



ASTALDI

Astaldi S.p.A.

€500,000,000

7.125% Senior Notes due 2020

Astaldi S.p.A., a joint stock company established under the laws of the Republic of Italy (the “**Issuer**”), is offering (the “**Offering**”) €500,000,000 aggregate principal amount of its 7.125% Senior Notes due 2020 (the “**Notes**”). The Notes will bear interest at a rate of 7.125% per annum. The Issuer will pay interest on the Notes semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2014. The Notes will mature on December 1, 2020.

The Issuer may redeem some or all of the Notes prior to December 1, 2016 by paying 100% of the principal amount of such Notes plus a “make-whole” premium and at any time on or after December 1, 2016 at the redemption prices set forth in this offering memorandum (the “**Offering Memorandum**”). In addition, at any time on or prior to December 1, 2016 up to 35% of the aggregate principal amount of the Notes may be redeemed with the net proceeds of certain equity offerings, if at least 65% of the originally issued aggregate principal amount of the Notes remains outstanding. At any time on or after December 1, 2016, the Issuer may redeem some or all of the Notes at the redemption prices set forth in this Offering Memorandum. All, but not less than all, of the Notes may also be redeemed at 100% of their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain change of control events, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes.

The Notes will be senior obligations of the Issuer and will rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes.

This Offering Memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

Subject to and as set forth in “*Description of the Notes—Additional Amounts*,” the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to, among other things, any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per article 168-bis, Italian Presidential Decree No. 917 of December 22, 1986) and otherwise in circumstances as described in “*Description of the Notes—Additional Amounts*.”

There is currently no public market for the Notes. Application has been made to admit the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange’s Euro MTF market (the “**Euro MTF Market**”). The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC. This Offering Memorandum constitutes a Prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended.

Investing in the Notes involves risks that are described in the “Risk Factors” section beginning on page 20 of this Offering Memorandum.

Price: 100% plus accrued interest, if any, from the Issue Date

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the U.S. Securities Act or the securities laws of any other jurisdiction. Accordingly, we are offering the Notes only to qualified institutional buyers under Rule 144A and to persons outside the United States in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, please see “*Notice to Investors*.”

We expect that delivery of the Notes will be made to investors in book-entry form through Euroclear System (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”) on or about December 4, 2013 (the “**Issue Date**”). Interests in each global note will be exchangeable for the relevant definitive notes only in certain limited circumstances. See “*Book-Entry, Delivery and Form*.”

Joint Bookrunners

Banco Bilbao	Crédit									
Banca	Vizcaya	BNP	Agricole	Credit	Deutsche				UniCredit	
IMI	Argentaria, S.A.	PARIBAS	CIB	Suisse	Bank	HSBC	ING	Natixis	Bank	

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You should rely only on the information contained in this Offering Memorandum. Neither the Issuer nor any of the Initial Purchasers have authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Memorandum. You must not rely on unauthorized information or representations.

If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under “Notice to Investors.” You may be required to bear the financial risks of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. We are not making any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

The Issuer and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted.

IN CONNECTION WITH THIS OFFERING, BNP PARIBAS (THE “STABILIZING MANAGER”) (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The Issuer is offering the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the “SEC”) or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

We have prepared this Offering Memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers under Rule 144A under the U.S. Securities Act and to non-U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) outside the United States under Regulation S under the U.S. Securities Act. You agree that you will hold the information contained in this Offering Memorandum and the transactions contemplated hereby in confidence. You may not distribute this Offering Memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the initial purchasers shall have any responsibility therefor.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. We are not, and the initial purchasers are not, making any representations to you regarding the legality of an investment in the Notes by you.

The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made and no responsibility or liability is accepted by the Initial Purchasers or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set out in this Offering Memorandum, and

nothing contained in this Offering Memorandum is or shall be relied upon as a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors and agents, whether as to the past or the future. This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by us upon request, for the complete information contained in those documents. Copies of such documents and other information relating to the issuance of the Notes will also be available for inspection at the specified offices of the Luxembourg Listing Agent (as defined below). All summaries of the documents contained herein are qualified in their entirety by this reference. You agree to the foregoing by accepting this Offering Memorandum.

We accept responsibility for the accuracy of the information contained in this Offering Memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us, our subsidiaries and affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we are not aware of any other acts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

No person is authorized in connection with any offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the initial purchasers. The information contained in this Offering Memorandum is current at the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set out in this Offering Memorandum or in our affairs since the date of this Offering Memorandum.

We reserve the right to withdraw the offering of the Notes at any time, and we and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to you less than the full amount of Notes subscribed for by you. The Initial Purchasers and certain of their related entities may acquire for their own accounts, a portion of the Notes.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Please see “*Notice to Investors*” and “*Plan of Distribution*.”

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Please see “—*Notice to New Hampshire Residents*,” “—*Notice to European Economic Area Investors*” and “*Notice to Investors*.”

To the fullest extent permitted by law, none of the Initial Purchasers accept any responsibility for the contents of this document. Each of the Initial Purchasers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document. Neither this document nor any other financial statements or information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by any of the Issuer or the Initial Purchasers that any recipient of this document or any other financial statements or information supplied in connection with the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this document or in any other financial statements or information supplied in connection with the Notes and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Initial Purchasers undertakes to review the financial condition or affairs of any of the Issuer during the life of the arrangements contemplated by this document nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Initial Purchasers.

Each prospective purchaser of the Notes must comply with all applicable laws, rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission (the “**SEC**”), any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The information contained under the caption “Exchange Rate Information” includes extracts from information and data publicly released by official and other sources. The Issuer does accept any responsibility in respect of such information. The information set out in those sections of this Offering Memorandum describing clearing and settlement, including the section entitled “Book-Entry; Delivery and Form,” is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

Investing in the Notes involves risks. See “*Risk Factors*” beginning on page 20.

Treasury Department Circular 230 Disclosure

PURSUANT TO TREASURY DEPARTMENT CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN IN CONNECTION WITH THE MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make any offer in that Relevant Member State of Notes which are the subject of the placement contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute a final placement of the Notes.

In relation to each Relevant Member State, each Initial Purchaser has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant

Member State, it has not made and will not make an offer of the Notes which are the subject of the Offering contemplated by this Offering Memorandum to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, *provided* that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the above, the expression an “offer of notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of the above, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU (and any amendments thereto, to the extent implemented in the Relevant Member State).

Each subscriber for, or purchaser of, the Notes in this Offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

Austria. This Offering Memorandum has not been nor will be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the Offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria may only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

France. The Notes have not been and will not be, directly or indirectly, offered or sold to the public in the Republic of France, and no offering or marketing materials relating to the Notes may be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public of financial securities (*offre au public de titres financiers*) in the Republic of France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général de l'Autorité des marchés financiers*. The Notes may only be offered or sold in the Republic of France pursuant to article L. 411-2-II of the French *Code monétaire et financier* to (i) providers of third party portfolio management investment services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in and in accordance with articles L. 411-1, L. 411-2 and D. 411-1 to D. 411-4 of the French *Code monétaire et financier*.

Prospective investors are informed that:

- (i) this Offering Memorandum has not been and will not be submitted for clearance to the French financial market authority (*Autorité des marchés financiers*);
- (ii) qualified investors (*investisseurs qualifiés*) and any restricted circle of investors (*cercle restreint d'investisseurs*) referred to in article L. 411-2-II-2 of the French *Code monétaire et financier* may only

participate in this Offering for their own account, as provided under articles D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*; and

- (iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with applicable laws and regulations, in particular those relating to an offer to the public (*offre au public de titres financiers*) (which are embodied in articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*).

