in cash flow hedge reserve, in equity, amounting to EUR 11,503.
Similarly, as it can be inferred from the table, a 0.25% shock down of interest rates would result in a EUR 934 reduction of financial charges compared to the potential EUR 2,148 without hedges.

Exchange rate risk

With regard to exchange rate risk, the Astaldi Group performs cash flow hedges for specific foreign contracts, with the purpose of neutralising or attenuating the effect of exchange rate oscillation on the value of relative costs or revenues in currency.

The Group's policy is aimed at hedging a varying percentage depending on the individual cases of exposure to exchange rate risk, as a result of business transactions to be carried out within 12 months. Such period of time may also be multi-year and include the complete duration of works related to specific contracts, when considered fitting in relation to business characteristics and the specific volatility of certain currencies. Also in this case, hedges are performed using zero-cost simple derivatives, forwards or cylinders. In those cases where, in connection with specific foreign currencies especially those of emerging countries, financial markets do not allow for mitigation of the exchange risk through derivatives, the Group tends to protect the imbalance between trade receivables and payables in local currency through financial indebtedness in the same currency (the so-called "natural hedge").

At 31 December 2010 the nominal value of existing exchange rate risk hedges amounted to a total of EUR 37,420, equivalent to USD 50,000.

Instrument (thousands of euro)	Hedged item	Remaining notional	Fair value 2010
FORWARD	Hedging of Receivables	18,710	486
Total		18,710	486
OPTIONS	Hedging of Receivables	18,710	468
Total		18,710	468
Grand total		37,420	955

A breakdown of the changes in the cash flow hedge reserve during 2010 due to hedges on exchange rates is shown below:

Cash flow hedge reserve – interest rate (thousands of euro)	31/12/2010	31/12/2009
Initial reserve	-	(1,970)
Amount to cash flow hedge reserve during the year	1,533	(182)
Amount from cash flow hedge reserve to Income Statement	1,533	(2,152)
- to adjust operating costs	1,533	(2,152)
Final reserve	-	-
Ineffectiveness	-	-

Liquidity risk

The main factors determining the Group's liquidity risk are, on one hand, the financial resources generated or absorbed by Group operating and investment activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.
Cash flows, the need for financing and the liquidity held by Group's companies are monitored in an ongoing manner and managed by the Group with the aim of guaranteeing effective and efficient management of financial resources.
The table below shows the timeframe of the Group's financial liabilities that are exposed to interest rate risk at 31/12/2010:

Analysis of maturities as at 31 December 2010 (thousands of euro)	Uses	On sight	2011	2012	2013	2014	2015	Beyond
Liabilities								
Non-derivative financial instruments								
Short-term loans	(233,707)	221,707	12,000					
Medium/Long-term loans	(625,529)	4,968	111,269	74,326	345,747	48,377	3,361	37,481
Leasing (variable-rate)	-							
Total	(859,236)	226,675	123,269	74,326	345,747	48,377	3,361	37,481

The figure related to variable-rate financial liabilities included in the table coincides with nominal value of said liabilities, net of reclassification related to valuation of financing at amortised costs and of the fair value of derivatives on interest rate.

The Group has also adopted a series of policies and processes aimed at making the most of management of sources of financing, reducing the liquidity risk, such as, in particular:

- orientation toward centralized management of collection and payment flows (cash management systems) where deemed advantageous in compliance with the various civil, currency and tax laws of the countries where the Group operates and in keeping with the rules for managing the financial flows of individual contracts;
- maintenance of a suitable level of available liquidity;
- existence of an investment portfolio, amounting to EUR 4,002, with a corresponding liquid market and whose securities are available for trading in order to cope with liquidity needs;
- diversification of instruments for obtaining financial resources and ongoing focus on financial markets;
- obtainment of appropriate bank credit facilities (committed and uncommitted);
- monitoring of future liquidity conditions in relation to corporate planning.

Credit risk

The Group's customers are mainly public authorities and government bodies which, by their very nature, are solvent. Therefore, the credit risk represented by the Group's exposure to potential loss deriving from the customer's failure to fulfil their obligations may be considered as insignificant, also in consideration of insurance cover imple-

mented through specific insurance policies taken out with specific insurance institutes.
Moreover, it is noted that, in some countries, the period needed to collect payment may extend beyond usual terms. At 31 December 2010, the percentage of overdue trade receivables amounted to 21.5%, of which 8.2% related to over 12 month receivables. However, the analysis of exposure to credit risk on the basis of overdue receivables is scarcely significant insofar as receivables have to be valued with the other working capital items and, specifically, with payables to subcontractors and suppliers, which are typical of this sector, and the due dates of which are generally aligned to payments from customers in relation to management of operating leverage.

Guarantees and Securities

Personal guarantees

The total value of guarantees furnished, stated in thousands of Euro, is EUR 2,068,802 and refers to the following:

- guarantees for opening credit facilities, to be used to ensure regular cash flow in relation to individual contracts, issued in favour of associated companies and other investee companies, set up for this purpose pursuant to current tax laws for the amount of EUR 154,083;
- guarantees for works, issued in the Group's interest by banks and insurance companies, in favour of customers and in the interest of subsidiaries, associated companies and other investee companies, for the total amount of EUR 1,884,433;
- other guarantees, issued for various purposes, for the total amount of EUR 30,286.

Third-party guarantees in our favour

These refer to guarantees equal to EUR 224,630, stated in thousands of Euro, issued by banks and insurance companies, in the interest of Italian and foreign suppliers and subcontractors in relation to contractual obligations undertaken by the latter vis-à-vis the company.

33. Information on transactions with related parties and fees due to directors, auditors and general managers

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Attachment 1 to these Notes shows the totals of existing transactions and balances resulting from financial and commercial relations with related companies. In this regard, it is noted that the relevant transactions were carried out at market conditions. Moreover, it is specified that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific sector the Group operates in, are to be related to receivables due from third parties – entered among Trade Receivables (note 22) – not summarised in the attachment regarding transactions with related parties.
Information regarding fees due to Directors, Auditors and General Managers of the Parent Company is shown below in accordance with the provisions of model 1 of Attachment 3C of the IR and information on stock options assigned to Directors of the Parent Company in accordance with the provisions of model 2 of Attachment 3C of the IR.

Model 1

Fees paid to Directors, Auditors, General Managers and Deputy General Managers (thousands of euro)

Individual	Description of office		Fees					
Surname and name	Office	Term	Emoluments	Benefits	Bonuses and	Other		
	Held	Of the	For the	Non	Other	Fees		
		Office	Office	Monetary	Incentives			
di Paola Vittorio	Honorary Chairman	31/12/2012	50,000 - 1 (a)		7,521			
			600,000 - 8 (a)					
Astaldi Paolo	Chairman	31/12/2012	50,000 - 1 (a)		6,960	428,010	(2)	(a)
			366,667 - 8 (a)			32,873	(6)	(b)
Monti Ernesto	Deputy Chairman	31/12/2012	50,000 - 1 (a)		2,512			
			243,333 - 8 (a)					
			2,800 - 3 (a)					
Cafiero Giuseppe	Deputy Chairman	31/12/2012	50,000 - 1 (a)	381,759	7,192			
			1,116,849 - 8 (a)					
Cerri Stefano	CEO	31/12/2012	50,000 - 1 (a)	265,275	7,644	377,164	(2)	(a)
			251,253 - 8 (a)			26,437	(6)	(b)
Astaldi Pietro	Director	31/12/2012	50,000 - 1 (a)		6,770	208,896	(2)	(a)
						18,352	(6)	(b)
Astaldi Caterina	Director	31/12/2012	50,000 - 1 (a)		4,479	79,825	(2)	(a)
						6,192	(6)	(b)
Guidobono Cavalchini Luigi	Director	31/12/2012	50,000 - 1 (a)					
			1,300 - 4 (a)					
Cirla Giorgio	Director	31/12/2012	50,000 - 1 (a)					
Lupo Mario	Director	31/12/2012	50,000 - 1 (a)					
			1,800 - 4 (a)					
Cuccia Paolo	Director	31/12/2012	50,000 - 1 (a)					
Poloni Maurizio	Director	31/12/2012	50,000 - 1 (a)					
			18,720 - 5 (a)					
			2,912 - 3 (a)					
Pinto Eugenio	Director	31/12/2012	50,000 - 1 (a)					
			2,600 - 3 (a)					
			1,040 - 4 (a)					
Spanò Pierumberto	Chairman of Board of Auditors	31/12/11	51,000 - 9 (a)					
Singer Pierpaolo	Auditor	31/12/11	34,000 - 9 (a)					
Antonio Sisca	Auditor	31/12/11	34,000 - 9 (a)					

(1) Fees pursuant to art. 2389, paragraph 1 of the Italian Civil Code for the office of Director of Astaldi S.p.A.
(2) Salaries.
(3) Fees received as a member of the Remuneration Committee.
(4) Fees received as a member of the Internal Audit Committee.
(5) Fees received as a member of the Supervisory Body.
(6) Benefits subsequent to employment (employee severance indemnity).
(7) Fees pursuant to art. 2389, paragraph 1 of the Italian Civil Code for the office of Director of subsidiaries.
(8) Fees pursuant to art. 2389, paragraph 3, of the Italian Civil Code.
(9) Board of Statutory Auditors salary pursuant to art. 2402 of the Italian Civil Code
(a) short-term benefits.
(b) benefits subsequent to employment.

Fees paid to Directors in office until 31/12/2009 (thousands of euro)

Oliva Nicola *	Director	31/12/2009	140,928 - 8 (a)	265,275	7,109			
Grassini Franco **	Director	31/12/2009	300 - 4 (a)					
			300 - 3 (a)					

* (8) Fees pursuant to art. 2389, paragraph 3 of the Italian Civil Code for the office of General Manager from 1 January until 30 April 2010.

** (3) (4) Fees received as member of the Remuneration Committee and the Internal Audit Committee in the period from 1 January until 30 April 2010.

As regards managers with strategic responsibilities, including General Managers, Deputy General Managers, Chief Executive Officers and Operations Managers of the Parent Company, it is noted that the fees paid to these parties amount to EUR 4,584,006.

Model 2

		Options held at the beginning of the year			Options assigned during the year			Options exercised during the year			Options expired during the year	Options held at the end of the year		
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)= 1+4-7-10	(12)	(13)
Name and Surname	Office held	No. of options	Average exercise price	Average maturity term	No. of options	Average exercise price	Average maturity term	No. of options	Average exercise price	Average market price at time of exercise	No. of options	No. of options	Average exercise price	Average maturity term
Giuseppe Cafiero	CEO	0	0	-	50,000 (a)	0	(b)	50,000	0	5.68 (c)	0	0	0	-
Stefano Cerri	CEO	0	0	-	50,000 (a)	0	(b)	50,000	0	5.68 (c)	0	0	0	-
Nicola Oliva	Director and General Manager	0	0	-	50,000 (a)	0	(b)	50,000	0	5.68 (c)	0	0	0	-
Nicola Oliva	Consigliere e Direttore Generale	0	0	-	50.000 (a)	0	(b)	50.000	0	5,68 (c)	0	0	0	-

(a) *Stock grants* assigned in 2010 pursuant to the Company's Incentive Scheme approved during the Shareholders' Meeting of 27 June 2007. As provided for in CONSOB Issuers Regulation No. 11971/99 *stock grants* are recorded as an assignment and contextual exercise of options with zero-exercise price.

(b) It must be recalled that the scheme in question provides for a lock up on 50% of the *stock grants* assigned for a three-year period as from the assignment date.

(c) Reference price at assignment date (24 March 2010).

34. Segment Information

The operating sectors subject to segment disclosure were determined according to reporting used by the top management as an information set for their decisions. This reporting is specifically based on the various geographical areas in which the Group operates, and it is determined by using the same accounting standards used to draw up the consolidated financial statements.
The following tables show the segment information regarding provisions set out in information as per IFRS 8.

2010 Report

(thousands of euro)	Italy	Europe	Americas	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
Revenues	1,226,261	478,288	423,505	139,301	22,800	(96)	(371,091)	1,918,969
Operating result	84,203	33,106	65,395	21,952	(24,338)	(15,222)	8,515	173,611
Net borrowing costs	-	-	-	-	-	-	-	(77,721)
Shares of operating result of entities valued at equity								4,429
Profit/(loss) prior to taxation and minority interests								100,319
Income taxes								(36,796)
Net profit for the year								63,056
Assets or liabilities								
Sector assets	1,525,979	541,796	1,000,102	352,076	63,912	1,057,692	(1,671,466)	2,870,090
of which investments in associated companies						379,789	(283,915)	95,874
Total assets								2,870,090
Sector liabilities	(1,301,587)	(528,363)	(852,058)	(333,607)	(93,501)	(844,924)	1,527,178	(2,426,861)
Total liabilities								(2,426,861)
Other sector information								
Tangible assets	114,217	29,774	54,071	21,623	16,936	62,555	(495)	298,680
Intangible assets	3,119	92	0	(0)	6	498	-	3,716
Depreciation of tangible assets	3,096	8,260	17,297	7,871	5,309	9,667	(437)	51,063
Provisions		-	-	-	-	744	-	744

2009 Report

(thousands of euro)	Italy	Europe	Americas	Africa	Asia	Other assets	Adjust-ments and cancella-tions	Consoli-dated total
Revenues	1,128,614	269,377	513,296	117,748	113,917	(4,218)	(335,959)	1,802,775
Operating result	36,564	22,888	110,998	13,333	842	(21,512)	(5,493)	157,619
Net borrowing costs	-	-	-	-	-	-	-	(67,354)
Shares of operating result of entities valued at equity								530
Profit/(loss) prior to taxation and minority interests								90,795
Income taxes								(33,336)
Net profit for the year								55,902
Assets or liabilities								
Sector assets	1,169,293	405,851	1,131,973	333,171	61,065	1,167,707	(1,506,369)	2,762,690
of which investments in associated companies						326,395	(232,999)	93,396
Total assets								2,762,690
Sector liabilities	(1,088,140)	(402,823)	(941,538)	(339,133)	(64,123)	(869,774)	1,336,227	(2,369,303)
Total liabilities								(2,369,303)
Other sector information								
Tangible assets	110,465	29,512	61,239	29,234	20,674	69,487	(830)	319,780
Intangible assets	3,287	87	1	1	10	579	-	3,966
Depreciation of tangible assets	2,992	6,383	13,703	8,030	4,653	9,951	(471)	45,241
Provisions	3,120	-	-	-	-	-	-	3,120

35. Other information

Non-recurring Significant events and operations

Astaldi Group's economic, equity and financial situation was not affected during 2010 by any non-recurring significant operations as set forth in CONSOB communication no. DEM/6064293.

Positions or transactions resulting from atypical and unusual operations

The Astaldi Group did not carry out any atypical and unusual operations during 2010 as defined in CONSOB communication no. DEM/6064293

Subsequent events

Publication of the financial statements was authorised by the parent company's Board of Directors on 16 March 2011.
The Board of Directors reserves the right to make formal amendments and additions within the filing date, pursuant to Article 2429 of the Italian Civil Code.
Please refer to the Management Report for more detailed information on subsequent events.

Fees payable to the audit firm Ernst &Young and its network pursuant to Art. 149-duodecies of the Issuers Regulations

Type	Fees
Auditing services	EUR 821
- Referred to the Parent company Astaldi S.p.A. (*)	*EUR 522*
- Referred to subsidiaries	*EUR 299*
Other services (**)	EUR 197
Total fees	EUR 1,018

(*) The amount related to the Parent Company Astaldi S.p.A. includes out-of-pocket expenses and Consob contribution.
(**) of which to the Parent Company Astaldi S.p.A. for EUR 197.

On behalf of the Board of Meeting
The Chairman
Paolo Astaldi

Attachments to the Consolidated Accounts

Exchange rates (Attachment no. 3)

Countries	Currency		December 10	Average 2010	December 09	Average 2009
Albania	Albanian Lek	ALL	138,860	137,738	137,266	132,087
Algeria	Algerian Dinar	DZD	99,261	98,138	105,860	101,212
Angola	Angolan Kwarza	AOA	123,790	121,937	129,155	110,784
Saudi Arabia	Saudi Riyal	SAR	5,011	4,976	5,481	5,231
Bolivia	Bolivian	BOB	9,367	9,314	10,263	9,796
Bulgaria	New Bulgarian Lev	BGN	1,956	1,956	1,956	1,956
Burundi	Burundian Franc	BIF	1.641,430	1.632,734	1.801,460	1.712,850
Caribbean Islands	Caribbean Dollar	XCD	3,608	3,582	3,946	3,766
Central African Republic	Central Africa CFA Franc	XOF	655,957	655,957	655,957	655,957
Chile	Chilean peso	CLP	625,275	676,255	733,929	776,509
Colombia	Colombian peso	COP	2.571,380	2.519,228	2.947,280	2.988,090
Democratic Republic of Congo	Congolese Franc	CDF	1.222,800	1.202,893	1.315,040	1.121,850
Costa Rica	Costa Rican Colon	CRC	678,448	693,257	825,873	797,741
Croatia	Croatian Kuna	HRK	7,383	7,289	7,291	7,340
Denmark	Danish Krone	DKK	7,454	7,447	7,442	7,446
El Salvador	Salvadoran Colon	SVC	11,692	11,610	12,787	12,204
United Arab Emirates	UAE Dirham	AED	4,908	4,873	5,368	5,123
Japan	Japanese Yen	JPY	108,650	116,455	131,210	130,337
Djibouti	Djiboutian Franc	DJF	237,471	235,800	259,714	247,882
Guatemala	Quetzal	GTQ	10,695	10,702	12,150	11,372
Guinea	Guinean Franc	GNF	8.129,370	7.575,409	7.140,590	6.666,250
Honduras	Honduran Lempira	HNL	25,248	25,070	27,612	26,353
Libya	Libyan Dinar	LYD	1,676	1,679	1,781	1,746
Malawi	Malawian Kwacha	MWK	202,955	199,877	211,427	197,125
Morocco	Moroccan Dirham	MAD	11,180	11,158	11,358	11,253
Mozambique	Mozambican New Metical	MZN	43,948	43,620	40,007	37,262
Nicaragua	Nicaraguan Cordoba Oro	NIO	29,239	28,332	30,392	28,396
Norway	Norwegian Krone	NOK	7,800	8,006	8,407	8,728
Pakistan	Pakistanu Rupee	PKR	114,475	113,003	122,917	114,037
Panama	Panmian Balboa	PAB	1,336	1,327	1,461	1,395
Peru	Peruvian Nuevo Sol	PEN	3,751	3,749	4,205	4,191
Poland	Polish Zloty	PLN	3,975	3,995	4,144	4,328
Qatar	Qatari Riyal	QAR	4,864	4,830	5,321	5,078
UK	British Pound	GBP	0,861	0,858	0,900	0,891
Dominican Republic	Dominican Peso	DOP	50,004	48,727	52,742	50,066
Romania	Romanian New Leu	RON	4,262	4,211	4,228	4,240
Rwanda	Rwandan Franc	RWF	793,703	773,609	833,801	792,749
Singapore	Singapore Dollar	SGD	1,714	1,808	2,039	2,024
USA	US Dollar	USD	1,336	1,327	1,461	1,395
South Africa	South African Rand	ZAR	8,863	9,714	10,926	11,674
Switzerland	Swiss Franc	CHF	1,250	1,382	1,502	1,510
Taiwan	Taiwan Dollar	TWD	39,044	41,776	47,135	46,018
Tanzania	Tanzanian Shilling	TZS	1.991,010	1.911,159	1.953,340	1.847,900
Tunisia	Tunisian Dinar	TND	1,921	1,896	1,908	1,878
Turkey	Turkish Lira	TRY	2,069	1,997	2,201	2,163
EMU	Euro	EUR	1,000	1,000	1,000	1,000
Venezuela	Venezuelan Bolivar	VEF	5,739	5,621	3,138	2,995
Zambia	Zambian Kwacha	ZMK	6.400,260	6.354,306	6.846,580	7.011,500

The exchange rate expresses the quantity of foreign currency necessary to purchase 1 Euro. Source: Banca d'Italia (Italian Central Bank).

Related Parties (Annex 1)

(thousands of euro)	Other non-current financial assets	Amounts due from customers	Trade receivables	Other current assets
Adduttore Ponte Barca S.c.r.l. in liquidation	0	0	0	0
Asociera FCC Contruccion S.A./Astaldi S.p.A. JV	0	0	1.721	13
Asociera JV FCC Contruccion S.A.- Astaldi S.p.A.	0	0	2.109	36
Asocierea JV Astaldi S.p.A. - Max Bogl	0	0	4.005	0
Astaldi - UTI - Romairport Joint Venture	377	0	873	35
Astaldi Bayindir J.V.	0	0	204	5.935
Astaldi-FCC Joint Venture (J.V. Basarab Overpass)	300	0	3.048	0
Avola S.c.r.l. in liquidation	84	0	665	41
Avrasya Metro Grubu Srl	0	0	7	0
Blufi 1 S.c.r.l. in liquidation	0	0	0	48
C.F.M. S.c.r.l. in liquidation	0	0	65	113
CO.SAT Società Consortile a responsabilità limitata	0	0	229	3
Colli Albani S.c.r.l. in liquidation	5	0	815	5
Consorcio Astaldi-ICE	0	0	416	1
Consorcio Contuy Medio	0	0	451	736
Consorcio Grupo Contuy - Proyectos y Obras de Ferrocarriles	0	0	697	5.047
Consorzio A.F.T. in liquidation	354	0	601	364
Consorzio A.F.T. Kramis	410	0	2.064	814
Consorzio C.I.R.C. in liquidation	0	0	22	0
Consorzio Consarno	127	0	71	0
Consorzio Consavia S.c.n.c. in liquidation	0	0	22	1
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	0	0	0	0
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	90	0	0	0
Consorzio Ferrofir in liquidation	0	0	0	0
Consorzio Gi.It. in liquidation	0	0	0	0
Consorzio Iricav Due	0	0	12	0
Consorzio Iricav Uno	0	0	333	6.144
Consorzio Ital.Co.Cer.	0	0	0	0
Consorzio Italvenezia	0	0	0	0
Consorzio Novocen in liquidation	0	0	0	0
Consorzio Ponte Stretto di Messina in liquidation	222	0	0	1
Consorzio Qalat	0	0	0	0
Constructora Astaldi Fe Grande Limitata Ltda	0	0	0	0
Diga di Blufi S.c.r.l. in liquidation	0	0	6.198	637
Ecosarno S.c.r.l.	0	0	0	238
Fin.Ast. S.p.A.	0	0	13	0
Fosso Canna S.c.r.l. in liquidation	205	0	247	6

Non-current financial liabilities	Amounts due to Customers	Trade payables	Other current liabilities	Revenues	Other revenues and income	Service costs	Financial income	Interest and other financial charges
0	0	(123)	0	0	(21)	1	0	0
0	0	(5.693)	(5.626)	0	(344)	18.507	0	0
0	0	(12.154)	(3.442)	0	(620)	24.110	0	0
(38)	0	(65)	(4.989)	0	(472)	16.616	0	0
0	0	(77)	(38)	0	0	0	0	0
0	0	(358)	0	0	0	0	0	0
0	0	(115)	(1.303)	0	(1.356)	22.533	(95)	0
0	0	(162)	0	0	(2)	0	0	0
0	0	0	0	0	(914)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	(124)	0	0	0	0	(5)	0
0	0	(6.930)	0	0	(394)	16.099	(89)	0
0	0	(343)	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	(1.236)	(24)	0	0	618	(13)	32
0	0	(3.150)	0	0	(266)	3.744	(0)	0
0	0	(285)	(285)	0	0	0	(1)	0
0	0	0	0	0	0	221	(19)	0
0	0	(97)	0	0	0	4	0	0
0	0	0	0	0	(30)	0	0	0
0	0	(17)	0	0	0	0	0	0
0	0	(2)	0	0	0	0	0	0
0	0	(36)	0	0	0	9	0	0
0	0	(453)	0	0	0	641	0	0
0	0	(220)	0	0	0	0	0	0
0	0	(454)	0	0	(89)	442	0	5
0	0	(8.666)	0	0	(219)	9.449	0	0
0	0	(228)	0	0	0	70	0	0
0	0	(125)	0	0	0	0	0	0
0	0	(57)	(0)	0	0	59	0	0
0	0	(2)	0	0	0	5	0	0
0	0	(91)	0	0	0	0	0	0
0	0	0	0	0	0	0	(74)	0
0	0	(5.469)	0	0	0	0	0	0
0	0	(147)	0	0	(101)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	(83)	0	0	0	0	(0)	0

(thousands of euro)	Other non-current financial assets	Amounts due from customers	Trade receivables	Other current assets
G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada du Transfert M.A.O	0	0	0	707
G.T.J Etude et Rèalisation d'un Tunnel	0	0	0	11
GEI - Grupo Empresas Italianas	0	0	1.671	4.152
Groupement Eurolep	0	0	0	0
Groupement GR-RDM	0	0	0	0
Groupement Italgisas	838	0	123	16
Infraflegrea S.c.r.l. in liquidation	0	0	523	9
Italsagi Sp. Zo. O.	340	0	14	28
M.N. Metropolitana di Napoli S.p.A.	0	0	28	0
M.O.MES S.c.r.l.	0	0	90	0
Max Boegl - Astaldi J.V.	0	0	9.713	0
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	347	0	403	0
Metro 5 S.p.A.	1.535	22.808	79	2
METRO C S.c.p.a.	0	0	53	5
Metrogenova S.c.r.l.	0	0	70	446
Monte Vesuvio S.c.r.l. in liquidation	250	0	255	0
Mose-Treporti S.c.r.l.	0	0	803	0
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	0	0	60	811
Nova Metro S.c.r.l. in liquidation	0	0	0	0
Pacific Hydro Chacayes	12.882	19.133	52	0
Pedelombarda S.c.p.A.	0	0	1.254	0
Pegaso S.c.r.l.	0	0	285	1.237
Piana di Licata S.c.r.l. in liquidation	307	0	179	2
Pont Ventoux S.c.r.l. in liquidation	0	0	3.432	583
Principe Amedeo S.c.r.l. in liquidation	0	0	339	114
S. Leonardo S.c.r.l. in liquidation	5	0	2.628	2
S.A.C.E.S. S.r.l. in liquidation	0	0	0	0
S.E.I.S. S.p.A.	1.309	0	10	0
SA.T. S.p.A.	0	4.795	64	0
Tangenziale Seconda S.c.r.l. in liquidation	0	0	68	4
Truncu Reale S.c.r.l. in liquidation	0	0	199	1
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	2.466	0	132	1
Vesuviana Strade S.c.r.l. in liquidation	0	0	137	15
Viadotti di Courmayeur S.c.r.l. in liquidation	0	0	503	22
Grand Total	22.452	46.735	48.055	28.385
Impact percentage on transactions	27,12%	5,53%	7,78%	9,53%

Non-current financial liabilities	Amounts due to Customers	Trade payables	Other current liabilities	Revenues	Other revenues and income	Service costs	Financial income	Interest and other financial charges
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	(7.353)	(17)	0	(916)	1.516	(4)	0
0	0	0	(26)	0	0	0	0	0
0	0	0	(35)	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	(979)	0	0	0	26	0	0
0	0	0	0	0	0	0	0	0
0	0	(5)	0	0	(3)	0	0	4
0	0	(391)	0	0	(30)	581	0	0
0	0	(8.204)	(879)	0	(218)	16.863	0	0
0	0	(136)	0	0	(86)	0	(6)	0
0	0	(294)	0	(39.743)	(486)	332	(20)	0
0	0	(52.917)	0	(2.758)	(565)	143.873	0	0
0	0	(90)	(5)	0	(103)	1.983	0	0
0	0	(60)	0	0	(17)	0	0	0
0	0	(19.670)	0	0	(528)	24.867	0	0
0	0	0	0	0	(137)	992	0	0
0	0	(30)	0	0	(8)	9	0	0
0	(9.003)	(64)	(36)	(122.236)	(133)	164	(14)	242
0	0	(5.476)	0	0	(261)	4.596	0	0
0	0	(505)	0	0	(180)	836	0	0
0	0	(139)	0	0	0	0	0	0
0	0	(5.931)	0	0	(38)	169	(42)	0
0	0	(232)	0	0	0	0	0	0
0	0	(698)	0	0	0	0	0	0
(1.645)	0	0	0	0	(1.060)	0	0	0
0	0	0	0	0	0	0	0	0
0	(561)	0	0	(17.376)	(264)	0	0	0
0	0	(19)	0	0	0	1	(1)	0
0	0	(2)	0	0	(27)	11	0	0
0	0	0	0	0	(33)	0	(257)	0
0	0	(56)	0	0	(20)	18	0	0
0	0	(109)	0	0	0	1	0	0
(1.683)	(9.564)	(150.321)	(16.704)	(182.112)	(9.939)	309.967	(640)	284
0,30%	2,93%	17,05%	12,86%	9,49%	7,90%	25,49%	2,46%	0,27%

Information on associated and joint control entities (Annex 2)

Company Name	Book value of the holding	Effects of holdings on valuation at equity
Adduttore Ponte Barca S.c.r.l. in liquidation	7	0
Avola S.c.r.l. in liquidation	0	(1)
Avrasya Metro Grubu Srl	2.193	2.188
Blufi 1 S.c.r.l. in liquidation	0	0
C.F.M. S.c.r.l. in liquidation	21	0
CO.SAT Società Consortile a responsabilità limitata	5	0
Colli Albani S.c.r.l. in liquidation	0	(1)
Comet JV	0	(630)
Consorcio Contuy Medio	0	0
Consorzio A.F.T. in liquidation	15	0
Consorzio A.F.T. Kramis	0	0
Consorzio C.I.R.C. in liquidation	13	0
Consorzio Consarno	5	0
Consorzio Consavia S.c.n.c. in liquidation	5	(1)
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	52	0
Consorzio Ferrofir in liquidation	357	0
Consorzio Gi.It. in liquidation	1	0
Consorzio Iricav Uno	124	0
Consorzio Iricav Due	170	0
Consorzio Ital.Co.Cer.	15	0
Consorzio Italvenezia	19	0
Consorzio Metrofer in liquidation	9	0
Consorzio Novocen in liquidation	0	(167)
Consorzio Ponte Stretto di Messina in liquidation	52	0
Consorzio Qalat	(0)	0
Diga di Blufi S.c.r.l. in liquidation	23	0
Ecosarno S.c.r.l.	17	0
Fosso Canna S.c.r.l. in liquidation	0	(0)
GEI - Grupo Empresas Italianas	349	0
Groupement Eurolep	8	0
Groupement Italgisas	0	0
Infraflegrea S.c.r.l. in liquidation	23	0
Italsagi Sp. Zo. O.	1	0
M.N. Metropolitana di Napoli S.p.A.	5.907	989
M.O.MES S.c.r.l.	6	0
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	0	(954)
Metro 5 S.p.A.	1.126	44
METRO C S.c.p.a.	12.771	0

Total equity	Total liabilities in balance sheet	Total assets in balance sheet	Total value of production	Total production costs	Profit / loss for the year
14	14	14	0	0	0
(100)	0	0	0	1	(1)
5.222	35.331	35.331	95.622	87.807	5.210
(71)	0	0	0	0	0
41	41	41	0	0	0
10	25.142	25.142	33.390	28.993	0
(6)	0	0	0	1	(1)
(124.916)	1.458	1.458	0	4.998	(4.198)
1	1	1	0	0	0
46	46	46	0	0	0
(30)	0	0	0	0	0
52	52	52	0	0	0
21	21	21	0	0	0
19	19	19	0	2	(5)
207	207	207	0	0	0
535	535	535	0	0	0
3	3	3	0	0	0
444	444	444	0	0	0
516	516	516	0	0	0
52	52	52	0	0	0
77	77	77	0	0	0
26	26	26	0	0	0
(140)	0	0	0	410	(410)
76	76	76	0	0	0
6	6	6	0	0	0
30	30	30	0	0	0
51	51	51	0	0	0
(68)	0	0	0	1	(1)
0	0	0	0	0	0
0	0	0	0	0	0
(2.844)	0	0	0	0	0
30	30	30	0	0	0
0	0	0	0	0	0
26.114	26.114	26.114	4.371	0	4.371
10	1.172	1.172	1.056	1.056	(0)
(427)	0	0	0	2.891	(2.891)
4.833	32.613	32.613	0	0	190
37.018	37.018	37.018	0	0	0