Germany. The Notes may not be offered and sold to the public, except in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). The Issuer has not, and does not intend to, obtain a notification to the German Financial Services Supervisory Authority from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17(3) of the German Securities Prospectus Act. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this Offering Memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany, the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes are directed only at, persons who are “qualified investors” (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. This Offering Memorandum and other offering materials relating to the offer of Notes are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

Italy. The Offering of the Notes has not been registered, and unless and until the Offering of the Notes has been registered, pursuant to Italian securities legislation, no Note may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined by Article 26, first paragraph, letter d) of the CONSOB Regulation No. 16190 October 29, 2007, as amended, pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the “**Italian Securities Act**”) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (“**CONSOB Regulation on Issuers**”);
- (b) in other circumstances which are exempted from the rules on offerings of securities to the Italian Securities Act and/or CONSOB Regulation on Issuers.

Any offer, sale, resale, or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Securities Act, Legislative Decree No. 385 of September 1, 1993, (the “**Banking Act**”), and CONSOB Regulation No. 16190 of October 29, 2007 (in each case, as amended from time to time).
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Grand Duchy of Luxembourg. This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg (“**Luxembourg**”). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except for the sole purpose of the admission of the Notes to trading on the Euro MTF and listing on the Official List of the Luxembourg Stock Exchange, and except in

circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg law of July 10, 2005 on prospectuses for securities, as amended, and implementing the Prospectus Directive, as amended. Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Luxembourg law of July 10, 2005 on prospectuses for securities, as amended, and (ii) no more than 149 prospective investors, which are not qualified investors.

Netherlands. The Notes (including rights representing an interest in each global note that represents the Notes) which are the subject of this Offering Memorandum, have not been and shall not be offered, sold, transferred or delivered to the public in the Netherlands unless in reliance on Article 3(2) of the Prospectus Directive and *provided*:

- (i) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive and which includes authorized discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in the Netherlands; or
- (ii) standard logo and exemption wording is disclosed, as required by article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the “FSA”); or
- (iii) such offer is otherwise made in circumstances in which article 5:20(5) of the FSA is not applicable.

For the purposes of the above, the expressions (i) an “**offer of Notes to the public**” in relation to any Notes in the Netherlands, and (ii) “**Prospectus Directive**” have the meaning given to them under “Notice to European Economic Area Investors” above.

Spain. The Offering has not been, and it is not envisaged to be, approved by or registered or filed with the *Comisión Nacional del Mercado de Valores* and, therefore, the Notes may not be offered or sold or distributed in Spain except in accordance with the requirements set out in the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended, restated or substituted from time to time, and the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), or any other regulations that may be in force from time to time. This Offering Memorandum is not intended for the public offering or sale of the Notes in Spain and does not constitute a prospectus (registration document and securities note) for a public offering in Spain.

Switzerland. The Notes are being offered in Switzerland on the basis of a private placement only. This Offering Memorandum does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

United Kingdom. The issue and distribution of this Offering Memorandum is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”)), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 “**FSMA**”) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS

Presentation of Financial Information

Financial statements presented

We have included and primarily discussed in this Offering Memorandum the audited consolidated financial statements of the Issuer as of and for the years ended December 31, 2012, 2011 and 2010 (the “**2012 Audited Consolidated Financial Statements**”, the “**2011 Audited Consolidated Financial Statements**” and the “**2010 Audited Consolidated Financial Statements**”, respectively, and collectively the “**Audited Consolidated Financial Statements**”) and the unaudited condensed interim consolidated financial statements as of and for the nine months ended September 30, 2013 and 2012 (the “**2013 Unaudited Condensed Interim Consolidated Financial Statements**” and the “**2012 Unaudited Condensed Interim Consolidated Financial Statements**”, respectively, and collectively the “**Unaudited Condensed Interim Consolidated Financial Statements**”). Accordingly, all references to “we,” “us” or “our” in respect of historical financial information in this Offering Memorandum are to the Issuer and its subsidiaries on a consolidated basis.

With the exception of certain non-IFRS financial measures discussed below, the Audited Consolidated Financial Statements included herein and the accompanying notes thereto have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulation implementing Article 9 of Legislative Decree No. 38/05. IFRS as endorsed by the European Union differs in certain important respects from generally accepted accounting principles in the United States.

The 2013 Unaudited Condensed Interim Consolidated Financial Statements and the 2012 Unaudited Condensed Interim Consolidated Financial Statements were prepared in condensed form in conformity with the international accounting standard applicable to the preparation of interim financial statements (IAS 34). The Unaudited Condensed Interim Consolidated Financial Statements do not contain all of the information required for the annual consolidated financial statements and should therefore be read together with the audited consolidated financial statements and the accompanying notes thereto.

The unaudited financial information for the twelve months ended September 30, 2013 (other than balance sheet information) has been derived by subtracting from the 2012 Audited Consolidated Financial Statements the information from the 2012 Unaudited Condensed Interim Consolidated Financial Statements and adding the information from the 2013 Unaudited Condensed Interim Consolidated Financial Statements.

We also present in this Offering Memorandum certain financial information on an as adjusted basis to give effect to the issuance of the Notes offered hereby and the application of the net proceeds thereof as described in “*Use of Proceeds.*” See “*Capitalization.*” The unaudited *pro forma* data are provided for illustrative purposes only and do not purport to represent what our actual results of operations or financial position would have been if this Offering had occurred on September 30, 2013. The unaudited *pro forma* data set forth in this Offering Memorandum is based upon available information and certain assumptions and estimates that we believe are reasonable.

The Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements included in the F-Pages of this Offering Memorandum should be read in conjunction with the relevant notes thereto. Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and other systems of generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum, and (ii) the impact that future additions to, or amendments of, IFRS principles may have on the Group’s results of operations and/or financial condition, as well as on the comparability of the prior periods.

Restatements

Restatement of comparative figures as of and for the year ended December 31, 2012 and the nine months ended September 30, 2012

Following the application, from January 1, 2013 and with retrospective effect, of the new version of “IAS 19R-Employee Benefits,” the Group’s statement of financial position as of December 31, 2012 and its income statement for the nine months ended September 30, 2012 have been restated solely for

comparative purposes. The most significant change regards the immediate recognition in Other Comprehensive Income of all actuarial gains/losses, which we do not illustrate in this Offering Memorandum. The new version of the accounting standard also determined a change in the accounting treatment of past service costs which can no longer be deferred and must be immediately recognized. For comparability purposes, the discussion of our results of operations in the “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” section is presented to reflect such change.

Restatement of Comparative Figures as of and for the Year ended December 31, 2010

Following the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to the IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation, we have restated our 2010 consolidated income statement, our consolidated statement of comprehensive income, our consolidated statement of financial position and our consolidated statements of cash flows. While such change does not have any impact on our 2010 economic results and total equity, we believe that it is helpful in understanding and comparing our financial position and results of operations as of and for the year ended December 31, 2010. Such choice reflects the Group’s decision to favor the participation to bids for infrastructure construction works to be carried out through general contracting services by means of joint ventures established with our industrial partners, where both risks and benefits are allocated among shareholders on the basis of their interest in the joint venture. In order to facilitate the comparison of our results of operations, our consolidated financial statements as of and for the year ended December 31, 2011 include comparative financial information for the year ended December 31, 2010 based on our new consolidation method. Accordingly, the discussion of our results of operations for the fiscal year ended December 31, 2011 in the “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” section is presented on the basis of the restated financial information for comparability purposes.