Company Name	Book value of the holding	Effects of holdings on valuation at equity
Metrogenova S.c.r.l.	6	0
Monte Vesuvio S.c.r.l. in liquidation	0	(94)
Mose-Treporti S.c.r.l.	4	0
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	20	(0)
Nova Metro S.c.r.l. in liquidation	10	0
Otoyol Yatirim Ve Isletme A.S	1.006	0
Pacific Hydro Chacayes	37.076	38
Pedelombarda S.c.p.A.	4.800	0
Pegaso S.c.r.l.	114	0
Piana di Licata S.c.r.l. in liquidation	0	(0)
Pont Ventoux S.c.r.l. in liquidation	29	0
Principe Amedeo S.c.r.l. in liquidation	0	(1)
S. Leonardo S.c.r.l. in liquidation	0	(2)
S.A.C.E.S. S.r.l. in liquidation	0	1.060
S.E.I.S. S.p.A.	17.703	0
SA.T. S.p.A.	916	10
Sharaf - Astaldi LLC	42	0
Tangenziale Seconda S.c.r.l. in liquidation	23	0
Truncu Reale S.c.r.l. in liquidation	11	0
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	8.841	1.979
Vesuviana Strade S.c.r.l. in liquidation	14	0
Viadotti di Courmayeur S.c.r.l. in liquidation	3	0
Yellow River Contractors	0	(28)
Total	93.912	4.429

Total equity	Total liabilities in balance sheet	Total assets in balance sheet	Total value of production	Total production costs	Profit / loss for the year
26	7.170	7.170	9.417	6.293	0
(509)	0	0	0	188	(188)
10	10	10	0	0	0
40	1.836	1.836	4.943	3.743	0
41	41	41	0	0	0
6.390	0	0	0	0	0
134.431	134.431	134.431	95	0	139
20.000	20.000	20.000	0	0	0
260	260	260	0	0	0
(259)	0	0	0	1	(1)
52	10.799	10.799	371	297	0
(3)	0	0	0	1	(1)
(78)	0	0	0	4	(4)
(248)	0	0	2.866	0	2.866
36.629	36.629	36.629	0	0	(812)
2.616	2.616	2.616	28	0	28
611	611	611	0	0	0
45	45	45	0	0	0
31	31	31	0	0	0
28.519	28.519	28.519	6.383	0	6.383
46	302	302	63	28	(0)
10	10	10	0	0	0
2.074	2.866	2.866	0	200	(200)
177.588	407.273	407.273	158.606	136.916	10.472

Management Certification

Certification of the Consolidated Financial Statements
pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter
of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and additions

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Stefano Cerri, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Executive appointed to draft corporate accounts of Astaldi S.p.A., hereby certify:
   • the appropriateness in relation to the company's characteristics and
   • the actual application
   of administrative and accounting procedures used to formulate the 2010 consolidated financial statements.

2. The administrative and accounting procedures used to formulate the consolidated financial statements at 31 December 2010 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.
   There are no significant observations to be made in this regard.

3. This is also to certify that:
   3.1 The consolidated financial statements:
   a) were drafted in compliance with the applicable international accounting standards acknowledged within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) tally with ledgers and account entries;
   c) are suitable for providing a truthful and accurate representation of the equity, economic and financial situation of the issuer and of all the companies included in the consolidation area.

   3.2 The management report contains a reliable analysis of the operating performance and result, as well as of the situation of Astaldi S.p.A. and of all the companies included in the consolidation area, together with a description of the main risks and uncertainties they are exposed to.

Rome, 16 March 2011

Signed by:

Stefano Cerri
Chief Executive Officer

Paolo Citterio
Executive appointed to draft corporate accounts

Independent Auditors' Report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
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Independent auditors' report
pursuant to art. 14 and art.16 of Legislative Decree n. 39 of January 27, 2010
(Translation from the original Italian text)

To the Shareholders
of Astaldi S.p.A.

1. We have audited the consolidated financial statements of Astaldi S.p.A. and its subsidiaries, (the "Astaldi Group") as of and for the year ended December 31, 2010, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of the Astaldi S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   With respect to the consolidated financial statements of the prior year, presented for comparative purposes, reference should be made to our report dated April 7, 2010. The comparative data in the last year consolidated financial statements have been reclassified to take into account the first application of IFRIC 12 "Service Concession Arrangements", as better explained in attached notes. Such reclassification and related disclosed information have been reviewed for the purpose of our opinion.

3. In our opinion, the consolidated financial statements of the Astaldi Group at December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Astaldi Group for the year then ended.

ERNST & YOUNG

4. The management of Astaldi S.p.A. is responsible for the preparation of the Information on Operations and the Corporate Governance Report and Ownership Structure , in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Information on Operations and the information reported in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) presented in the Corporate Governance Report and Ownership Structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Information on Operations and the information reported in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) presented in the Corporate Governance Report and Ownership Structure, are consistent with the consolidated financial statements of Astaldi S.p.A. as of December 31, 2010.

Rome, March 25, 2011

Reconta Ernst & Young S.p.A.
signed by: Luigi Facci (partner)

This report has been translated into the English language solely for the convenience of the international readers

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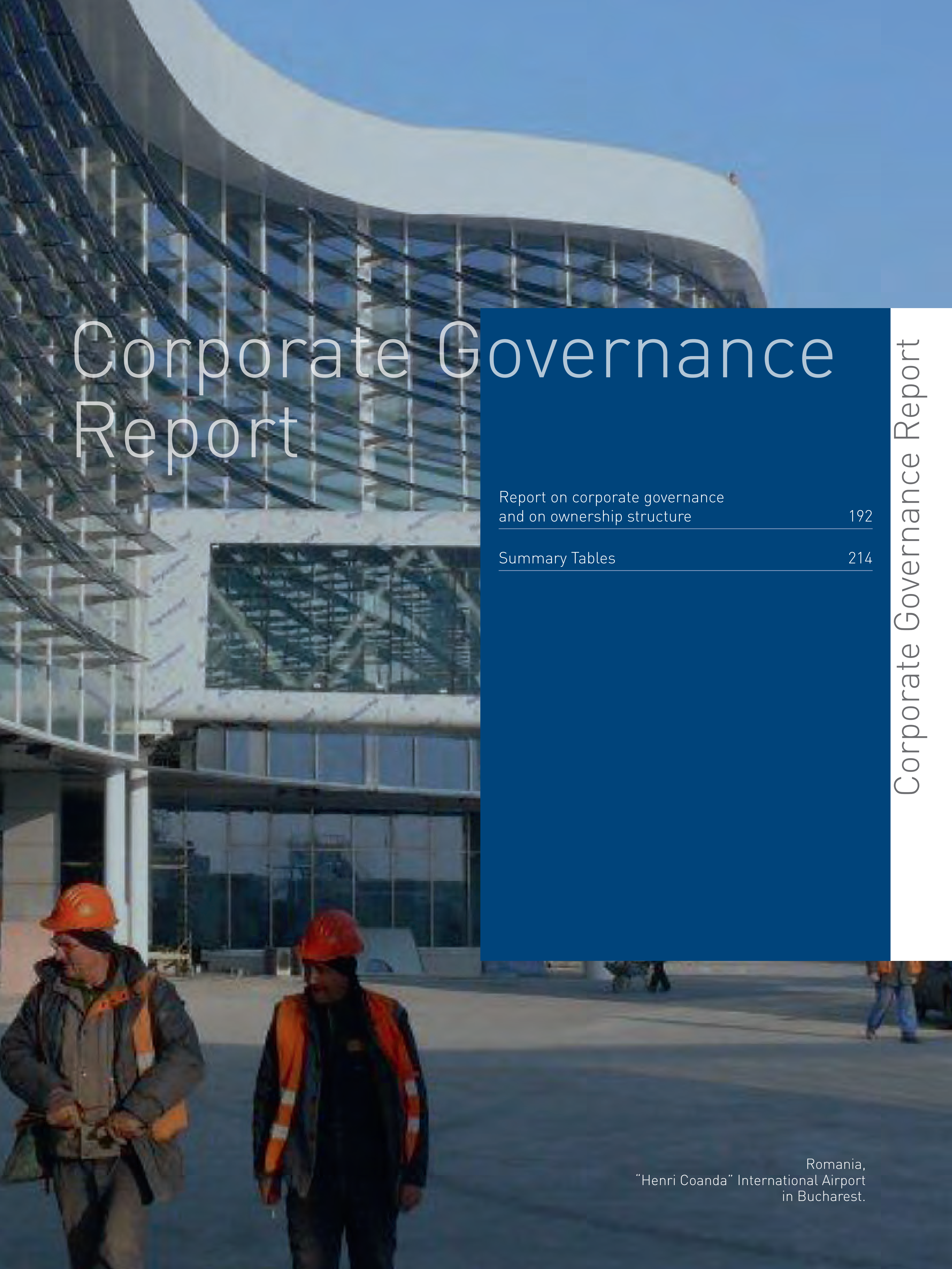


Corporate Governance Report

Romania,
"Henri Coanda" International Airport
in Bucharest.

Report on corporate governance and on ownership structure

pursuant to article 123-bis, TUF (finance consolidation act)

1. Profile of the issuer of the report

Once again this year, the corporate governance model adopted by Astaldi S.p.A. is in line with the principles contained in the Self-Regulation Code of Listed Companies (*Codice di Autodisciplina delle società quotate*) prepared by Borsa Italiana S.p.A. in the month of October 1999, and then modified and supplemented with CONSOB's recommendations, and, more generally, with international best practise.
In line with the instructions issued by Borsa Italiana S.p.A., the following is a description of Astaldi S.p.A.'s corporate governance system, updated with the chief events following the close of financial year 2010.

2. Information on ownership structure (pursuant to art. 123 bis, TUF –finance consolidation act)

a) Company capital structure (pursuant to art. 123-bis, paragraph 1, letter a), TUF)
Amount, in euros, of subscribed and paid-in company capital: **EUR 196,849,800.00**.
This company capital is subdivided into 98,424,900 ordinary shares of a par value of EUR 2 per share.
Categories of shares of which the company capital is composed: ordinary shares with voting rights.
No other financial instruments attributing the right to subscribe newly-issued shares were issued.
No share-based incentive plans involving even gratuitous increases in the company's capital were introduced.

b) Restrictions on the transfer of securities (pursuant to art. 123-bis, paragraph 1, letter b), TUF)
There are no restrictions on the transfer of securities.

c) Major stakes in the capital (pursuant to art. 123-bis, paragraph 1, letter c), TUF)
Shareholders with shares exceeding 2% of the company capital, as resulting from the register of members, the announcements received pursuant to art. 120 TUF, and other available information, at 31 December 2010 are as follows:

Declarant	Direct shareholder	No. of shares	% stake
Fin.Aat S.r.l.	*FIN.AST. S.r.l.*	39,063,495	39.689%
	Finetupar International S.A.	12,327,967	12.525%
		51,391,462	52.214%
Odin Forvaltning AS	*Odin Forvaltning AS*	4,841,885	4.919%
Pictet Asset Management Ltd	*Pictet Asset Management Ltd*	2,024,396	2.057%
Total		58,257,743	59.190%

d) Securities conferring special rights (pursuant to art. 123-bis, paragraph 1, letter d), TUF)

No securities conferring special control rights have been issued.

e) Shareholding by employees: mechanism for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e), TUF)

No employee shareholding system has been established.

f) Restrictions on voting rights (pursuant to art. 123-bis, paragraph 1, letter f), TUF)

No restriction on voting rights is provided for.

g) Agreements between shareholders (pursuant to art. 123-bis, paragraph 1, letter g), TUF)

No corporate agreements or agreements between shareholders that fall under the purview of article 122 of the TUF (finance consolidation act) exist, or have been reported, or are known.

h) Change of control clauses (pursuant to art. 123-bis, paragraph 1, letter h), TUF)

Astaldi S.p.A. and its subsidiaries have entered no significant agreements that acquire effectiveness or lapse in the event of the contracting company's change of control.

i) Delegations of power to increase the company capital and authorizations for the purchase of treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), TUF)

Astaldi S.p.A.'s Board of Directors has not been delegated to increase the company capital, or to issue shareholding financial instruments.

Astaldi S.p.A.'s Shareholders' Meeting of 23 April 2010 approved a **buy-back plan** for the Company, pursuant to articles 2357 and following of the Italian civil code, and art. 132 of Legislative Decree no. 58 of 24 February 1998, for a period of thirteen months (starting 27 April 2010 and through 27 May 2011), which involves for the possibility of:

- **purchasing** ordinary shares in the Company under a revolving ceiling of 9,842,490 shares for a par value of EUR 2.00 each, at a unit price of no less than EUR 2.00 and not exceeding the average price for the last 10 days of open exchange prior to the day of purchase, increased by 10%; with the additional constraint that the total amount of the shares shall at no time exceed EUR 24,600,000.00 (without prejudice to the limit of the profits that may be distributed, and the reserves available pursuant to art. 2357, first paragraph, of the Italian civil code);
- **selling** the purchased shares at a unit price of no less than the average price for the last 10 days of open exchange prior to the day of sale, reduced by 10%.

This Plan also states that the Board of Directors is authorized to place its treasury shares through share exchange operations during possible operations of a strategic nature in the Company's interest; in particular, these include exchange and/or conferral operations, provided that in them, the shares are valued at no less than the average book values of treasury shares held. Treasury shares may also be used at the service of stock grant and/or stock option plans, in this

case as an exception to the aforementioned criterion for determining the sale price, which at any rate may be no less than the so-called "par value" established by tax regulations.
The Board of Directors is also authorized to carry out security loan operations – in which Astaldi S.p.A. acts as lender – with regard to treasury shares.
In carrying out what was decided upon, the Company, at 31 December 2010, held **821,979 treasury shares**.

l) Management and coordination activity (pursuant to art. 2497 and following of the Italian civil code)
Astaldi S.p.A. **is not subject to the *"management and coordination"*** of any of its shareholders, since the Company's Board of Directors makes, in full and complete independence and autonomy, any and the most appropriate decisions with regard to managing the Company's activity.

Lastly, it is specified that:

- the information required by art. 123-bis, first paragraph, letter i) (*"agreements between the company and the directors … which require compensation in the event of resignation or dismissal without just cause, or if their employment relationship ceases following a public purchase bid"*) is illustrated in the Report's section dedicated to the directors' remuneration (Sect. 9);
- the information required by art. 123-bis, first paragraph, letter l) (*"regulations applicable to the appointment and replacement of directors … as well as to the modification of the Bylaws, if differing from the legislative and regulatory rules applicable on a supplementary basis"*) is illustrated in the Report's section dedicated to the Board of Directors (Sect. 4.1)

3. Compliance (pursuant to art. 123-bis, paragraph 2, letter a), TUF)

Astaldi S.p.A., also as a company listed on the STAR Segment, adheres to the Self-Regulation Code of Listed Companies (***Codice di Autodisciplina delle società quotate***) prepared by Borsa Italiana S.p.A.
It should be kept in mind that this Code may be accessed at Borsa Italiana S.p.A.'s website (www.borsaitaliana.it).

Astaldi S.p.A. and its strategic subsidiaries are not subject to non-Italian provisions of law influencing the Company's corporate governance structure.

4. Board of Directors

4.1 Appointment and Replacement (pursuant to art. 123-bis, paragraph 1, letter l), TUF)

Pursuant to the provisions of the relevant regulations, Astaldi S.p.A.'s Bylaws call for the **"slate voting"** system to appoint its Board of Directors.
In particular, the Bylaws establish that slates may be submitted by those shareholders that, on their own or along with other shareholders that contribute towards **submitting** the same slate, hold shares that taken together represent at least **2.5%** of the company capital (or such lesser amount as is provided for by the applicable regulatory or legal provisions) entitled to vote at the ordinary Shareholders' Meeting.
Again in accordance with the provisions of the Bylaws, the slates, signed by those submitting them and including the indications required by law, shall be **lodged** at the Company's main office in the manner and by the deadlines provided for by the applicable regulations.
Directors are **elected** by the following process:

1) from the slate that has obtained the greatest number of votes cast by the shareholders, a number of Directors equal to the total number of the Board members established by the Shareholders' Meeting, minus one, is drawn in the progressive order in which they are listed on the slate. If no slate has garnered a greater number of votes than the others, the Shareholders' Meeting shall be called again for a new vote to be held pursuant to the Bylaws;
2) from the slate that has garnered the second-highest number of votes and that, based on the criteria

established by the regulations in force governing the election of minority auditors, is not connected to the shareholders that have submitted or voted upon the slate that garnered the highest number of votes, a Director is drawn, in the person of the candidate indicated with the first number on said slate. Should a number of minority slates have garnered the same number of votes, the candidate most senior in age among those who come first on the slates earning an equal number of votes shall be elected director.

Should a **single slate** be submitted, or should no slate be submitted, the Shareholders' Meeting shall make its decision by the legally required majorities, without observing the above procedure.

For the purpose of the **apportionment** of directors to be elected, no consideration is made of the slates that have not garnered a percentage of votes at least equal to one half of that required for the purposes of submitting the slates.

The Bylaws establish that the slates must be accompanied, among other things, by statements from the candidates declaring, under their own responsibility, that they possess, where applicable, the **independence requirements** provided for by law.

Moreover, in order to ensure the election of the **least number of independent Directors** based on the requirements pursuant to art. 147-ter, paragraph 4, TUF, the Bylaws expressly establish that *"each slate must contain the candidacy of persons having the independence requirements established by law, and at least equal to the number of independent directors that must, by law, be present in the Board of Directors."*

The Company is not subject to additional regulations on the composition of the Board of Directors.

4.2 Composition (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

Astaldi S.p.A.'s Board of Directors was appointed on 23 April 2010 for the financial years 2010/2012, and its term **shall expire upon the approval of the financial statements at 31 December 2012**.

The aforementioned appointment was made, in compliance with the provisions of the company's Bylaws and of art. 147 ter of the TUF, based on a single slate submitted by the shareholder Fin.Ast. S.r.l. Said slate was elected with the favourable vote of 95.408% of the company capital in attendance at the Shareholders' Meeting. On the other hand, no minority slate pursuant to paragraph 3 of art. 147 ter of the TUF and pursuant to the company's Bylaws was submitted.

As regards the personal and professional characteristics of each director, reference should be made to the content published on the Company's website (*www.astaldi.com*) in the Section *"Governance"* – Sub-section *"Board of Directors."*

As regards the composition and characteristics of the Board of Directors in office, reference should be made to Tables 2, 2-bis, and 3 in the appendix, keeping in mind that, as per the press release dated 25 February 2011, Mr. Vittorio Di Paola, on that same date, announced he was leaving office as Member of the Company's Board of Directors. Mr. Vittorio Di Paola is at present the Company's Honorary Chairman.

At the next Shareholders' Meeting this coming 18 April 2011 – pursuant to the Convocation Notice published 09 March 2011 on the company's website (Governance/Shareholders' Meeting Section) as well as in the nationally circulated newspaper *Il Sole 24 Ore* – the appropriate decisions in this regard shall be taken.

Maximum cumulative number of offices held in other companies

On this point, it is stressed that the Company's Board of Directors has identified the general criteria adopted by the Company with regard to the maximum (cumulative) number of offices as director or auditor that the Members of the Company's Board of Directors may have in other companies listed on regulated markets (including overseas), in financial, banking, or insurance companies, or companies of significant size, as provided for by art. 1.C.3 of the Self-Regulation Code.

In particular, the Board of Directors, on this occasion, has determined:

- the maximum (cumulative) number of **6** offices as di-

rector or auditor for *"non-executive"* and *"independent"* directors;
- the maximum (cumulative) number of **4** offices as director or auditor for *"executive"* directors.

However, for the purposes of the above calculation, no consideration is made of the offices of director or auditor held by Astaldi S.p.A.'s Board Members within Group companies.

4.3 Role of the Board of Directors (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

The Board of Directors plays a central role in the corporate organization. Indeed, it bears responsibility for the Company's strategic and organizational lines, and is charged with verifying that the controls needed to monitor the Company's and the Group's trends are in place. Pursuant to art. 22 of the company's Bylaws, the Board is vested with the broadest powers for managing the Company.

In line with the provisions of the Bylaws, during financial year 2010 **8 Board meetings** were held, for an **average duration** of 2 hours per meeting, with a limited number of absences – all justified – of the Members of the Board of Directors and of the Auditors.

In compliance with the Borsa's regulations in this regard, the Board of Directors approved and subsequently announced to Borsa Italiana S.p.A. and to the market, with reference to financial year 2011, the **calendar** of dates of the upcoming Board meetings for approving the draft of the financial statements, the half-year financial report, and the interim management reports (referred to as the *"2011 Financial Calendar"*), as illustrated below and available on the company's website (Governance/Financial Calendar section).

Date	Company event	Purpose
14 February 2011 (already held)	Board of Directors	Approval of the Interim Management Report for the fourth quarter of 2010
16 March 2011	Board of Directors	Approval of the draft of the parent company's financial statements and of the consolidated financial statements for financial year 2010
18 April 2011	Shareholders' Meeting	Approval of the financial statements for financial year 2010
11 May 2011	Board of Directors	Approval of the Interim Management Report for the first quarter of 2011
4 August 2011	Board of Directors	Approval of the Half-Year Financial Report at 30 June 2011
9 November 2011	Board of Directors	Approval of the Interim Management Report for the third quarter of 2011

In addition to the aforementioned date of 14 February 2011, the Board of Directors also met on 21 January 2011. This meeting was not included on the above Financial Calendar since it did not examine the Company's financial reports and/or accounting documents.

It is stressed that the **pre-meeting documentation** is distributed by the Secretary of the Board of Directors, assigned by the Chairman, to the Board members (in electronic format) prior to the Board meeting, in order to ensure complete and correct assessment of the items brought to the Board's attention.

Moreover, Company managers may be asked to attend as **invitees**, in order to provide further appropriate analysis on the items on the agenda.

In particular, the Board of Directors, in compliance with **Applicative Criterion 1.C.1 of the Self-Regulation Code** of listed companies:

a) examines and approves the strategic, industrial, and financial plans of the Company and the Group, as well as the Company's corporate governance system and the Group's structure;
b) assesses the suitability of the organizational, administrative, and general accounting arrangement of the Company and of the subsidiaries of strategic importance, prepared by the Chief Executive Officer, with particular reference to the internal control system and to handling conflicts of interest;
c) having examined the relevant Committee's proposals and having heard the Board of Auditors, determines the remuneration of the Chief Executive Officer and of the other directors holding particular offices;
d) assesses the general management trend;
e) delegates and revokes the Chief Executive Officer's powers, defining the limits and mode of exercise thereof; also establishes the frequency, which shall at any rate be at least quarterly, with which the delegated parties must report to the Board as to the activity performed in exercising the powers delegated to them;
f) examines and approves in advance the operations of the Company and of its subsidiaries, when these operations have a significant strategic, economic, property, or financial importance for the Company, with particular reference to the operations with the related parties.

With regard to **Applicative Criterion 1.C.1, letter d) of the Self-Regulation Code**, it is specified that:
(i) the Shareholders' Meeting of 23 April 2010 determined, pursuant to art. 2389, first paragraph, of the Italian civil code, the yearly gross remuneration of EUR 50,000 for each member of the Company's Board of Directors;
(ii) the Board Members Maurizio Poloni and Luigi Guidobono Cavalchini, in light of the mandate received during the Board meeting of 23 April 2010, based on the proposal formulated by the Remuneration Committee and having also heard the Board of Auditors, saw to determining the remuneration pursuant to art. 2389, third paragraph of the Italian civil code, for financial years 2010-2012, to the Honorary Chairman, the Chairman, the Deputy Chairmen, and the Chief Executive Officer.

The Board, pursuant to **Applicative Criterion 1.C.1, letter e) of the Self-Regulation Code**, on the occasion of the meetings held during financial year 2010, regularly assessed the general management trend, also on the strength of the information received from the delegated bodies, periodically comparing the achieved with the planned results.

Pursuant to **Applicative Criterion 1.C.1, letter f) of the Self-Regulation Code**, reserved for the Board of Directors is the prior examination and approval of the operations, including those with related parties, of the Company and of its subsidiaries, when these operations have a significant strategic, economic, property, or financial importance.
With particular regard to **operations with related parties**, reference is to be made to that which is illustrated hereunder, in paragraph 12 of this Report.

With reference to **Applicative Criterion 1.C.4. of the Self-Regulation Code**, it is stressed that the Shareholders' Meeting of Astaldi S.p.A. has not authorized, either generally or in advance, exceptions to the competition prohibition provided for by art. 2390 of the Italian civil code.

4.4. Delegated Bodies

Chief Executive Officer

The Company's Board of Directors, at its meeting of 23 April 2010, appointed Mr. Stefano Cerri as **Chief Executive Officer**, with the task, in particular, of identifying, in agreement with the Chairman and with the Deputy Chairman Giuseppe Cafiero, the Company's development strategies to be submitted to the Board of Directors, and seeing that they are implemented in accordance with the Board's directives and decisions.

Chairman

The Board of Directors' activities are coordinated by the **Chairman**. He calls the Board meetings and guides their proceedings, ensuring that the Board Members are given, with reasonable lead time – except for cases of necessity and urgency – the documentation and information needed for the Board to be able to express itself in an informed way on the matters submitted for its examination.
The position of "lead independent director" is not provided for, since the Chairman of the Board of Directors holds no delegated powers that attribute to him, exclusively, responsibility for the Company's management, nor does he "control" the Company.

Board Briefing

The Chief Executive Officer reports constantly – and on **at least a quarterly basis** pursuant to the Bylaws – to the Board of Directors and the Board of Auditors as to the main activities performed in discharging his duties.

4.5 Other Executive Board Members

The Board of Directors, as shown in Table 2 in the appendix, currently consists of **3 executive Directors** holding directive offices in the Company.

4.6. Independent Directors

Following its appointment at the Shareholders' Meeting on 23 April 2010, the Board of Directors, pursuant to **Applicative Criterion 3.C.4 of the Self-Regulation Code**, verified the existence of the **independence requirements** for the Directors Giorgio Cirla, Paolo Cuccia, Mario Lupo, Eugenio Pinto, and Maurizio Poloni. This verification was made in light of the independence parameters indicated by the Code, as well as the significance criteria provided for by Borsa Italiana S.p.A.'s instructions.
The Board of Auditors has verified the proper application of the ascertainment criteria and procedures adopted by the Board of Directors to assess its members' independence.
The outcome of these assessments was then announced to the market on 23 April 2010 (see the press release available on the company's website, Media Center/Press Releases section).

At the Board meeting of 16 March 2011, a new assessment was made in this regard. The outcome of this verification, with reference to financial year 2010, will be announced to the market by the Board of Auditors in the auditors' report at the next Shareholders' Meeting.

4.7. Lead Independent Director

It is stressed that, in the absence of the prerequisites pursuant to the Self-Regulation Code (*Applicative Criterion 2.C.3*), also in light of point 4.4. above, the Board did not deem it fit to designate the figure of "**lead independent director**."

5. Processing of company information

Pursuant to **Applicative Criterion 4.C.1 of the Self-Regulation Code**, the Company, in order to guarantee proper internal management and prompt communication to the outside of any important fact that takes place in the sphere of activity of the Company and of its subsidiaries, and that, at least potentially, is capable of appreciably influencing the prices of the Company's shares (so-called *"price-sensitive information"*), relies on its internal **"Continuous Information"** procedure.
In sum, the procedure in question identifies, within the company, the timing and methods for transmitting and disseminating this information, and the involvement of the departments involved from time to time, requiring the resources most in contact with the aforementioned information to act as liaison between their area of responsibility and the corporate top management, in such a way as to allow said facts or information to

be appropriately assessed.
As the next step, the involvement of an Assessment Committee is also provided for (formed by the managers of the Legal, Corporate Affairs, and Corporate Governance Department and the Investor Relations Department, as well as by the Management in question) in order to provide, after careful analysis of the fact, appropriate assistance in properly interpreting the sector's regulations on the one hand, while formulating and disseminating said communications, where applicable, on the other.

6. Committees within the board (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

The Company has instituted a Remuneration Committee and an Internal Control Committee.

7. Appointments committee

The Board currently in office has not deemed it necessary to institute a Committee for appointing Directors, since at the present time, there are no situations of difficulty in preparing candidacies to fill corporate offices.

8. Remuneration committee

On 05 February 2002, the Company instituted a Committee for Remuneration and stock option plans, and the assignment of shares, where applicable.

Composition and function of the Remuneration Committee (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

Following the Shareholders' Meeting decision of 23 April 2010 as to the composition of the Board of Directors for financial years 2010-2012, the Board, at its meeting on that date, confirmed, as members of the Committee in question, Board Members Ernesto Monti and Maurizio Poloni, and appointed as new member of the Committee Mr. Eugenio Pinto (replacing Franco A. Grassini).
In light of the above, the Remuneration Committee thus continues to be composed of three non-executive Directors, the majority of whom independent, in accordance with the following scheme:

Ernesto Monti (Chairman)	Non-executive
Eugenio Pinto	Non-executive/Independent
Maurizio Poloni	Non-executive/Independent

During financial year 2010, six meetings of the Remuneration Committee were held (one of which by the Remuneration Committee previously in office), for an average duration of 30 minutes, with all Committee members in attendance.
In accordance with the topics dealt with, the Committee asked subjects outside the Committee, among whom, in particular, the Chairman and Chief Executive Officer, to attend its meetings.
As to the composition and features of the Remuneration Committee in office, see Table 2 in the appendix.

Functions of the Remuneration Committee

The Committee in question, in compliance with **Applicative Criterion 7.C.5 of the Self-Regulation Code**, essentially has the task of:
- periodically assessing the suitability, overall consistency, and concrete application of the general policy adopted for remunerating the executive directors, other directors vested with particular offices, and managers with strategic responsibilities, relying in this regard on the information provided by the Chief Executive Officer;
- making proposals in these matters to the Board of Directors;
- submitting to the Board of Directors proposals on the remuneration of the executive directors and of the

other directors vested with particular offices, as well as on setting the performance objectives correlated with the variable component of said remuneration;
- monitoring the application of the decisions adopted by the Board, verifying in particular that the performance objectives are actually achieved;
- providing opinions on the questions submitted for its assessment by the Board of Directors from time to time, with regard to remuneration, or related to or connected with remuneration.

During the six meetings held in 2010, the minutes of which were all duly drawn up, the Committee in question performed functions of consultation and making proposals, in particular, with regard to defining:
- the remuneration pursuant to art. 2389, third paragraph, of the Italian civil code, to the Honorary Chairman, the Chairman, the Deputy Chairmen, and the Chief Executive Officer;
- the 2010-2012 Incentive Plan as illustrated in paragraph 9 below;
- the parameters upon the achievement of which the stock grants for financial year 2010 will be assigned.

To perform its functions as referred to above, the Committee has had access to the necessary information, through the responsible company offices, with the aid of the Manager of the Legal, Corporate Affairs, and Corporate Governance Department.

9. Remuneration of directors

The Shareholders' Meeting of 05 November 2010 approved the guidelines of the **"Company Incentive Plan" for 2010-2012**, as previously defined by the Board of Directors meeting of 03 August 2010, at the Remuneration Committee's proposal of 02 August 2010. Subsequently, the Board of Directors meeting of 10 November 2010, based on the delegated power received during the aforementioned Shareholders' Meeting, approved the pertinent Regulations implementing the Plan.

In particular, the Plan in question is based on a system of rewards aimed mainly at the **gratuitous assignment of Astaldi S.p.A. shares** to five top management figures (the Chief Executive Officer and the four General Managers), to be paid on a yearly basis over the course of the three years, upon achieving the performance objectives defined annually by the Board of Directors, at the proposal of the Remuneration Committee.