The restated financial information set forth in this Offering Memorandum is identified by adding “(restated)” or “(as restated)” next to or below each period in respect of which the applicable line item or items being presented herein was or were restated.

The tables included under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010*” set forth a reconciliation of our results of operations for the year ended December 31, 2010 as restated for comparative purposes in the 2011 Audited Consolidated Financial Statements from our results of operations for the year ended December 31, 2010, as published in the 2010 Audited Consolidated Financial Statements, and display the adjustments made to reconcile such data.

Other financial measures and ratios

In this Offering Memorandum, “**project**” when referring to project companies, project debt or other financial measures means the activities of group entities that were incorporated to engage in a single project or entities holding one or more investments in entities incorporated to engage in a single project. Each project is funded by sponsor contributions and long-term debt from third parties. When referring to concessions, the projects undertaken by these entities involve significant investments and capital expenditures typically related to concession projects and are usually financed through project finance (see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Concessions business expansion, investments and growing backlog*” and “*Business—Project Phases—Financing*”).

Project finance funding is structured through agreements and related documents that require the loans to be repaid solely from the revenue of the project being financed thereby and provide that the repayment of the loans (and interest thereon) is secured solely by the shares, physical assets, contracts and cash flow of that project company. The basis of the agreement between the project company and the lender is the assignment of cash flows generated by the project to service the debt and interest in such a way that investment payback for the lender will take place solely through the project cash flows. Although guarantees from other group entities may occasionally exist during the construction and operational phases, these funding structures are usually applied to projects that in themselves provide enough support to financial entities related to the debts incurred. Any claims against the assets of the

project company are subordinated to those of the lender or lenders, until the financing is repaid in full, but the lender or lenders only have recourse to the assets of the project company and not to the shareholder of the project company (with an exception being made for the pledge over shares and/or quotas held by the shareholders in project companies). As of September 30, 2013, all our non-recourse project finance debt was held by entities within our Group which are unconsolidated and, as a consequence, we had no consolidated project finance debt.

In this Offering Memorandum the term “non-recourse” project finance means that the repayment of the outstanding project finance loan is not directly guaranteed by the shareholders of the borrower, even though the shareholders are required to make equity injections in favor of the borrower upon the occurrence of certain events. See “*Management’s Discussion and Analysis of Financial Condition and Result of Operations—Contractual Obligations and Commercial Commitments—Equity Commitments*”.

In this Offering Memorandum, we present certain financial measures, including EBITDA, EBIT, Net Financial Debt and Total Financial Debt that are not required by, or presented in accordance with, IFRS. Our management believes that the presentation of these non-IFRS measures and ratios is helpful to investors because these and other similar measures and ratios are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, you should not construe these non-IFRS measures and ratios as alternatives to profit and loss from operations determined in accordance with IFRS or to cash flows from operations, investing activities or financing activities, or any other measure or ratio required by, or presented in accordance with, IFRS. In addition, our non-IFRS measures and ratios may not be comparable to similarly titled measures or ratios used by other companies.

In particular, our EBITDA-based measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. Some of these limitations are:

- They do not reflect our cash expenditures or future requirements for capital commitments.
- They do not reflect changes in, or cash requirements for, our working capital needs.
- They do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt.
- They do not reflect any cash tax expense that we may be required to pay.
- They are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement.
- They do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations.
- Assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements.
- Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

As used in this Offering Memorandum, the following terms have the following meanings:

- We define “**EBIT**” as earnings before tax and financial income and charges, without any adjustments. EBIT also does not include any financial income and charges deriving from (1) the management of non-consolidated investments and securities, (2) any transfer of consolidated investments included under income statement line item “Financial income and charges” or (3) the results of equity investments valued using the equity method included under the income statement line item “Effects of equity accounting”. “**EBIT margin**” for a given period consists of EBIT for that period divided by total revenue for the same period.
- We define “**EBITDA**” as EBIT *minus* the amount of (i) amortization and depreciation of intangible assets and property, plant and equipment, (ii) impairment losses on receivables and provisions, (iii) capitalization of internal construction costs. “**EBITDA margin**” for a given period consists of EBITDA for that period divided by total revenue for the same period.

- “**Construction Capital Expenditures**” consists mainly of technical investments in property, plant and equipment required to start-up construction activities, such as logistical infrastructure at the construction site, machinery and equipment. We also consider as construction capital expenditures the amounts we spend to acquire the goodwill and contractual rights associated with the businesses that we may acquire control of and consolidate.
- “**Concessions Investments**” includes the contribution through the equity and subordinated loans and other quasi-equity instruments that we make into our concessionaires that we do not consolidate fully or proportionally.
- We define “**Gross Financial Debt**” as the sum of total non-current financial debt and total current financial debt.
- We define “**Net Debt**” as Gross Financial Debt, net of cash and cash equivalents and securities held for trading. “**Net Financial Position**” is equal to Net Debt, less the items set forth under note 6 of the Other Financial Information Table (see “*Summary Financial and Operating Information*”).

We also use certain of the abovementioned indicators in the covenants of certain of our financial indebtedness. See “*Description of Other Indebtedness.*”

These indicators should not be considered in isolation or construed as a substitute for measures in accordance with IFRS.

We have also included in this Offering Memorandum backlog figures. We consider backlog a relevant indicator of our future revenue streams from, and growth of, our business and closely monitor it to plan for our current needs and to adjust our expectations, financial budgets and forecasts. See “*Business—Backlog*” for a description of our method of calculation for backlog.

Backlog figures are based on a number of assumptions and estimates, including assumptions as to exchange rates between the euro and other currencies and estimates of the Completion Percentage. Contingencies that could affect the realization of our near-term backlog as future revenue or cash flows include cancellations, scope of work adjustments, *force majeure*, legal impediments and our default. Long-term backlog is subject to even greater uncertainty, as it may be affected by all of the factors that affect the results of our concessions. Consequently, backlog as of any particular date may not be indicative of actual results of operations for any succeeding period. See “*Risk Factors—Our backlog is not necessarily indicative of our future revenue or results of operations.*”

Rounding

Certain data in this Offering Memorandum, including financial, statistical and operating information, have been rounded. As a result, the totals of certain data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. In addition, certain percentages have been rounded and, accordingly, may not add up to 100%.

Certain Definitions

Unless indicated otherwise in this Offering Memorandum or unless the context requires otherwise:

- all references to “**Astaldi**,” “**we**,” “**us**” or “**our**” are to Astaldi S.p.A. and its consolidated subsidiaries;
- all references to “**Completion Percentage**” are to completion of the work completed during the contract term, by applying the cost-to-cost accounting method, pursuant to IAS 11;
- all references to “**EPC**” are to engineering, procurement and construction;
- all references to the “**Group**” are to the Issuer and its subsidiaries unless the context requires otherwise or is clear from the context;
- all references to “**IFRS**” are to International Financial Reporting Standards as adopted by the European Union;
- all references to “**IAS**” are to International Accounting Standards;
- all references to the “**Initial Purchasers**” are to the firms referred to under the “*Plan of Distribution*” section within this Offering Memorandum;

- all references to the “**Issue Date**” are to the date on which the Notes offered hereby are issued;
- all references to the “**Issuer**” are to Astaldi S.p.A.;
- all references to “**MTA**” are to the *Mercato Telematico Azionario*, the Italian screen-based dealer market managed by Borsa Italiana S.p.A. (the Italian Stock Exchange);
- all references to the “**Offering**” are to the offering of the Notes hereby;
- all references to “**PPP**” are to public-private partnerships, *i.e.*, a type of partnership between the public and the private sector aimed at collaborating for the realization of public infrastructure projects;
- all references to the “**PSEs**” are to public sector entities;
- all references to the “**TJA**” are to temporary joint associations, a method of entering into a consortium which the Group utilizes along with partners in order to bid for public tenders and provide the goods and services thereunder.