For the details of the aforementioned Incentive Plan, reference is to be made to the *"Information Document pursuant to art. 84-bis, paragraph 1, of the Regulations adopted by CONSOB with Decision no. 11971 of 14 May 1999, as subsequently modified and supplemented, regarding the Astaldi S.p.A. 2010-2012 Incentive Plan"* published on the company website (Governance/Documents section).

It is stressed that if, on the date the shares are assigned, or their countervalue is paid, the beneficiary is no longer the Company's Chief Executive Officer or General Manager, the beneficiary shall be entitled to an assignment of shares, or to the payment of the countervalue of the shares, in the permitted cases, in proportion to the period of duration in office in the year with reference to which the assignment was made, or the countervalue paid, provided that the objectives established in advance by the Board of Directors have been achieved, and with the following limitations:

a) in the event of cessation of the administration or employment relationship at the Company's initiative, with just cause, or in the event of withdrawal without just cause and with no notice by the beneficiary, the Body endowed with the power to manage the Incentive Plan may decide for the beneficiary to lose the aforementioned right entirely. Moreover, if the shares have already been assigned, but the lock-up periods provided for by the Plan have yet to expire, the Company shall be entitled, within 60 days of the date of termination of the administration or employment relationship, to exercise the call option on all the shares held by the Participant as of the

date of cessation of the administration relationship, at a per-share purchase price equal to its par value;
b) in the event of consensual termination of the administration or employment relationship, or in the case of cessation of the aforementioned relationship at the Company's initiative, without just cause, or of abandonment or withdrawal for just cause, or at any rate with appropriate notice by the beneficiary, the beneficiary shall maintain the right to the assignment of the shares and, if the shares are already assigned, shall be entitled to withhold and/or transfer the shares assigned to the beneficiary, in compliance with the lock-up periods provided for by the Plan.

It is specified that the remuneration of the non-executive Directors is not linked to the economic results achieved by the Company, nor are the share-based incentive plans addressed to them.

Compensation of Directors in the event of resignation, dismissal, or cessation of the relationship following a takeover bid (pursuant to art. 123-bis, paragraph 1, letter i), TUF)

No agreements with the Company Directors are in place that involve compensation in the event of resignation, dismissal, or revocation without just cause, or cessation of the relationship following a takeover bid.

Lastly, it is stressed that there are no:
a) agreements involving the assignment or maintenance of non-monetary benefits to subjects no longer in their position (referred to as "postretirement perks"), or executing consulting contracts for a period following the cessation of the relationship;
b) agreements involving compensation for non-competition commitments.

10. Internal control committee

On 05 February 2002, the Company instituted an Internal Control Committee.

Composition and function of the Internal Control Committee (pursuant to art. 123-bis, paragraph 2, letter d) TUF)

Following the Shareholders' Meeting decision of 23 April 2010 as to the composition of the Board of Directors for financial years 2010-2012, the Board, at its meeting on that date, confirmed, as members of the Committee in question, Board Members Mario Lupo and Luigi Guidobono Cavalchini, and appointed as a new member of the Committee Mr. Eugenio Pinto (replacing Franco A. Grassini).

The Internal Control Committee currently in office thus continues to be composed of three non-executive Directors, the majority of whom independent, in accordance with the following scheme:

Mario Lupo (Chairman)	Non-executive Independent
Luigi Guidobono Cavalchini	Non-executive Independent
Eugenio Pinto	Non-executive Independent accounting and finance expert

During 2010, the Committee held four meetings, for an average duration of two hours, attended by the majority of the members of the Committee in question. The Committee meets quarterly.

As to the composition and features of the Internal Control Committee in office, see Table 2 in the appendix.

Functions attributed to the Internal Control Committee

The Committee's functions are to provide consultation and make proposals to the Board of Directors, with regard to the activities of oversight over the Company's general management trends.
The **Internal Control Committee** operates in line with the provisions of articles 8.C.1 and 8.C.3 of the Self-Regulation Code of listed companies.
More specifically, it has the following **duties**:
a) assisting the Board of Directors in assessing the appropriateness, effectiveness, and actual function of the internal control system;
b) assessing, along with the Executive appointed to draft corporate accounts and with the auditors, the proper use of accounting standards, and their homogeneity for the purposes of drawing up the consolidated financial statements;
c) at the request of the executive director hired for this purpose, expressing opinions on specific aspects related to identifying the main company risks, as well as those related to the design, development, and management of the internal control system;
d) examining the work plan prepared by the Employee charge with Internal Control, as well as the periodic reports that said Employee has written up;
e) reporting to the Board, at least once every six months, on the occasion of the approval of the financial statements, and of the half-year report, on the activity carried out and on the suitability of the internal control system;
f) discharging the additional duties attributed by the Board of Directors.

Based on the developments in interpretation brought about by Legislative Decree no. 39/2010 on the legal auditing of the yearly and consolidated accounts, with regard to the provisions of art. 19 and of Borsa Italiana S.p.A.'s Notice no. 18916, the Board of Auditors is vested with the following activities pursuant to art. 8.C.3, letter d) and letter e) of the Self-Regulation Code:
- evaluating the bids made by the auditing companies in order to be commissioned the job, as well as the work plan prepared for the audit, and the results set out in the report and in the recommendations letter, if any;
- overseeing the effectiveness of the accounts auditing process.

During the four meetings held in 2010, the Committee performed control activities and dealt with issues of differing interest; those with the most important content are signalled below:
- it examined and approved the work plan prepared by the Employee charged with Internal Control, and was at the same time constantly briefed on the control activities planned and implemented during the financial year, with regard to the management of the main corporate risks;
- it agreed with the results of the risk assessments made on the company's "business" and "support" processes;
- following the same operating procedures adopted in previous financial years, it agreed with the results of the audits for the year 2009, made on the main company processes that affected a sample of projects selected in Italy and abroad, and on corporate activities; this made it possible to assess the company's internal control system as suitable, efficient, and effective overall;
- it was informed as to the results of the auditing activities carried out during financial year 2008 (follow-up), with reference to the remedy actions recommended by Management to the pertinent project departments;
- it was constantly briefed on the company's activities implemented and on the controls made to guarantee safety at the work sites, with a positive assessment of the actions undertaken by the company, aimed at confirming the adopted business model's substantial suitability with regard to the HSE component;
- along with the Executive appointed to draft corporate accounts, the auditing firm that was hired, and the Board of Auditors, it assessed the proper use of the accounting standards and their homogeneity for the

purposes of drawing up the consolidated financial statements;

- based on the results of the consolidated financial statements at 31 December 2009, it verified the proper application of the standards for identifying "significantly important" subsidiary companies for the purposes and to the effects of the combined provisions of articles 165, paragraph 1, of Legislative Decree no. 58/98, and 151 of CONSOB Regulation no. 11971 of 14 September 1999, and subsequent modifications;
- it was briefed by the Executive appointed to draft corporate accounts, on the results of the testing activities performed on a sample of Italian and foreign projects selected for 2009, finding, jointly with the Board of Auditors, the internal control system to be suitable, efficient, and effective with specific reference to financial information;
- through the Board of Auditors, it was briefed on the effects derived from the application of IFRIC 12 to the ASTALDI Group's Concessions;
- with reference to the new CONSOB regulation, approved on 12 March 2010, on related parties, it was briefed on the procedures adopted and/or implemented by the Company as regards strengthening the safeguards of transparency and procedural correctness of the aforementioned operations, with the objective of preventing the risks of conflict of interest;
- following the meeting with the Chief Executive Officer, it examined the main corporate strategic risks with reference to the 2010-2015 Business Plan;
- it met the Corporate Risk Management Department, instituted on 13 July 2010 with the primary task of redesigning and managing the risks system at the various levels of the organization, in order to assist Management in the decision-making process aimed at minimizing risk throughout the entire company business cycle, and in the various contractual settings;
- it was constantly briefed on the company activities implemented pursuant to Legislative Decree no. 231/01, and, following recent legislative developments introduced into the corpus of Legislative Decree no. 231/01, it agreed to the revision of the Company's Organization, Management, and Control Model, which was approved at the Board meeting of 03 August 2010, following the prior examination by the Supervisory Body, which deemed it suitable for preventing the commission of the crimes referred to by those regulations.

During the meetings of 03 August 2010 and 16 March 2011, it reported to the Board of Directors on the activity performed respectively in the first and second half of 2010.

During financial year 2011, a joint meeting of the Internal Control Committee with the Supervisory Body and the Board of Auditors was held on 20 January 2011; the meeting analyzed the flows of information between the Company's Control and Supervisory Bodies, also in light of the content of the Self-Regulation Code, under paragraph 8.C.2, with regard to the Organization and Management Models adopted pursuant to Legislative Decree no. 231/01.

A meeting of the Internal Control Committee was also held on 14 March 2011, at which the Committee:

a. examined the audit activities for the purposes of internal control for 2010; this made it possible to assess the company's internal control system as suitable, efficient, and effective overall;
b. it was informed as to the results achieved in the auditing activities carried out during financial year 2009 (follow-up) with reference to the remedy actions recommended by Management to the pertinent project departments;
c. it was briefed by the Executive appointed to draft corporate accounts, on the results of the testing activities performed on a sample of Italian and foreign projects selected for 2010, finding the internal control system to be suitable, efficient, and effective with specific reference to financial information.

The Committee's meetings were attended by the Chairman of the Board of Auditors, or by an auditor designated by same. The meetings were also attended, with respect to specific topics, by non-member parties, at the Committee's invitation. The Employee charged with Internal Control serves as the Committee's secretary, drawing up the minutes of the meeting and assisting the Committee in performing its functions.

To perform its functions as indicated above, the Committee had access to the necessary information, through the various corporate departments, with the assistance of the Employee charged with Internal Control.

11. Internal control system

Having operated for years in a sector marked by growing competition with large national and international companies and groups, the Company has defined and implemented the corporate control activity in order to meet the internal and external needs required over the years by shareholders, by government and corporate control bodies, and by laws and regulations of reference.

The listing of the shares on the market regulated, organized, and managed by Borsa Italiana S.p.A., "STAR" segment, and the consequent many different internal and external subjects with assurance functions, have provided the occasion to streamline the internal control activities, with a framework of reference in line with the "Corporate Governance for Listed Companies" regulations.

The main methodological reference used by the company is the CO.S.O. Report which, when appropriately adapted to the company's particular features, is an effective analytical tool for assessing the Company's Internal Control System in its various components and providing top management with a clear vision of the points of improvement of the Internal Control System in terms of effectiveness and efficiency.

Astaldi S.p.A.'s Internal Control System consists of the set of directives, internal regulations, procedures, and processes supporting the identification, prevention, and management of corporate risks, with the objective of providing top management with reasonable certainty as to achieving the objectives in the following categories:

a) the individual company activities' compliance with the object that the company sets out to achieve, and with the directives issued by top management in accordance with internal and external regulations;
b) the effectiveness and efficiency of the operative activities;
c) the reliability of information and of economic and financial reporting;
d) the safeguarding of company assets, identifying behaviours harmful to the company's interest, and/or fraud.

The Board of Directors – in keeping with the lines of orientation of the internal control system defined by it, and with the constant aid, in consultation and making proposals, of the Internal Control Committee – ascertains that the main risks regarding Astaldi S.p.A. and its subsidiaries are properly identified, measured, managed, and monitored for a healthy and proper management of the company.

At its meeting of 16 March 2011, also on the basis of the results of the activity performed by the Internal Control Committee, the Board of Directors expressed its positive assessment as to the suitability, effectiveness, and actual function of the Company's internal control system.

As regards the specific assessments regarding the suitability, operation, and function of the internal control system, reference is to be made to the content of sections 11.1 and 11.2.

Main Features of the Risk Management and Internal Control Systems existing with regard to the Financial Information Process

With reference to the **financial information** – which is an integral part of the internal control system – the activities are managed by a corporate operative structure for this purpose, which operates in support of Executive appointed to draft corporate accounts.
The risk management system regarding the financial information process is an integral part of the internal controls system implemented by the Company, as an essential component of the corporate processes aimed at guaranteeing reliable, accurate, and timely economic and financial information.
The approach followed by the Company, based on the best practises of reference, and in particular on the Co.S.O. Framework, originates from a corporate control environment that focuses special attention on defining the main principles of corporate governance. The risk management system and more generally the internal controls system in fact calls for formalizing special administrative and accounting procedures, defining the roles and relative responsibilities through an organizational chart and its delegations of functions; internal regulations and codes of behaviour; and the separation of functions.
In particular, the definition of the processes and of the corresponding controls derives from the constant identification and analysis of those interior and exterior factors that may compromise the achievement of the company objectives, for the purposes of determining how these risks may be managed (identification, measurement, and monitoring), in order to ensure a proper production of financial information.
For this purpose, hierarchical/functional line/operative (or first level) controls are defined, on risk management and compliance with internal and external (second level controls) and internal review (third level controls) rules. In particular, verification of the effectiveness of the system of controls overseeing the risks that may have important effects on economic and financial information takes place through a testing activity, on the occasion of both the yearly and the mid-year (every six months) accounts closings, and is marked by a top-down approach identifying the entities, processes, and accounting items in question. In this regard, the entities are sampled for economic and financial significance in the parent company's financial statements and consolidated financial statements. This specific testing activity is carried out by a dedicated structure that depends on the Executive appointed to draft corporate accounts, and the results of the verification, as well as any suggested corrective actions, are submitted for examination by said Executive and by the Board of Directors.
To complete the main characteristics, it bears mentioning that since the introduction of Law no. 262/05, the Group Leader ordered the yearly and the mid-year (every six months) accounting situations of the branches and subsidiaries to be accompanied by a written certification signed by the legal representatives and administrative managers of the indicated entities. The certification form reflects that provided for by the CONSOB regulations implementing Law no. 262/05.
The adopted system is subject to monitoring and continuous updating.

11.1 Executive Director in charge of the Internal Control System

In light of the provisions of **art. 8.C.1 of the Self-Regulation Code**, the Company's Board of Directors, at its meeting of 23 April 2010, confirmed **Chief Executive Officer Stefano Cerri** as the "***executive director in charge of overseeing the function of the internal control system***," discharging the duties pursuant to art. 8.C.5 of this Code in line with the company's control model.

More particularly, the Chief Executive Officer:
- sees to identifying the main company risks, taking

into account the features of the activities performed by the issuing company and its subsidiaries, and submits them periodically for examination by the Board of Directors;
- implements the lines of orientation defined by the Board of Directors, seeing to the design, development, and management of the internal control system, constantly verifying its overall suitability, effectiveness, and efficiency; also deals with adapting this system to the dynamics of the operating conditions and of the legislative and regulatory landscape;
- proposes to the Board of Directors the appointment and remuneration of one or more employees charged with internal control.

11.2 Employee charged with Internal Control

In line with the requirements of the Self-Regulation Code, art. 8.C.1., the Company's Board of Directors has appointed the Employee charged with Internal Control.
The appointment was made at the proposal of the Chief Executive Officer in charge of the internal control system, having heard the opinion of the Internal Control Committee.
Since 13 May 2009, the Company's **Employee charged with Internal Control** has been Fabio Accardi, who is the manager of the Company's Internal Control Department and reports to the Board of Directors in the hierarchy, and functionally to the Chief Executive Officer charged with overseeing the Company's Internal Control System.

The Employee charged with Internal Control:
a) is responsible for verifying that the internal control system is always adequate, fully operative, and in operation;
b) has direct access to all the information of use for discharging his duties, also having means suitable for performing the assigned function;
c) reports on his doings to the Internal Control Committee and to the Board of Auditors, as well as to the Chief Executive Officer charged with overseeing the Company's Internal Control System. In particular, he shall report as to the procedures by which risk management is conducted, as well as on compliance with the plans defined to contain said risks, and shall express his assessment as to the internal control system's suitability for achieving an acceptable overall risk profile;
d) works with the Group Leader Astaldi S.p.A.'s Supervisory Body for updating the Organization, management, and control Model pursuant to Legislative Decree no. 231/01, and is of assistance for performing the activities to monitor and verify compliance with said model (see also section 11.3).