In this Offering Memorandum, unless otherwise indicated: all references to the “**EU**” are to the European Union; all references to “**euros**,” “**euro**” or “**€**” are to the lawful currency of the European Union; all references to “**Eurozone**” are to the countries within the European Union that use the euro; all references to the “**United States**” or the “**U.S.**” are to the United States of America; and all references to “**U.S.\$**,” “**U.S. Dollars**,” “**dollars**” or “**\$**” are to the lawful currency of the United States of America; all references to “**C\$**” or to “**CAD**” are to the lawful currency of Canada.

Change of Auditors

On April 18, 2011, the Issuer appointed KPMG S.p.A. as its independent auditing firm, to replace Reconta Ernst & Young S.p.A., which could not be re-appointed to this role due to applicable law. During the fiscal year ended December 31, 2010, and the subsequent interim period through April 18, 2011, the date on which Reconta Ernst & Young S.p.A. was replaced, there was no (i) disagreement between the Issuer and Reconta Ernst & Young S.p.A. on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Reconta Ernst & Young S.p.A., would have caused Reconta Ernst & Young S.p.A. to make reference to the subject matter of such disagreement in connection with its report on the Issuer’s financial statements or (ii) adverse opinion or a disclaimer of opinion, or qualification or modification as to uncertainty, audit scope or accounting principles in connection with its report on the Issuer’s financial statements.

EXCHANGE RATE INFORMATION

We present our consolidated financial statements in euro. We have set forth in the table below, for the periods and dates indicated, period average, high, low and period end exchange rates as published by the European Central Bank (the “**ECB**”). We have provided this exchange rate information solely for your convenience. We make no representation that any amount of currencies specified in the table below has been, or could be, converted into the applicable currency at the rates indicated or any other rate. The exchange rate of the euro on November 29, 2013, was \$1.3611 = €1.00.

	U.S.\$ per €1.00			
	Period Average ⁽¹⁾	High	Low	Period End
Year				
2012	1.2848	1.3454	1.2089	1.3194
2011	1.3920	1.4882	1.2889	1.2939
2010	1.3257	1.4563	1.1942	1.3362
2009	1.3948	1.5120	1.2555	1.4406
2008	1.4708	1.5990	1.2460	1.3917
Month				
November 2013 (through November 29, 2013)	1.3493	1.3611	1.3365	1.3611
October 2013	1.3630	1.3805	1.3493	1.3641
September 2013	1.3348	1.3545	1.3117	1.3505
August 2013	1.3310	1.3392	1.3203	1.3235
July 2013	1.3080	1.3284	1.2813	1.3275
June 2013	1.3189	1.3406	1.3008	1.3080
May 2013	1.2982	1.3191	1.2853	1.3006

(1) Period Average means the average of the exchange rates on the last business day of each month for annual averages and the average of the exchange rates on each business day during the relevant period for monthly averages.

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See “*Certain Tax Considerations*.”

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of the U.S. federal securities laws; in particular, the statements under the captions “*Summary*,” “*Risk Factors*,” “*Industry*,” “*Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Offering Memorandum, including, but without limitation, those regarding our future financial condition, results of operations and business, our product, acquisition, disposition and finance strategies, our capital expenditure priorities, subscriber growth and retention rates, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity, capital expenditures, financing needs, credit risk and target leverage levels. In some cases, you can identify these statements by terminology such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” and “will” and similar words, or, in each case, their negative or other variations or comparable terminology, used in this Offering Memorandum. These forward-looking statements include all matters that are not historical facts.

By their nature, forward-looking statements are subject to numerous assumptions and known and unknown risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Forward-looking statements are not guarantees of future performance. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. We caution readers not to place undue reliance on the statements, which speak only as of the date of this Offering Memorandum, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Offering Memorandum include those described under “*Risk Factors*.”

These factors include, among others:

- the impact of current global economic situation;
- decreases in the funds allocated to civil engineering and in investments made by public authorities;
- unexpected adjustments in our backlog of orders;
- our inability to successfully implement our business strategy;
- the possible inadequacy of our joint venture or consortium partners;
- reliance on outside contractors and suppliers;
- failure to succeed in future bids;
- the impact of competition;
- seasonal nature of our liquidity needs;
- insufficient insurance coverage;

- the inability to conclude our projects due to delays or exceeding our budget;
- delays or defaults in client payments;
- failure to maintain safe work environments and impact of natural disasters;
- the political and economic conditions of the countries in which we operate;
- our exposure to changes in domestic and international regulations;
- the effects of force majeure and other catastrophic events at one or more of our sites;
- our exposure to potential liabilities arising from possible tax and litigation claims against us;
- the cyclical nature of the construction industry;
- the delay, cancellations or early termination of projects and concessions;
- the cash needs of our construction and concessions projects;
- the inability to obtain adequate financing for our future projects;
- the delay or failure of adjustment mechanisms to reestablish economic and financial balance in our concession type projects;
- investment and operational risks due to the long-term nature of our concession type projects;
- our ability to retain and attract key management and personnel;
- fluctuations in currency and interest rates;
- our significant indebtedness;
- the financial covenants of our existing indebtedness;
- risks related to the Notes; and
- the other factors discussed in more detail under “*Risk Factors*.”

These risks and others described under “*Risk Factors*” are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industries in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or a combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. The forward-looking statements contained within this Offering Memorandum, and such risks, uncertainties and other factors, speak only as at the date of this Offering Memorandum, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

In addition, the cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We undertake no obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Memorandum.

We disclose important factors that could cause our actual results to differ materially from our expectations within this Offering Memorandum. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean it to include effects upon business, financial and other conditions, results of operations and ability to make payments on the Notes.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum belongs to its holder.

HISTORICAL AND CURRENT MARKET AND INDUSTRY DATA

In this Offering Memorandum, we use information regarding our business and the market in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum, including data with respect to our competitive position, have been obtained from independent industry publications, reports and surveys or studies prepared by trade associations and industry consultants, including Engineering News Record (“**ENR**”), Business Monitor International (“**BMI**”—BMI Infrastructure Key Projects Database), European PPP Expertise Centre (“**EPEC**”), McKinsey Global Institute (“**MGI**”), Infrastructure 2013 of Urban Land Institute and Ernst & Young, Il Sole 24Ore—*Edilizia e Territorio*, and ANCE—*Associazione Nazionale Costruttori Edili* (“**ANCE**”, the Italian National Association of Constructors). Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in industry publications or from surveys or studies conducted by third party sources is not guaranteed. Market data and statistics are inherently predictive, subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market research. Neither we nor any of the Initial Purchasers have independently verified such market and industry data. We do, however, accept responsibility for the correct reproduction of this information. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the “*Risk Factors*” section in this Offering Memorandum.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. It is not complete and may not contain all the information that you should consider before investing in the Notes. You should read the entire Offering Memorandum, including the more detailed information in the financial information and the related notes thereto included elsewhere in this Offering Memorandum, before making an investment decision. See “Risk Factors” for factors that you should consider before investing in the Notes and “Forward-Looking Statements” for information relating to the statements contained in this Offering Memorandum that are not historical facts.

Our Business

Overview

We are an international construction group with a strong presence and a leading position in Italy. We construct large and technologically complex infrastructures, acting primarily as EPC contractor. We also have concessions operations, where we manage and operate infrastructure assets that we typically build. We have over 90 years of experience in the construction industry, both in Italy, where in the twelve months ended September 30, 2013, we generated approximately 39.1% of our revenue, and internationally, where in the same period, we generated approximately 60.9% of our revenue. We have completed projects in over 40 countries and we are currently working on approximately 100 projects in 15 countries on five continents. Our core business is Construction, where we specialize in tunneling, excavating, constructing viaducts and other techniques that require technical expertise. Since 2005, we have strengthened our focus on our Concessions business and have developed a dual integrated construction-concession model to complement and expand our Construction business and capitalize our international presence in order to position us to more competitively bid for high-margin projects.

We have successfully grown our business over the past ten years, despite the global economic crises which have affected the markets in which we operate. During the ten years ended December 31, 2012, our revenue and EBITDA grew consistently every year, recording a compounded annual growth rate of 11.6% for revenue and of 11.5% for EBITDA. For the twelve months ended September 30, 2013, we generated €2,285.9 million of revenue and €298.3 million of EBITDA. As of September 30, 2013, our total backlog amounted to €12.7 billion (see “*Business—Backlog*”). For the period ended September 30, 2013, we had an average of 9,705 employees, with 1,364 employees in Italy and 8,341 internationally.

We operate in the following businesses: (i) Construction, which in turn is subdivided into several business lines, and (ii) Concessions.

Construction. We operate through the following business lines:

- *Transportation Infrastructures.* We act as EPC contractor through the following sub-lines: Railways and Undergrounds, Roads and Motorways, Ports and Airports.
- *Water and Energy Production Plants.* We design, construct and maintain renewable energy plants, including hydroelectric power plants and waste-to-energy plants, as well as dams, aqueducts and wastewater treatment plants.
- *Civil and Industrial Buildings.* We act as EPC contractor for civil and industrial buildings, including healthcare facilities, administrative and educational facilities, industrial plants and car parks.
- *Plant Design and Maintenance.* We design, fabricate, install, maintain and manage engineering, electrical, HVAC and other systems for projects constructed in our Transportation Infrastructures, Water and Energy Production Plants and Civil and Industrial Buildings business lines; as such this business line is complementary to our other Construction business lines.

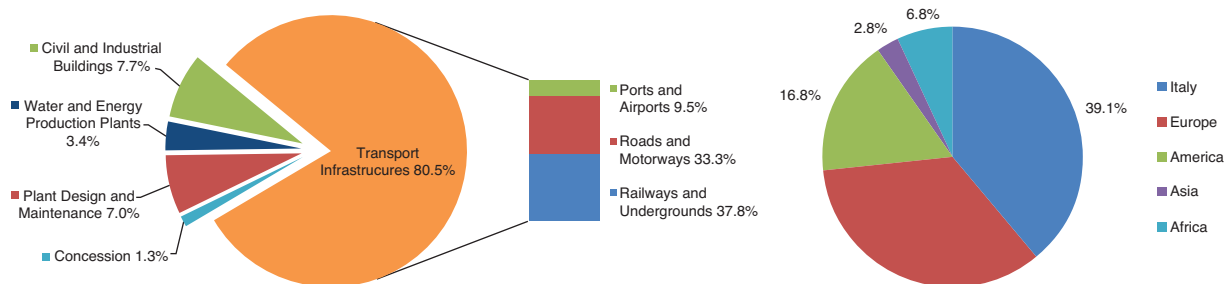
Examples of our completed landmark construction projects include, among others: the “Direttissima” Rome-Florence Railway (considered to be the first “high-speed” railway in Europe); the Rome-Naples High-Speed Railway (the first high-speed railway in the world using the technologically advanced European Train Control Level 2 safety-system); the New Milan Expo Fair (the third-largest trade fair exhibition center in the world); the Pont Ventoux Hydroelectric Power Plant (the largest mountain-excavated hydroelectric power plant in Italy), the Inga Hydroelectric Power Plant (the largest dam in Africa), the Anatolian motorway in Turkey and the Large Electron Positron Collider in Geneva.

We are ranked, by revenue, among the top 25 European contractors (*Source: Engineering News Record—2013 Top 250 Global Contractors Lists*) and among the top international contractors in certain

of the business lines in which we specialize. In Transportation Infrastructures, we are ranked 8th in subways and airports, 9th in mass transit and rail, 13th in highways, and, in Water and Energy Production Plants, we are ranked 8th in hydroelectric power plants (*Source: Engineering News Record—2012 Global Sourcebook*).

Concessions. We manage and operate a wide range of infrastructure assets, generally through long-term concession agreements. Our concessions include highways, airports, railways, healthcare facilities and other industrial projects that we typically build. This business line is complementary to our Construction business. We pursue publicly funded projects, as well as projects where guaranteed minimum fees are granted to the concessionaire. Examples of our landmark concessions projects include the New Hospital in Venice-Mestre in Italy, the Milas-Bodrum International Airport in Turkey, and the Chacayes Hydroelectric Power Plant in Chile.

The following charts present our revenue by business line and by business segment (geographical area), for the twelve months ended September 30, 2013:



We have grown and diversified our international operations over the years. In 2012, 60.7% of our revenue derived from international operations, as compared to 54.7% of our revenue in 2010 (restated). We currently operate in the following geographic areas, which also correspond to our business reporting segments: Italy, Europe (Poland, Romania, Russia and Turkey), the Americas (Canada, the United States, Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela), Africa (Algeria) and Asia (Saudi Arabia). We select the countries in which we operate based on an in-depth analysis of their political, macroeconomic and legal framework and the potential for future infrastructure investments (see “*Business—Project Phases—Selection*”).

We are currently listed on the *Mercato Telematico Azionario* of the Italian Stock Exchange (*Borsa Italiana*) and as of November 15, 2013, had a market capitalization of approximately €716.5 million.

Our Competitive Strengths

We believe that the following strengths characterize our business and will help us realize our strategic goals and reinforce our competitive position:

Strategic geographic diversification of operations with a leading position in Italy.

We are an international construction group with a leading position in Italy and geographically diverse operations worldwide. We are the second largest construction company in Italy by revenue, and are one of only 19 qualified general contractors that can bid on contracts over €700 million in Italy. We have completed projects in over 40 countries and are currently working on approximately 100 projects in 15 countries. We have been operating in Turkey, the United States, Venezuela, Algeria and Romania for 20 years or longer, and have significantly expanded our international activities over the past five years to operations in Chile, Peru, Poland, Russia and Canada. For the twelve months ended September 30, 2013, our international activities generated 60.9% and 52.8% of our revenue and our operating profit, respectively, and as of September 30, 2013, represented 69.3% of our backlog.

Through our long-standing global presence, we have developed an extensive network of relationships with key lenders, suppliers and other partners and built a strong reputation which we believe is a competitive advantage when bidding for projects. The geographical diversification of our revenue sources reduces the risks related to operating in a single market and enabled us to grow, despite the global economic and financial crises. Our rigorous risk-management policy allows us to constantly monitor the risks to which we are exposed when pursuing business internationally. Our extensive international presence allows us to more easily expand into countries in which we already operate and to

selectively develop operations in new countries, which we do based on specific criteria and careful market analysis.