The Employee charged with Internal Control is not responsible for any operative area, and does not report to any manager of operative areas.
The Internal Control function is implemented based on the best national and international practises, with the objective of carrying out all the actions that are necessary and appropriate for controlling company processes, including those of guiding, monitoring, and detecting critical areas in the corporate organization, and opportunities to improve it.
The internal audit activities are performed through the Integrated Internal Control System understood as the operative procedure for streamlining, integrating, and coordinating the verification and control activities carried out by various company offices that perform assurance activities, based on a yearly schedule that is shared with the Internal Control Committee and with top management.
The Internal Control activities performed during the financial year were implemented in compliance with the work plan approved by the Internal Control Committee. In this regard, reference should be made to the indications made in sections 10 and 11.3 of that report.
In addition to top management, the results of the controls are periodically reported by the Employee charged with Internal Control to the Internal Control Committee as well as to the Board of Auditors and to the Supervisory Body for the specific purposes pursuant to Legislative Decree no. 231/01.

11.3 Organizational Model pursuant to Legislative Decree no. 231/2001

With reference to the additional actions implemented to strengthen the governance system, it bears mentioning that the Board of Directors of Astaldi S.p.A. and of the subsidiary companies of strategic importance have adopted a **"Company ethical code"** that establishes general principles, regulating, through norms of behaviour, the activity of employees and collaborators, also with regard to relations with shareholders, public administration, suppliers, contractors, and subcontractors.

In particular, the Code establishes:
- the general principles, and the values of reference, to which Astaldi S.p.A. and the Group companies must adhere in performing their activities;
- the norms of behaviour with which the company's representatives, managers, and departments must comply in relations with a series of commercial, business, and financial counterparts;
- the main procedures for implementing the Code within the company's structure.

Moreover, the Board of Directors of Astaldi S.p.A. and of the subsidiary companies of strategic importance, within the scope of the activities under Legislative Decree no. 231/2001, approved the adoption of the **"Organization, management, and control model pursuant to Legislative Decree no. 231/01"** which, by identifying the company's activities and areas that are potentially at risk with regard to the various cases of crime provided for by said decree, is aimed at protecting the company in the event of commission of the crimes pursuant to Legislative Decree no. 231/01 by the company's directors, employees, and collaborators.

The crime macro-categories that Astaldi S.p.A.'s Organizational Model intends to prevent are as follows:
- crimes against public administration of the state, or of another public body, and crimes of handling stolen goods and laundering;
- corporate crimes and crimes of abuse of privileged information and of manipulating the market;
- personal crimes;
- computer crimes;
- organized crime and crimes of obstructing justice.

In particular, the Model defines:
- the ethical principles with relation to the behaviours that may supplement the cases of crime provided for by the aforementioned decree;
- "sensitive" corporate crimes, which is to say those in which, by their very nature, the crimes pursuant to Legislative Decree no. 231/01 may be committed, and are thus to be subject to analysis and monitoring;
- the procedures for managing the financial resources allocated to preventing the commission of crimes;
- the rules for identifying the Supervisory Body and the attribution of specific tasks for overseeing the Model's proper function;
- the flows of information directed to the Supervisory Body;
- the activities of providing information and training on, raising awareness of, and spreading the rules of behaviour and the established procedures to all company levels;
- the responsibilities regarding the approval, supplementation, modifications, and adoption of the Model, as well as verification of its function and of corporate behaviour, with the pertinent periodic updating.

In this regard, it is stressed that the "Company ethical code" and the "Organization, management, and control model pursuant to Legislative Decree no. 231/01" are constantly updated in order to be brought in line with the regulations in force, and with the changing company organization arrangement.
For the purpose of preventing the risks/crimes provided for by Legislative Decree no. 231/01, Astaldi S.p.A. and the subsidiary companies of strategic importance also appointed an **Supervisory Body** whose members are endowed with the requirements of autonomy, independence, and professionalism required by the

aforementioned regulations.
With reference to Astaldi S.p.A., the members of the Supervisory Board are: Maurizio Poloni, non-executive independent member of the Board of Directors, and – as experts from outside the Company –Marco Annoni, Giorgio Luceri, and Nicoletta Mincato, and Vittorio Mele, the latter serving as Chairman of the Supervisory Body.
The Oversight Body is endowed with regulations, is configured as a staff unit in a top management position, and reports, directly to the Chief Executive Officer in charge of overseeing the company's internal control system, the results of the activities, any critical areas discovered, and the corrective interventions and improvements that, in the event of particular importance, may also be brought to the attention of the Board of Directors.
The Body relies on the **Employee charged with Internal Control** to discharge duties and implement decisions regarding the affected corporate structures.

Financial year 2010 saw the continuation of the Oversight Body's activity aimed at overseeing the function of and compliance with the "Organization, management, and control Model pursuant to Legislative Decree no. 231/01." The Body met nine times, implementing the activities summarized here:

- review of the Organization, management, and control Model pursuant to Legislative Decree no. 231/01, following the renewal of the corporate offices of 23 April 2010, and the update of the organizational structure and of the company's organizational chart;
- examination of the new powers conferred, and evaluation of the aspects of impact on the system of controls associated with the crime risk processes provided for in the Company's Organizational model;
- preparation and sending to Management of specific notes providing further analysis on Legislative Decree no. 231/01 for crimes committed abroad;
- verification of the Model's actual application by the corporate structures, through specific audits on a sample of selected Italian and foreign orders, and regarding facts of relevance for the purposes of Legislative Decree no. 231/01 that emerged over the course of the audits on the Internal Control System, and in the examinations by the departments responsible for the main processes at risk/crimes;
- examination of the result of the verification activities performed and of the corrective actions implemented, following the recommendations expressed by the Oversight Body for resolving the critical areas that emerged;
- supplement to the form used for the periodic flow of information for the purposes of Legislative Decree no. 231/01, by the Project Managers, in order to take into account the disciplinary measures adopted, and additional information of potential interest to the Body;
- activities for training personnel in Legislative Decree no. 231/01, performed directly by the Oversight Body, or devolved upon the peripheral structures in Italy and abroad, in compliance with the guidelines established by the Oversight Body;
- performance, through the Employee charged with Internal Control, of investigations pursuant to art. 13 of the Ethical Code, with regard to suspected violations of the Organization, management, and control Model, expressing specific recommendations on those violations pertaining to occupational safety regulations (art. 25-*septies* of Legislative Decree no. 231/01) – also through on-site verifications performed by the Employee charged with Internal Control;
- joint meetings with the Board of Auditors and with the Internal Control Committee, for the mutual exchange of information on the control activities performed;
- monitoring of the activities performed by the Group's companies in adjusting to the provisions of Legislative Decree no. 231/01.

11.4 Auditing Firm

Astaldi S.p.A.'s corporate auditing is done by the auditing firm **Reconta Ernst & Young S.p.A.**
It is to be borne in mind that, with the auditing of the parent company's financial statements and consolidated financial statements for financial year 2010, the duration of the auditing assignment conferred to ***Reconta Ernst & Young S.p.A.*** expires. Therefore, during the upcoming Shareholders' Meeting, at the justified proposal of the Board of Auditors, deliberation shall proceed as to conferring a new assignment for the legal auditing of the Company's accounts.

11.5 Executive Appointed to Draft Corporate Accounts

Since 31 July 2007, the office of ***"Executive appointed to draft corporate accounts"*** has been held by the Company's General Manager, Administration and Finance, Paolo Citterio.
It is to be kept in mind that pursuant to the Bylaws, the Executive appointed to draft corporate accounts was named by the Board of Directors upon hearing the opinion of the Board of Auditors. Moreover, again pursuant to the Bylaws, the appointment as Executive appointed to draft corporate accounts may be made to those who possess the requirements of good conduct provided for by law for directors, and appropriate professional qualifications, having performed, for at least three years, management activities in the administrative, accounting, financial, or control sector of a company whose financial instruments are listed in a regulated market, or of a company performing financial, insurance or banking activity, or in a company with a registered capital of no less than EUR 2 million, or who has carried out three years of activity as auditor in an auditing firm entered in the special register kept by CONSOB.
The Company also has internal regulations establishing in detail the functions, means, and powers of this executive, as well as his or her relations with other Company bodies and organs.

12. Interests of the directors and operations with related parties

The Board of Directors meeting held on 10 November 2010, in line with the provisions of CONSOB's regulations on the procedure for governing ***"operations with related parties"*** approved by decision no. 17221 of 12 March 2010 and later modified with the decision of 23 June 2010, approved, with the favourable opinion of the committee of independent directors appointed for the purpose, the new internal procedures for identifying, approving, and carrying out the operations with related parties performed by Astaldi S.p.A. directly or through its subsidiaries.

In this setting, pursuant to the aforementioned regulations, the Related Parties Committee was also appointed, consisting of the following independent directors:

Eugenio Pinto (Chairman)	independent board member
Maurizio Poloni	independent board member
Giorgio Cirla	independent board member

In brief, these procedures:

1) identify the operations of *"greater"* and *"lesser"* importance.
   For operations of *lesser importance*:
   (i) responsibility for making decisions is vested, alternatively, with the Board of Directors or the Chief Executive Officer as part of the attributions conferred to same;
   (ii) a justified, *non-binding* opinion of the aforementioned Related Parties Committee is required;
   (iii) the aforementioned Committee may rely on independent experts of its own choosing;
   (iv) appropriate prior information, supplied promptly to the deliberating body and said Committee, which must express its opinion, is required.
   Under the procedures, for operations of *lesser importance*:
   (i) deliberation is reserved for the Board of Directors;

(ii) the Committee's opinion is binding.
2) establish the procedures by which the operations are examined and approved, as well as the composition and rules of operation of the aforementioned Related Parties Committee which, in line with CONSOB's recent indications, is composed exclusively of independent directors in the case of operations of both "lesser" and "greater" importance.
3) establish the procedures and timing by which the aforementioned Committee, as well as the administration and control bodies, are provided with information on the operations prior to deliberation, while and after they are carried out;
4) identify rules regarding the cases in which the Company examines or approves operations of Italian or foreign subsidiaries;
5) identify the cases of "default exemption" from the regulations and the cases of "optional exemption."

It remains understood that the Company shall announce all the aforementioned operations in the Management Report**.**
For details, reference should be made to the *"Procedures for the regulations of operations with related parties"* published on the company's website (Governance/Documents section).

With regard to the situation provided for by Applicative Criterion 9.C.2 of the Self-Regulation Code, in which **a Director has an interest** on his or her own account or on behalf of third parties, it is specified that the Company's Board of Directors from time to time adopts the solutions that it deems most appropriate (such as, for example, barring participating in the voting, or momentary removal from the meeting at the time the decision is made).

13. Appointment of auditors

The Bylaws provide for the "slate voting" mechanism for the purposes of guaranteeing that shareholding minorities are represented in the Board of Auditors.

By express provision in the Bylaws, the **slates**, accompanied by the documentation provided for by law and by the Bylaws, must be lodged at the company's main office in the manner and by the deadline provided for by the applicable regulations.
Only those shareholders that on their own, or with other shareholders, hold shares with voting rights that taken together represent at least **1% of the company capital** entitled to vote at the ordinary shareholders' meeting (or such lesser percentage as is provided for by the applicable provisions of law or regulations) are entitled to submit the slates.

The Board of Auditors is **elected** in the following manner:
- from the slate that has obtained the greatest number of votes cast by the shareholders in attendance, two statutory members and two alternate members are drawn in the progressive order in which they are listed in the corresponding sections of the slate;
- the remaining statutory member, who shall also be appointed Chairman of the Board of Auditors, and the other alternate member, are drawn from the slate that has garnered the second-highest number of votes of the slates submitted and voted on by shareholders that are not connected to the shareholders of reference pursuant to the regulations in force, based on the progressive order in which they are listed in the corresponding sections of the slate.

Should a number of minority slates have garnered the same number of votes, the candidates most senior in age among those who come first on the corresponding sections of the slates earning an equal number of votes shall be elected statutory Auditor and alternate Auditor.
Should a single slate be presented, all the statutory and alternate Auditors to be elected shall be drawn from it in the order in which they are listed. In this case, the Board of Auditors shall be chaired by the person in first place on the slate.
In the event of expiration of the term of office, on any grounds, of a statutory Auditor, he or she shall be suc-

ceed by the first of the alternate members elected from the same slate, upon verification that the above requirements have persisted.
In the event of expiration of the term of office, on any grounds, of the statutory Auditor drawn from the slate that came in second in the number of votes, should it be impossible on any grounds for him or her to be succeeded by the alternate auditor elected on the same slate, he or she, upon verification that the above requirements have persisted, shall be succeeded by the next candidate drawn from the same slate or, in the absence thereof, by the first candidate on the slate among the minority slates that came in second in the number of votes.
For other aspects related to the appointment of the Board of Auditors, reference should be made to the provisions of art. 26 of the Bylaws of Astaldi S.p.A., published on the company's website (Governance/Documents section).

14. Auditors

The Board of Auditors currently in office for **financial years 2009-2011**, for whose composition reference should be made to Table 4 in the appendix, was appointed during the shareholders' meeting of 24 April 2009.
It bears mentioning that at that time, **2 slates** were submitted, in compliance with the provisions of the company's Bylaws, and with art. 148 of the finance consolidation act (TUF).
The first was submitted by the shareholder FIN.AST. S.r.l., which proposed Pierpaolo Singer and Antonio Sisca as Statutory Auditors, and Massimo Tabellini and Flavio Pizzini as Alternate Auditors.
The second slate was submitted by the shareholders Fideuram Investimenti – Società di Gestione del Risparmio S.p.A., ARCA Società di Gestione del Risparmio S.p.A., Ersel Asset Management SGR S.p.A., Fideuram Gestions S.A., Pioneer Investment Management SGRpA, Pioneer Asset Management S.A., Monte Paschi Asset Management SGR S.p.A., and Interfund Sicav Società d'Investissement, which proposed Pierumberto Spanò as Statutory Auditor and Marco Rigotti as Alternate Auditors.

Upon the outcome of the **voting**, the first slate garnered the votes of 85.08% of the company capital in attendance at the Shareholders' Meeting, and the second slate took the vote of 1,900,545 shares, equal to 3.13% of the company capital in attendance at the Shareholders' Meeting.

During the meeting of 25 February 2011, the Board of Auditors, pursuant to *Applicative Criterion 10.C.2. of the Self-Regulation Code*, verified the persistence of its members' independence requirements, applying, for the pertinent assessments, all the criteria provided for by the Code in question with reference to the Directors' independence.

The Company also adheres to the principles of the Self-Regulation Code according to which the auditor that, on his or her on account or on behalf of third parties, has an interest in a given Company operation, must promptly and comprehensively inform the other Auditors and the Chairman of the Board of Directors as to the nature, terms, origin, and scope of his or her interest (*Applicative Criterion 10.C.4.*).

The Board of Auditors has also overseen the independence of the auditing firm, verifying compliance with the relevant regulatory provisions, as well as the nature and extent of the services other than accounts auditing offered to the Company and to its subsidiaries by said auditing firm and entities belonging to its network (*Applicative Criterion 10.C.5.*).

In carrying out its activity, the Board of Auditors relied on the collaboration and coordination of the Employee charged with Internal Control, also in charge of the Internal Control Department. The Board of Auditors also coordinated with the Internal Control Committee, with which it maintained a constant exchange of information, both through the attendance by the Chairman of the Board of Auditors at said Committee's meetings, and through joint meetings when the issues discussed and the corporate departments interviewed were of common interest from the standpoint of their respective responsibilities (*Applicative Criteria 10.C.6. and 10.C.7.*).

As mentioned above, it should be borne in mind that following the entry into force of art. 19 of Legislative Decree no. 39/2010, and in line with Borsa Notice no. 18916, the auditing oversight activities pursuant to letters d) and e) of art. 8.C.3 of the Self-Regulation Code of listed companies are vested exclusively with the Board of Auditors.

15. Relations with shareholders

The Company, also in light of its listing on the STAR Segment of Mercato Telematico Azionario (screen-based stock exchange), back in 2002 appointed, as **manager of investor relations** (the "Investor Relator"), Alessandra Onorati, who is the manager of the pertinent corporate structure.
Moreover, to foster dialogue with the shareholders and the market, the Company regularly makes available on its website all the information of an accounting nature (financial statements, half-year financial reports, and interim management reports) and of interest for the general shareholding public (such as, for example, press releases, the company's Ethical Code, the Organization, management, and control Model pursuant to Legislative Decree no. 231/01, the Reports by the directors on the items on Shareholders' Meeting agendas, etc.).