Extensive expertise and experience and strong track record of project execution.

We have developed our project-related skills and abilities primarily in Italy, where we have operated for over 90 years and whose terrain presents significant engineering and logistical challenges to the construction of major infrastructure projects. We have also successfully completed large and technologically complex projects worldwide, in diverse and challenging environments. For example, in the last ten years we have constructed approximately 367 kilometers of railways and undergrounds, 1,833 kilometers of highways, four airports, eight dams, five hydroelectric power plants, 18 aqueducts wastewater treatment plants, over 70 kilometers of hydraulic tunnels and eight hospitals. The combination of our technical, financial and managerial expertise, our experience in specialized construction techniques, such as subterranean works, ground freezing and mechanized driving tunneling and the ability of our engineers to efficiently employ specialized equipment allow us to competitively bid for and execute large, technologically complex infrastructures.

We believe that our extensive expertise and experience has consistently allowed us to complete large, technologically complex, award-winning, landmark projects on time and within our budget. We further believe that customers recognize our extensive expertise, experience and strong track record and that this gives us a competitive advantage when bidding on projects.

Dual integrated construction-concession model.

We operate a dual integrated construction-concession model in which we offer complementary and comprehensive services from initial design, construction, and engineering to operation and maintenance of infrastructure assets. We are able to use the technical expertise we gain operating a concession to better plan, design and manage our construction projects. Our dual integrated model also allows us to simultaneously participate in tenders in more than one capacity (e.g., as general contractor, designer, subcontractor for electrical and other systems and/or concessionaire), which results in greater operational synergies and increased revenue and margins. In particular, we believe that such dual-integrated projects offer higher than average margins due to the limited competition at the bidding level, since only a few of our primary competitors are able to offer integrated construction-concession services. Furthermore, concessions typically have longer duration and consequently require technological expertise and financial strengths. Therefore, concession projects are awarded on the basis of a broader number of factors, and not exclusively, or principally, on the price offered, but also on the timing and quality of the works to be performed.

In addition, our dual integrated model allows us to efficiently manage our cash flows and use the free cash-flows generated by our construction business to partially support and finance our concession investments. In turn, our concession investments have allowed us to bid on large, technologically complex projects which, typically, are more profitable and cash flow generating.

Significant order backlog provides high visibility on our revenue and margins.

As of September 30, 2013, we had backlog of €12.7 billion, of which €6.9 billion was attributable to our Construction activities, equating to approximately 3 times the revenue achieved by our Construction business in the previous 12 months, and €5.8 billion attributable to our Concessions activities. Based on our ability to win new orders, we have been able to consistently increase our backlog. Our construction backlog is composed of multi-year contracts with an average life of approximately four years for Italy and three years for international contracts. Our concessions projects generally provide for a minimum guaranteed term, with some running for as many as 80 years or even in perpetuity, with the tariffs adjusted for inflation. In addition, our concession contracts contain minimum guaranteed payment provisions, which cover approximately 70% of the expected payments from operation of these concessions. According to our calculation policy, we include in the backlog only projects that are either awarded or in execution and that are ready to begin. This means projects for which contracts have been signed and the customer has secured the funding or, in the case of concessions projects, the financial close has been reached. Due to this conservative backlog calculation policy, until all of these criteria are met, we prudentially record the contract among our orders in pipeline. As of September 30, 2013, we had orders in pipeline of €9.1 billion, of which €4.2 billion was attributable to our Construction activities and €4.9 billion attributable to our Concessions activities. We believe that our backlog provides useful

trend information and visibility of our revenue and results of operations and represents a helpful indicator of the future growth of our construction and concessions business. Further, the size of our projects and the strict selection criteria that determine the bids which we choose to pursue make our portfolio more focused and, therefore, easier to handle from an operational standpoint.

Highly qualified and experienced senior management team and project managers.

Our senior management team has an average of 27 years of experience in the construction industry, with a strong track record of executing large and technologically complex international construction projects and an average of 19 years of experience in the Concessions business. We believe that our management team has extensive experience in adapting internationally recognized construction and concessions concepts and practices to local conditions in the markets in which we operate. We have low turnover among the senior management and project managers, which enables us to effectively plan and successfully implement our long-term strategies. We believe such low turnover is due to our continued ability to attract, motivate and retain knowledgeable and experienced personnel. In addition, we have a stable shareholding structure that has not significantly changed since our 2002 IPO, which has facilitated continuity in corporate strategy. Our qualified and experienced management team and our project managers together contributed to our revenue and margin growth, including through the recent financial crises and have positioned us to successfully implement our business strategy.

Strong capital structure and access to several funding sources.

We have significantly grown our business while seeking to impose a strict financial discipline in order to develop a solid capital structure and to maintain a strong liquidity. As a listed company, we have access to the public equity markets, while still enjoying the stability deriving from our control shareholder. We have developed a strong network of relationships with a large number of international and local financial institutions that consistently provide us with the long- and short-term resources to finance our business plan, and grant us the liquidity to fund our working capital needs, including by way of consistently renewing short-term uncommitted lines. In January 2013, we successfully tapped the capital markets by raising funding through the issuance of an equity-linked bond, which further diversified our funding sources. As a result, we benefit from a more balanced mix of funding sources, including significant cash and committed and uncommitted financing, which we expect will further increase after application of the proceeds from the Notes offered hereby. After giving effect to the application of the proceeds from the Notes offered hereby, we will have €306.3 million of cash on balance sheet, €375.9 million of undrawn committed lines as well as €324.3 million of available uncommitted lines. In addition, we maintain a sound management strategy of determining adequate liquidity levels for each project company, in terms of each project's cash or credit line's needs. We concentrate our liquidity at the level of Astaldi, while allowing our project companies to maintain their liquidity independence and safeguard their financial autonomy. We believe our financial discipline, capital structure and liquidity management policies have supported the resilience of our results, including in times of global financial crisis and credit crunch, and results in us being regarded as a financially reliable counterparty with our customers and partners.

Our Strategy

The key components of our strategy are to:

Enhance our international footprint and maintain our leading position in Italy.

We intend to enhance our international footprint by bolstering operations in the countries in which we operate and selectively expanding our business to new markets. We will continue to pursue large and technologically complex infrastructure projects in Italy and internationally by leveraging the depth and breadth of our presence and experience in the Italian and international markets and our local knowledge and commercial networks. We also plan to continue to pursue key roles in large EPC contracts in Italy and internationally, where we believe our technical, technological and management expertise and experience give us a competitive advantage over and limit our competitors. We plan to continue to selectively pursue expansion opportunities, in new and attractive markets, as we recently did in Russia and Canada, where governments have well-developed and financially sustainable infrastructure spending programs. We intend to pursue such international expansion either independently or with certain of our business partners, and after careful consideration of the macroeconomic, political, regulatory and legal environment of the relevant country.

Selectively grow our concessions business to enhance our construction business and diversify our sources of profit.

Construction is our core business and Concessions is a growing complementary business that enhances our competitiveness when bidding for EPC projects that contain a concession element. We intend to focus on significant minority investments in concessions that are critical to secure or support profitable construction projects and generally provide for a large portion of minimum guaranteed fees or, in Italy, public contribution. We plan to manage our concession portfolio by constantly reviewing its life cycle in order to capture opportunities to monetize it, pursuing refinancing options to extract equity, strategic or financial partnerships or outright sales of assets. We believe that this strategy will further diversify the sources and enhance visibility of our profits and generate cash flows that we can then use to invest in new projects. As of September 30, 2013, we have invested €545 million in concession projects in virtually all of which we are also acting as EPC contractor and have done so in the past, and we have committed an additional forecasted €590 million over the next 5-year period, which we intend to finance through cash flows from our operating activities, disposal of mature assets and our credit facilities.

Maintain a prudent financial policy focusing on liquidity, cash flow generation, and diversification of funding sources.

We believe that we have benefited from our prudent financial management throughout our history, and in particular during the recent global financial crises and economic downturns. We will continue to pursue our investment strategy while maintaining a prudent financial policy with a focus on cash flow generation, strong liquidity and continued diversification of funding sources. We also intend to continue supporting our investment plan in new concessions through a combination of cash flow generated from our construction business, strict control of our working capital, growth in markets with “advance payment” practices, sales of mature concession assets and access to diversified sources of funding. We intend to exploit further the potential of our business to generate strong cash flows through increased focus on high-margin projects in our construction business and further development of our concession business. At the same time, we intend to continue diversifying our sources of funding, extending our debt maturity profile and increasing our access to the capital markets. We believe our growth strategy and our strict financial policy will enable us to reduce our ratio of Net Financial Debt to EBITDA in the medium to long term.

Recent Developments

In October 2013, through our wholly-owned subsidiary Astaldi Canada we have been selected as contractor for the construction of major civil works for the Muskrat Falls hydroelectric generating facility project on the Lower Churchill River (NL, Canada). This is one of the largest projects to be realized by Astaldi on a stand-alone basis and our first major commercial success in Canada. The formalization of this contract is expected by the end of 2013. The project entails the construction of an intake, powerhouse, gated spillway and transition dams. The Muskrat Falls generating station will have a capacity of 820 MW with an annual energy production of 4.9 terawatt hours. The contract value amounts to CAD 1 billion and the works are planned to start before the end of 2013 and to last for approximately four years thereafter. Such project is part of a larger plan to develop the Lower Churchill River. Our customer is Nalcor Energy, a corporation owned by the Government of Newfoundland and Labrador, in charge of the development of energy resources in Newfoundland and Labrador, Canada.

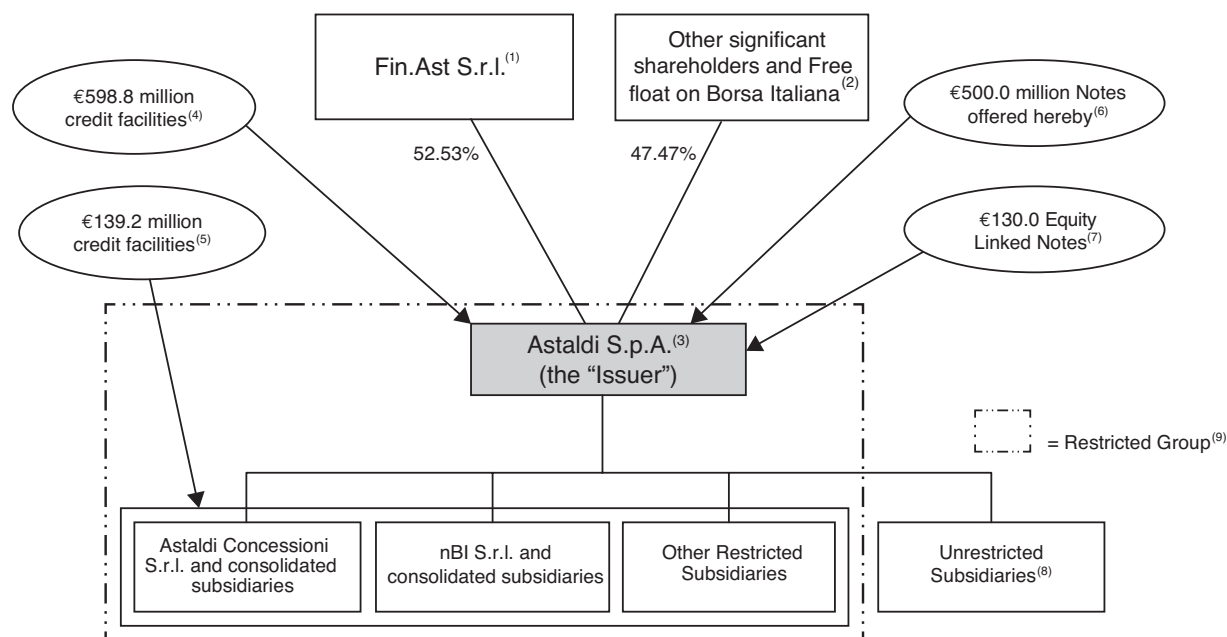
The Issuer

The Issuer was incorporated as a joint stock company under the laws of the Republic of Italy on April 8, 1950. The authorized share capital of the Issuer is €196,849,800.00, comprised of 98,424,900 shares. All shares have been issued and are fully paid up. The Issuer is registered with the Companies Register of Rome under registration number 00398970582 and its corporate existence is scheduled to expire on December 31, 2100. The Issuer's financial year ends on December 31.

The registered office of the Issuer is located at via Giulio Vincenzo Bona, 65, 00156 Rome, Italy and its telephone number at that address is +39.06.417661.

Summary Corporate and Financing Structure

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Offering as described in “*Use of Proceeds*.” The diagram is intended for illustrative purposes only and does not represent all legal entities or debt obligations of the legal entities actually presented. For a summary of the debt obligations referenced in this diagram, please see “*Description of the Notes*” and “*Description of Other Indebtedness*.”



- (1) The Issuer is controlled by Fin.Ast S.r.l. a company wholly owned by the Aastaldi family. Ownership data is as per most recent regulatory filing. See “*Principal Shareholders*.”
- (2) See “*Principal Shareholders*” for additional information on our significant shareholders who make regulatory filings relating to their ownership of our shares. Ownership data is as per most recent regulatory filings.
- (3) Since 2002, the Issuer’s ordinary shares have been listed on the STAR Segment of the *Mercato Telematico Azionario*, the Italian screen-based regulated market managed by Borsa Italiana S.p.A. under the trading symbol “AST.” The Issuer is incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy. See “*Listing and General Information*.” As of, and for the twelve months ended September 30, 2013, the Issuer, on a standalone basis, recorded EBITDA (net of consolidation adjustments) of €184.6 million, representing 61.9% of the Group’s consolidated EBITDA of €298.3 million for the same period, due to the fact that a portion of the Group’s consolidated EBITDA is attributable to, and recorded by, our consolidated subsidiaries. For the same period, our Restricted Subsidiaries recorded EBITDA (net of consolidation adjustments) of €109.4 million, representing 36.7% of the Group’s consolidated EBITDA and our Unrestricted Subsidiaries recorded EBITDA (net of consolidation adjustments) of €4.3 million representing 1.4% of the Group’s consolidated EBITDA. The Unrestricted Subsidiaries that recorded consolidated EBITDA during the twelve months ended September 30, 2013 were consolidated either fully or proportionally during such period, or portion thereof, and were consolidated with the equity method as of September 30, 2013. As of September 30, 2013, the Issuer had total assets of €3,276.1 million (net of consolidation adjustments), representing 81.6% of the Group’s consolidated total assets.
- (4) As of September 30, 2013, (i) €125.0 million was outstanding under the Term Loan Facility (which will be repaid using the proceeds of this Offering), (ii) €265.0 million was outstanding under the Forward Start Facility (of which approximately €265 million will be repaid using the proceeds of this Offering) and (iii) €695.3 million (of which €58.6 million was secured) was outstanding under certain committed and uncommitted credit facilities that we use to fund our capital expenditures and concessions investments, as well as the working capital and other needs of our business; approximately €18.5 million of this indebtedness will be repaid using the proceeds of this Offering. See “*Capitalization*”, “*Description of Other Indebtedness*” and “*Use of Proceeds*.”
- (5) As of September 30, 2013, €139.2 million was outstanding under certain credit facilities that we use to fund our construction capital expenditures, as well as the working capital and other needs of our business. See “*Capitalization*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commercial Commitments—Finance Leases*.”
- (6) The Notes will be unsecured senior obligations of the Issuer.
- (7) As of September 30, 2013, the amount outstanding under the Equity Linked Notes, net of the amount of amortized costs through such date, was €127.1 million. See “*Description of Other Indebtedness—€130,000,000 4.50% Equity Linked Notes Due January 31, 2019*.”