16. Shareholders' Meetings (pursuant to art. 123-bis, paragraph 2, letter c), TUF)

Pursuant to art. 10 of the company's Bylaws currently in force, the Shareholders' Meeting is called by the Board of Directors by notice to be published in the manner and by the deadlines as required by law.
The Bylaws also require said notice to indicate another day for the second convocation, should the first one go unattended; in the event of an extraordinary Shareholders' Meeting, said notice may also indicate the date for the third convocation.
The Shareholders' Meeting is vested with the duties provided for by art. 2364 of the Italian civil code; moreover, based on what is permitted by art. 2365, second paragraph, of the Italian civil code, the Bylaws, under art. 22, expressly vests the Board of Directors with the power to pass decisions with regard to:
(i) mergers and splits, in the cases provided for by articles 2505 and 2505-bis of the Italian civil code, in the manner and in accordance with the deadlines described therein;
(ii) the establishment and suppression of secondary offices, including those abroad;
(iii) indication of which directors bear the Company's representation;
(iv) reduction of the company capital in the event of withdrawal of a shareholder;
(v) adjusting the Bylaws to regulatory provisions;
(vi) transferring the company's main office in national territory.

With reference to the rights of the shareholders, and in particular their attendance at the Shareholders' Meeting, the Bylaws currently in force, in line with the provisions of art. 2370, first paragraph, of the Italian civil code, and art. 83-sexies TUF, expressly establish that *"Those who are entitled to vote in accordance with the indications made in the certifications issued and made known by the intermediaries in the manner and by the deadlines as provided for by law, shall be entitled to attend the Shareholders' Meeting."*

The Company also, pursuant to art. 135-novies, paragraph 5, TUF, and art. 12 of the company's Bylaws, makes available to shareholders a section on the website through which the Company can be notified of voting proxies electronically, using the proxy form available on the site (Governance/Shareholders' Meeting Section).

At present the Company's Bylaws, with reference to shareholders' meetings, does not provide for voting by correspondence, remote voting, or audiovisual links.

In accordance with the provisions of art. 13 of the Bylaws – according to which *"the holding of the Shareholders' Meeting, both ordinary and extraordinary, is governed by regulations approved by the ordinary Shareholders' Meeting, and valid for all subsequent ones, until it is modified or replaced"* – the ordinary Shareholders' Meeting of 11 March 2002 approved the "***Shareholders' Meeting Regulations***," subsequently updated with the decision of 10 November 2010, which establish clear and univocal rules for the ordered, functional holding of the shareholders' meetings, without at the same time compromising each shareholder's right to express his or her opinions and to formulate requests for explanation and clarification with regard to the items on the agenda.

On this point, in fact, the Shareholders' Meeting Regulations establishes that the subjects qualified to exercise their voting right may request the floor on the items being discussed, until such time as the Chairman of the Shareholders' Meeting has declared discussion on the topic closed, in order to make observations and proposals, or to request information. The Chairman of the Shareholders' Meeting, or those assisting him, shall see to providing the relevant responses, and the Shareholders' Meeting Regulations guarantee those who have requested the floor the right to make a brief rebuttal.

It is stressed that the Board of Directors, for the purpose of guaranteeing the shareholders suitable information as to the elements needed in order to be able to make, in a fully informed way, the decisions for which the Shareholders' Meeting is responsible, provides shareholders with all the documents and reports regarding the items on the agenda at the Shareholders' Meetings, by sending them to Borsa Italiana S.p.A. and publishing them on its own website, at the timing provided for by the regulations.

17. Additional corporate governance practises (pursuant to art. 123-bis, paragraph 2, letter a), TUF)

There are no further corporate governance practises in addition to those already illustrated in the above points.

18. Changes since the close of the financial year of reference

Since the close of the financial year, no changes have been made to the Company's corporate governance structure.

Rome, 16 March 2011

for the Board of Directors
(The Chairman)
Paolo Astaldi

Summary tables

COMPANY CAPITAL STRUCTURE at 31 December 2010

Table 1: Information on Ownership Structure

	No. of shares	% of capital	Listed (indicate markets) not listed	Rights and obligations
Ordinary shares	98,424,900	100%	MTA - STAR	-
Shares with limited voting rights	-	-	-	-
Shares with no voting rights	-	-	-	-

Table 2: Structure of the Board of Directors and Committees at 31 December 2010

Board of Directors in office at 31 December 2010 *									Internal Control Committee		Remuneration Committee	
Office	Members	In office from to	Executive	Non-Executive	Independent, Self-Regulation Code	Independent, T.U.F.	% *****	Number of other offices ***	****	*****	****	*****
Honorary Chairman	Vittorio Di Paola **	Board appointed by the Shareholders' Meeting of 23 April 2010 for financial years 2010/2012. The Board of Directors will thus expire upon the approval of the financial statements at 31 December 2012.	x				83%	-				
Chairman	Paolo Astaldi		x				100%	1				
Deputy Chairman	Ernesto Monti			x		X	100%	5			x	100%
Deputy Chairman	Giuseppe Cafiero		x				100%	-				
Chief Executive Officer	Stefano Cerri		x				100%	-				
Director	Caterina Astaldi			x			75%	1				
Director	Pietro Astaldi			x			63%	1				
Director	Luigi G. Cavalchini			x			75%	1				
Director	Giorgio Cirla			x	x	x	100%	1	x	100%		
Director	Paolo Cuccia			x	x	x	83%	1				
Director	Mario Lupo			x	x	x	100%	-	x	100%		
Director	Eugenio Pinto			x	x	x	66%	5	x	100%	x	100%
Director	Maurizio Poloni			x	x	x	87%	-			x	100%

Quorum required for submitting slates: 2.5%

Number of meetings held during financial year of reference	Board of Directors: 8	Internal Control Committee: 4	Remuneration Committee: 6

* The Board of Directors in office at 31 December 2010 was appointed based on a single slate submitted by the majority shareholder Fin. Ast. S.r.l.

** On 25 February 2011, Vittorio Di Paola announced he was renouncing the office of Member of the Company's Board of Directors. At present, Vittorio Di Paola is Honorary Chairman.

*** This column indicates the number of offices of director or auditor held by the interested party in other companies listed on regulated markets (including overseas), in financial, banking, or insurance companies, or companies of significant size. Table 3 details the offices in question.

**** This column indicates with an "X" that the member of the Board of Directors belongs to the Committee.

***** This column indicates the percentage of the directors' attendance at the meetings respectively of the Board of Directors and of the Committees during financial 2010. It is specified that the percentage in question refers to the number of meetings attended by each director or member of the Committees since the time of his or her appointment.

Table 2-bis: Structure of the Board of Directors and of the Committees at 31 December 2010

Members of the Board of Directors lapsing from office during financial year 2010									Internal Control Committee		Remuneration Committee	
Office	Members	In office from to	Executive	Non-Executive	Independent, Self-Regulation Code	Independent, T.U.F.	% *	Number of other offices	**	*	**	*
Director	Franco A. Grassini	In office for financial years 2007/2009		x	x	x	100%	-	x	100%	x	100%
Director	Nicola Oliva		x				100%	-				
Director	Gian Luigi Tosato			x	x	X	100%	-				

* This column indicates the percentage of the directors' attendance at the meetings respectively of the Board of Directors and of the Committees during financial year 2010. It is specified that the percentage in question refers to the number of meetings attended by each director or member of the Committees during his or her time in office.

** This column indicates with an "X" that the member of the Board of Directors belongs to the Committee.

Table 3: Offices of director or auditor held by each board member in other companies on regulated markets (including overseas), in financial, banking, or insurance companies, or companies of significant size, at 31 December 2010:

Name and Surname	Other activities performed pursuant to art. 1.3 of the Self-Regulation Code
Ernesto Monti	Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A.; Member of the Board of Directors of Alitalia S.p.A., Unicredit MCC S.p.A., Erg Renew S.p.A. (formerly Enertad S.p.A.), Ariscom Compagnia di assicurazioni S.p.A.
Vittorio Di Paola	---
Paolo Astaldi	Managing Director of Fin.Ast S.r.l.
Giuseppe Cafiero	---
Stefano Cerri	---
Caterina Astaldi	Member of the Board of Directors of Fin.Ast. S.r.l.
Pietro Astaldi	Member of the Board of Directors of Fin.Ast. S.r.l.
Luigi Guidobono Cavalchini	Member of the Private Advisory Board of Unicredit S.p.A.
Giorgio Cirla	Member of the Board of Directors IMMSI S.p.A.
Paolo Cuccia	Member of the Board of Directors Bulgari S.p.A.
Mario Lupo	---
Eugenio Pinto	Member of the Board of Directors of Ansaldo STS S.p.A. and Bulgari S.p.A.; Chairman of the Board of Auditors of Eni Adfin S.p.A. and Stogit S.p.A.; Statutory Auditor of Alleanza Toro S.p.A.
Maurizio Poloni	---

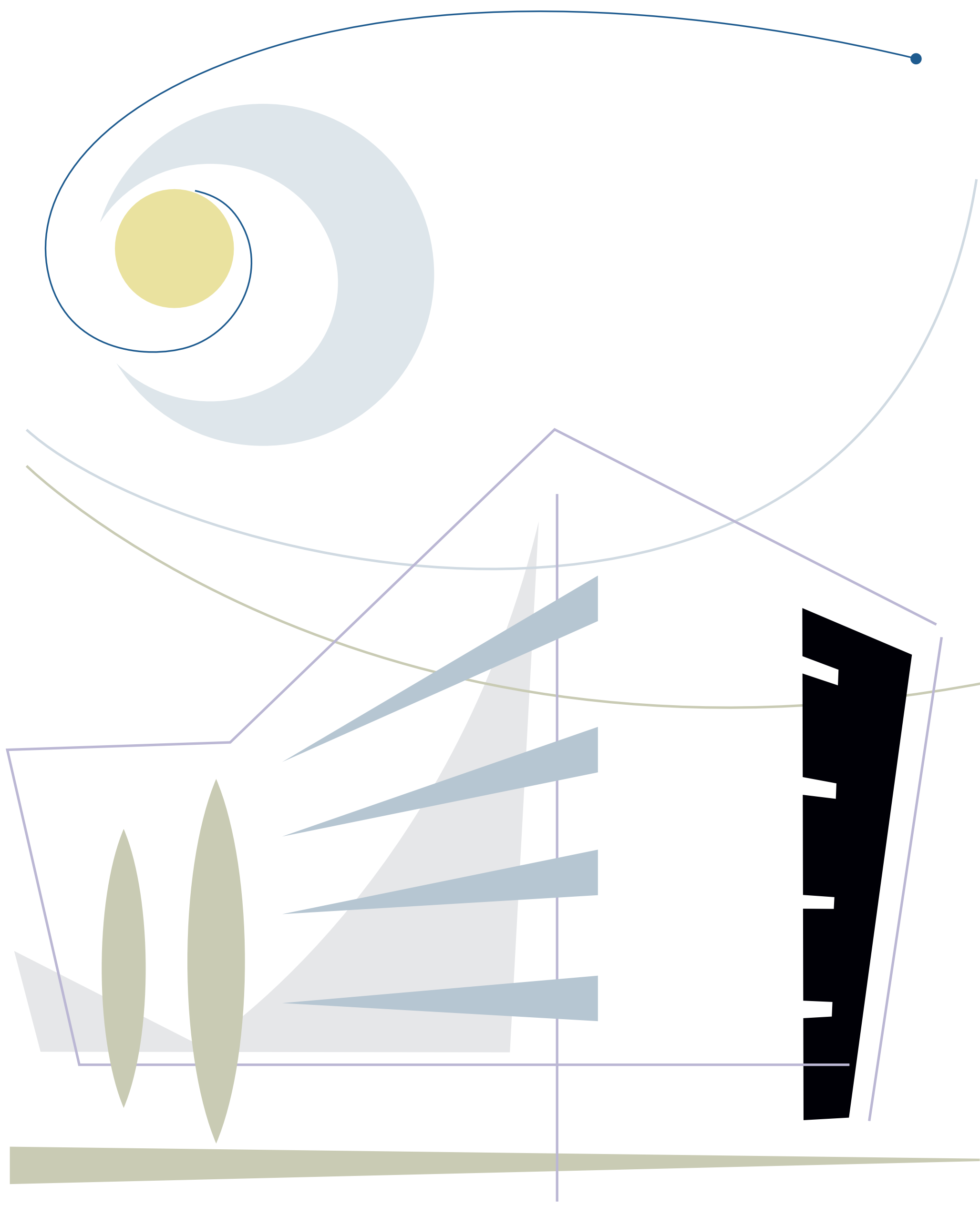
Table 4: Structure of the Board of Auditors at 31 December 2010

Office	Members	In office from to	Slate	Independence from Code	Percentage attendance at Board meetings	Number of other offices *
Chairman	Pierumberto Spanò	Board appointed by the Shareholders' Meeting of 24 April 2009 for financial years 2009-2011; it will expire upon the approval of the financial statements at 31 December 2011	minority	x	100%	16
Statutory Auditor	Pierpaolo Singer		majority	x	100%	10
Statutory Auditor	Antonio Sisca		majority	x	100%	9
Alternate Auditor	Marco Rigotti		minority	x	-	7
Alternate Auditor	Massimo Tabellini		majority	x	-	6
Alternate Auditor	Flavio Pizzini		majority	x	-	11

Number of meetings held in financial year 2010: 10

Quorum required for the submission of slates by minorities for the election of one or more statutory members (pursuant to art. 148 TUF): pursuant to the Bylaws, only those shareholders that on their own, or with other shareholders, represent at least 1% of the company capital are entitled to submit slates.

* This column indicates the number of offices as director or auditor held by the interested party, of importance pursuant to art. 148-bis TUF. The complete list of offices is attached pursuant to art. 144-quinquiesdecies of the CONSOB issuers' regulations, to the report on the oversight activity, drawn up by the auditors pursuant to art. 153, paragraph 1, TUF, in other companies listed on Italian regulated markets.



Other information

Italy,
New Hospital in Mestre
("Ospedale dell'Angelo").

Other information

Report by the Board of Auditors

Dear shareholders,
During financial year 2010, we performed the oversight activity provided for by law.
In light of the activities performed, taking into account the regulations in force and the indications made by CONSOB, and in compliance with the provisions of the Self-Regulation Code promoted by BORSA ITALIANA S.p.A. and by the principles of behaviour by the Board of Auditors recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (national council of chartered accountants and business managers), we do hereby report as follows:

1. through direct observations and meetings with the managers of the departments and with the auditing firm, we oversaw compliance with the principles of proper administration and compliance with the law and the company's Bylaws; we found the existence of an appropriate organization that makes it possible to comply with the regulations and fulfil the obligations provided for therein;
2. we attended the meetings of the Board of Directors, and obtained from the directors, also pursuant to art. 151, paragraph 1, of the finance consolidation act (TUF), information on the activity performed and on the operations of greatest economic, financial, and asset-related importance performed by the Company or by the major subsidiaries, and we may reasonably assure that the actions decided upon and implemented are in compliance with the law and with the company's Bylaws, and are not manifestly imprudent, risky, in potential conflict of interest, or in conflict with the decisions made by the Shareholders' Meeting or by the Board of Directors, or such that may compromise the integrity of the company's assets;
3. we acquired knowledge of and oversaw – to the extent under our purview – the suitability of the company's organizational structure, and compliance with the principles of proper administration. In this regard, we noted the existence of a company organizational chart that clearly identifies the functions, roles, and lines of responsibility, supplemented by a clear and defined system of delegations and powers. Decision-making activities are exercised in accordance with the powers as conferred, with an appropriate separation and balancing of responsibilities in duties and functions. The selection procedures in progress ensure the presence of personnel qualified on the basis of the assigned functions;
4. we oversaw the suitability of the provisions imparted by the company to the subsidiaries pursuant to article 114, paragraph 2, of Legislative Decree no. 58/98, through the collection of infor-

mation from the managers of the relevant company departments, and meetings with the auditing firm, for the purpose of the mutual exchange of pertinent data and information. In this regard, we report that CONSOB, on 12 March 2010, adopted, with Decision no. 17221, the regulation containing the provisions governing operations with related parties, subsequently modified with Decision no. 17389 of 23 June 2010. This contains the regulations and general principles governing procedures that Italian companies with shares listed in regulated markets in Italy (or other countries in the European Union) and with shares considerably widespread among the public, are required to adopt for the purpose of ensuring the transparency and correctness, in both procedure and substance, of the operations with related parties, implemented directly or through companies. On 9 November 2011, the company's Board of Directors approved the procedure provided for by art. 4 of the aforementioned regulation, with the Board of Auditors overseeing its compliance with the principles indicated in said regulation;

5. we assessed and oversaw the suitability of the internal control system and of the administrative/accounting system, as well as the latter's reliability in properly representing the management events, by obtaining information from the managers of the respective departments, examining company documents, analyzing the results of the work performed by the auditing firm, taking part in the proceedings of the Internal Control Committee and, where the subjects discussed so required, holding joint meetings with said Committee.
   In particular, we oversaw the planning of the activities by the employee charged with internal control, and examined the related reports, making sure that the company was undertaking the improvement actions indicated by the auditing activities. We also noted the establishment of a new corporate department supporting the risk management system, called Corporate Risk Management, meeting its Manager and analyzing its purposes, work schedules, and system of information flows with the other corporate departments, and focusing on the methods adopted for identifying, managing, and monitoring risks. On these occasions, we met, along with the Internal Control Committee, the Chief Executive Officer, in order to more deeply examine the approach to risk management by the company, and the pertinent flows of information to the Internal Control Committee, the Board of Directors, and the Board of Auditors.
   With reference to verification of the suitability of the administrative and accounting system and its reliability, and for the purpose pursuant to art. 19, paragraph 1, letter a) of Legislative Decree no. 39/2010, we acquired the pertinent procedures, including those for issuing the certifications of the Executive in charge, and oversaw their actual application through interviews with the various department managers, and through the exchange of information with the auditing firm. We also oversaw the effectiveness of the procedures regarding training, lodging and publishing the financial statements and interim reports, the existence of the obligatory content, pursuant to the law, of the directors' report on the financial statements, and the procedures for collecting, drawing up, and transmitting announcements with important financial information.
   For the verification activities regarding the actual application of art. 154-*bis*, TUF, we examined the results of the audits performed by the operative structure, which supports the Executive appointed to draft corporate accounts.
   From the activity that was performed, we developed a judgement finding the substantial suitability of the internal control system and of the administrative and accounting system, as well as the latter's reliability in properly representing management events and compliance with the regulations of law regarding the formation and organization of the financial statements and of the management report.
6. in carrying out the activities, we coordinated with the Internal Control Committee and the Internal

Control Department, which carries out internal auditing activities also by supplementing the verification and control activities performed by various company departments having an assurance role. In particular, the joint control activities regarded verifying compliance with the regulations in force, the Group's guidelines and corporate procedures, compliance with the delegated powers and observance of proper behaviour, as well as proposing corrective actions or solutions suitable for improving the procedural and control system, also for the purposes of making the corporate organization effective. Moreover, based on the interpretative developments of Legislative Decree no. 39/2010 on the legal auditing of the yearly and consolidated accounts – with regard to the provisions of art. 19 and Borsa Italiana S.p.A. notice no. 18916 – the Board of Auditors is vested with the functions provided for by the Self-Regulation Code under art. 8.C.3 letter d) (assessment of the auditing firms proposals for obtaining the assignment, as well as the working plan prepared for the audit and the results set out in the report and, where applicable, in the suggestions letter) and letter e) – oversight of the audit's effectiveness);

7. during the financial year, we took part in four meetings of the Internal Control Committee, whose activity was reported by the Committee to the Board of Directors, and is included in the yearly Report on Corporate Governance, which is available to you;
8. we oversaw the legal auditing, assessing, with the executive in charge, the auditing firm's working plan, and overseeing the auditing process's effectiveness through periodic meetings and exchange of information with said auditing firm, also with regard to the criteria and accounting practises to be used, and verifying that there were no data or information specifically demanded by the auditor, that was not duly communicated. It is lastly stressed that this Board did not receive from the legal auditor, during the auditor's work, reports in accordance with the indications of Auditing Standard no. 260 *"Notification of facts and circumstances pertaining to the audit, to those responsible for governance activities"*;
9. the auditing firm, on 25 March 2011, released the reports pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January 2010, respectively for the company and the group financial statements at 31 December 2010, drawn up in compliance with the International Financial Reporting Standards – IFRS, adopted by the European Union, and with the measures issued in implementation of art. 9 of Legislative Decree no. 38/2005. These reports state that both the company and the consolidated financial statements of Astaldi S.p.A. have been "drawn up clearly, and truthfully and properly represent the assets and financial position, the results of operations, the variations in the equity, and the cash flows for the financial year closing on that date, and that the management report is in line with the aforementioned financial statements";
10. we oversaw the independence of the auditing firm, verifying both the compliance with the relevant regulatory provisions, and the nature and extent of the services other than auditing rendered to the Issuer of the report and to its subsidiaries by said auditing firm and the entities belonging to its network.

    In this regard, it bears mentioning that during financial year 2010, *Ernst & Young Financial Business Advisors* S.p.A. – a company connected to the *Ernst & Young Global* (EYG) international network – was assigned the following commissions:

    a) providing assistance for the measurement and effectiveness of rate/derivatives risk hedging, for an amount of EUR 15,750.00;
    b) providing assistance for assessing the risk for projects in Turkey, for an amount of EUR 90,000.00.
11. we held meetings with representatives of the auditing firm, pursuant to article 150 of Legislative Decree no. 58/98, and no data or information worthy of discussion emerged;

12. we noted that during the financial year whose financial statements you are being called upon to approve, no reports pursuant to art. 2408 of the Italian civil code, or complaints of any kind by third parties, occurred;
13. we initiated, in concert with the appropriate corporate departments, the activities aimed at issuing the proposal for the appointment of the legal auditing firm for the 2011-2019 period. These activities were concluded in March 2011,
14. we obtained information on the activities implemented pursuant to Legislative Decree no. 231/2001 on the administrative responsibility of the bodies, also through direct exchange of information with the supervisory body established by the Company. In this regard, the Supervisory Body reported to the Board of Directors on the activity performed during financial year 2010; this is included in the yearly report on corporate governance, which is available to you;
15. the company adheres to the Self-Regulation Code of listed companies, established at the initiative of Borsa Italiana S.p.A., and the internal structure is in line with the Code's recommendations;
16. with reference to the operations with related parties and the operations within the group, the information announced by the Directors in the management report is suitable for describing the activities performed during financial year 2010.

    In keeping with the provisions of the "*International Accounting Standards* - IAS 24" and CONSOB's notice no. 6064293 of 28 July 2006 concerning identification of the notion of "related parties," we point out that the notes to the parent company's financial statements and the consolidated financial statements indicate the amounts of the operations and of the existing balances derived from relations of a financial and commercial nature with the related parties, as well as the compensation to be paid to the Directors, Auditors, and General Managers.

    In this regard, there are no operations that are atypical of or unusual for normal management, nor have cases of Directors' conflict of interest emerged;
17. over the course of the financial year, we checked the proper application of the criteria and verification procedures adopted by the Board of Directors to assess its members' independence, and we verified the persistence of the independence requirements provided for by the regulations for the members of the Board of Auditors of listed companies, also with reference to the criteria indicated by the "Self-Regulation Code of Listed Companies" and established with reference to Independent Directors;
18. on 30 July 2010, Astaldi Concessioni S.r.l., with a share capital of EUR 38,189,317, was established by conferral of company divisions and stakes, for the purpose of legally separating the activities of managing assets in concession from construction activities. For details, reference should be made to the content of the Directors' report.

The 2010 oversight activity as described above was carried out in 10 meetings of the Board, whose decisions are taken down in the Board's register, and by attending eight Board of Directors' meetings and four meetings of the Internal Control Committee.

During the oversight activity that was performed, and based on the information obtained by the auditing firm, no reproachable omissions and/or facts, and/or irregularities, or at any rate significant facts were found that might require their being reported to the control bodies or mentioned herein.

Taking the above into account, the Board of Auditors, from the standpoints under its purview, finds no grounds hindering the approval of the financial statements at 31 December 2010 and the decision proposals formulated by the Board of Directors.

Rome, 25 March 2011.

THE BOARD OF AUDITORS
(Signed: Pierumberto Spanò)
(Signed: Pierpaolo Singer)
(Signed: Antonio Sisca)

Shareholders' Meeting Resolutions

The Shareholders' Meeting, held at first call on April 18, 2011, resolved, in particular:

- to approve the financial statements as at December 31, 2010 and the Directors' Report drawn up pursuant to section 2428 of the Italian Civil Code and to art. 40 of the Italian Legislative Decree 127/91, jointly with the proposal of allocation of profit as submitted by the Board of Directors itself;

- to appoint Piero GNUDI as member of the Company's Board of Directors, replacing Vittorio DI PAOLA, who resigned from his office as Director on February 25, 2011;

- to appoint KPMG S.p.A. as independent auditor for fiscal years 2011-2019, determining the consideration to be paid for the entire period as amounting to EUR 396,072.53 per year for fiscal years 2011/2012, and EUR 356,072.53 per year for fiscal years 2013/2019;

- to renew the authorization granted to the Board of Directors:
  1. to purchase, on the Telematic Stock Market, company's own shares for a period of twelve months running from May 27, 2011;
  2. to dispose, without any time limit, of the Company's own shares purchased.

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Società per Azioni
Share Capital EUR 196,849,900.00 (fully paid up)
Listed in the Registry of Companies of Rome
Tax No. 00398970582
(formerly listed under No. 847/50 - Rome Court)
Chamber of Commerce No. 152353 – VAT No. 00880281001

Registered Office and Headquarters
Rome (Italy), Via Giulio Vincenzo Bona 65 – 00156

Milan Office
Milan (Italy), Via Adige 19 – 20123

External Relations and IR Department
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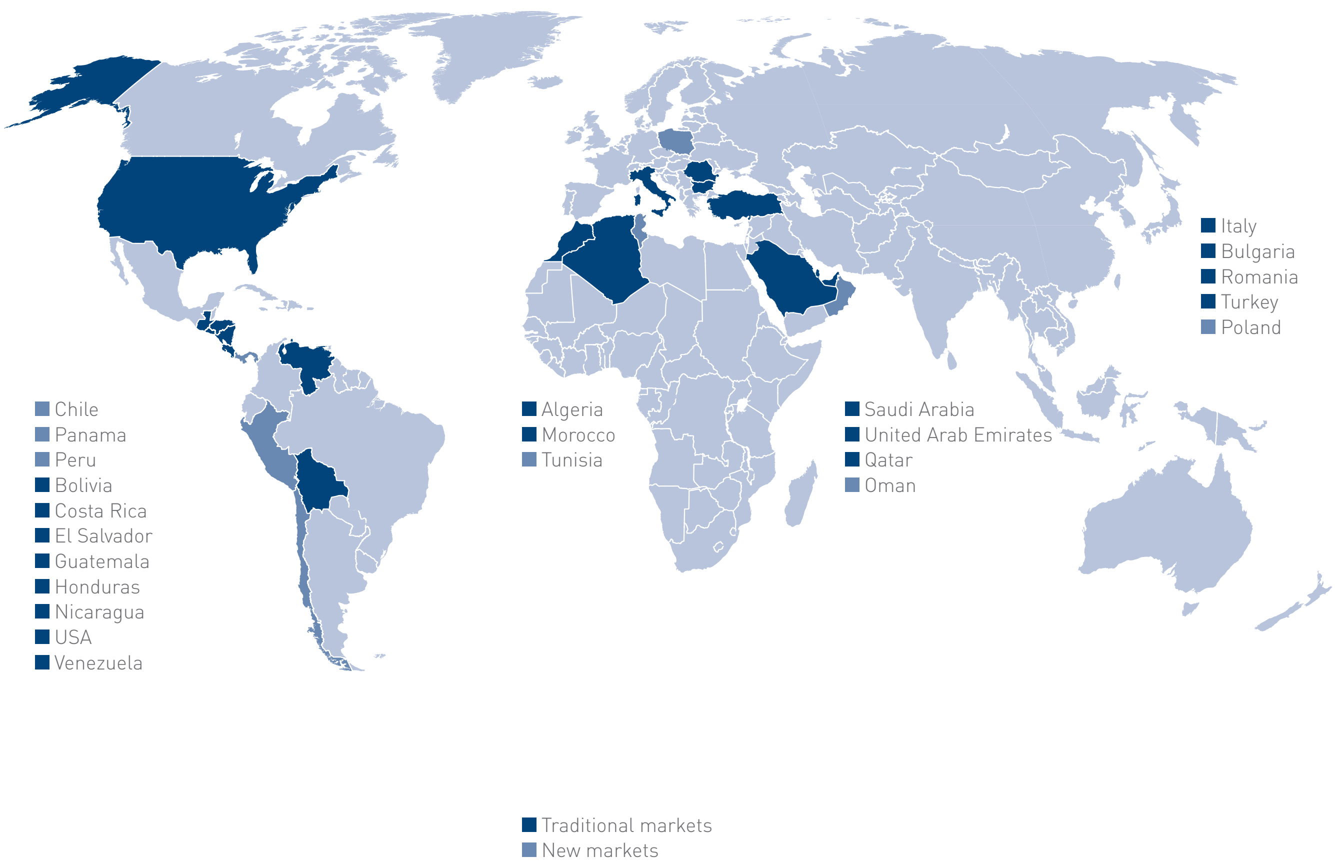
Final printing in July 2010

Astaldi worldwide

Let's build a good name for Italy the world over

The Group has always been a leading player on the international scene, and deals with expansion of its range of activity as a strategic challenge which has proved to be a winner. Astaldi is a well-known and highly-esteemed name throughout Europe and the rest of the world: the works performed, the scale of projects and the undeniable contribution to the development of the various countries and situations it operates in all speak for the Group.
Romania, Bulgaria and Turkey are key areas for the Group which has already built roads, motorways, railways and undergrounds in said countries. While 2009 saw its entrance into the Polish market where the Group is currently carrying out interesting projects in the underground transport infrastructures sector. Algeria is the country within Africa which sees Astaldi mainly involved in the construction of dams and aqueducts, but also of motorways and railways. As regards America, Venezuela, a large part of Central America, the United States of America (Florida) and, more recently, Chile and Peru have all used Astaldi for the design and construction of infrastructures, roads, railways, undergrounds and water and renewable energy projects. And lastly there is the Middle East, with Qatar, Saudi Arabia and the United Arab Emirates where its involvement in key projects in the oil&gas sector sees Astaldi helping to export Italian know-how to the industrial plant design sector.


Chile
Panama
Peru
Bolivia
Costa Rica
El Salvador
Guatemala
Honduras
Nicaragua
USA
Venezuela
Algeria
Morocco
Tunisia
Saudi Arabia
United Arab Emirates
Qatar
Oman
Italy
Bulgaria
Romania
Turkey
Poland
Traditional markets
New markets

Foreign Branches

ABU DHABI (U.A.E.)
Al Bateen Area (near UAE Central Bank)
7th. Street – Six Towers – Building C2
1st Floor – Apartment 102 – Abu Dhabi

ALGERIA
Bureau Administratif et Financier
Lotissement 19/20 Aissat Idir
Cheraga – W. Alger - Algiers

BOLIVIA
Avenida La Guardia, km 6½
7° aníllo, Santa Cruz

BULGARIA
N°67 Tsanko Tserkovski Str.,
entrance V, 4th floor,
1421 Sofia

CHILE
Apoquindo 3846 piso 11
Las Condes, Santiago - Cile

COSTA RICA
Bello Horizonte Escazu de
Distribuidora Santa Barbara
200 mts. sur, 200 mts. este,
Urbanización la Suiza 150 mts.
noroeste
condominio Ingrid No 6
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