- (8) These entities, which, as of the Issue Date, are entities that we consolidate with the equity or cost methods, will not be subject to the restrictive covenants governing the Notes. Certain of these entities are Qualifying Joint Ventures under the terms of the Notes offered hereby. See “*Description of the Notes—Designation of Restricted and Unrestricted Subsidiaries and Qualifying Joint Ventures*”. Certain of these entities have outstanding debt which is non-recourse to the Group and constitutes project financing that is used to finance specific projects.
- (9) As of the Issue Date, includes our subsidiaries and all of our Qualifying Joint Ventures that we consolidate proportionally. Our Board of Directors has the power, under the terms of the Notes offered hereby, to designate one or more of our Unrestricted Subsidiaries or Qualifying Joint Ventures to be Restricted Subsidiaries, as applicable, and to designate one or more of our Restricted Subsidiaries or Qualifying Joint Ventures, as applicable, to be Unrestricted Subsidiaries. See “*Description of the Notes—Designation of Restricted and Unrestricted Subsidiaries and Qualifying Joint Ventures*.”

THE OFFERING

The following summary of the Offering contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. Accordingly, the following summary of the Offering may not contain all of the information that is important to you. For a more complete description of the terms of the Notes, including definitions of certain terms used in this summary, please see the section of this Offering Memorandum entitled “Description of the Notes.”

Issuer	Astaldi S.p.A., a joint stock company incorporated under the laws of the Republic of Italy.
Notes Offered	€500.0 million aggregate principal amount of the Issuer's 7.125% Senior Notes due 2020. The Notes will be issued in the form of one or more global notes in registered form.
Issue Date	December 4, 2013.
Maturity Date	December 1, 2020.
Interest Rate	7.125% per annum.
Interest Payment Dates	Semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2014. Interest will accrue from the Issue Date of the Notes.
Issue Price	100% (plus accrued interest, if any, from the Issue Date).
Denomination and Form	Each Note issued will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Euroclear and Clearstream will not be responsible for monitoring such minimum transfer amounts.
Ranking of the Notes	The Notes will be general obligations of the Issuer and will: • rank <i>pari passu</i> in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes; • rank senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness (unless such assets also secure the Notes on an equal and ratable basis); and • be structurally subordinated to any existing and future indebtedness of the subsidiaries of the Issuer.
Optional Redemption	At any time prior to December 1, 2016, the Issuer may redeem all or part of the Notes by paying a “make whole” premium as described under “<i>Description of the Notes—Optional Redemption.</i>” At any time prior to December 1, 2016, the Issuer may, on one or more occasions, use the net proceeds of specified equity offerings to redeem up to 35% of the aggregate principal amount of the Notes at a redemption price equal to 107.125% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; <i>provided</i> that at least 65% of the aggregate principal amount of the Notes remains outstanding after the redemption.

Change of Control Upon the occurrence of certain events constituting a change of control, each holder of the Notes may require the Issuer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. Please see “*Description of the Notes—Repurchase at the Option of Holders—Change of Control.*”

Optional Redemption for Taxation Reasons If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Notes that would impose withholding taxes or other deductions on the payments on the Notes, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. Please see “*Description of the Notes—Redemption for Changes in Taxes.*”

Additional Amounts Any payments made by the Issuer with respect to the Notes or by any future guarantor with respect to its note guarantee will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment under the Notes or any future note guarantee, subject to certain exceptions, the Issuer or the relevant guarantor, as applicable, will pay the additional amounts necessary so that the net amount received by each holder after the withholding is not less than the amount that they would have received in the absence of such withholding or deduction. Please see “*Description of the Notes—Additional Amounts.*”

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gains on the Notes, will be subject to Italian tax laws and regulations.

Subject to and as set forth in “*Description of the Notes—Additional Amounts,*” the Issuer or any future guarantor will not be liable to pay any additional amounts to each holder if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) (“**Decree No. 239**”) or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 (“**Decree No. 461**”), except, in the case of Decree No. 239, where the procedures required under Decree No. 239 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or the Guarantors or their agents. See “*Description of the Notes—Additional Amounts.*”

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a holder of Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as identified by the Italian tax authorities in the Ministerial Decree of September 4, 1996 and in the Ministerial Decree to be issued as per Article 168-*bis*, Italian Presidential Decree No. 917 of December 22, 1986) (a “**white-list country**”) and such holder of Notes complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 after the date hereof, including any change in the white-list countries.

Certain Covenants	The Issuer will issue the Notes pursuant to the Indenture. The Indenture will limit, among other things, the ability of the Issuer and its Restricted Subsidiaries to: • incur or guarantee certain additional indebtedness and issue certain preferred stock; • make certain restricted payments or make certain restricted investments; • create or permit to exist certain liens; • engage in certain transactions with affiliates; • make asset sales; • create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and the transfer of assets to the Issuer or any of our Restricted Subsidiaries; and • merge or consolidate with other entities. Each of these covenants is subject to a number of significant exceptions, limitations and qualifications. For a more detailed description of these covenants, please see “<i>Description of the Notes—Certain Covenants.</i>”
Restricted and Unrestricted Subsidiaries	For the twelve months ended September 30, 2013, our Restricted Subsidiaries and Unrestricted Subsidiaries recorded EBITDA of €109.4 million and €4.3 million, respectively (in each case net of consolidation adjustments), representing 36.7% and 1.4%, respectively of the Group’s consolidated EBITDA of €298.3 million for the same period. For the same period, the Issuer, on a standalone basis, recorded EBITDA of €184.6 million (net of consolidation adjustments), representing 61.9% of the Group’s consolidated EBITDA. As of September 30, 2013, our Restricted Subsidiaries held Gross Financial Debt of €139.2 million, representing 10.3% of our consolidated Gross Financial Debt of €1,351.6 million as of the same date. As of, and for the nine months ended September 30, 2013, no Group consolidated EBITDA and no Net Debt was attributed to subsidiaries or other entities that are not Restricted Subsidiaries. As of the Issue Date, the Notes will not be guaranteed.
Transfer Restrictions	The Notes have not been, and will not be, registered under the U.S. Securities Act, any state securities law or regulation or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Please see “<i>Notice to Investors</i>” and “<i>Plan of Distribution.</i>”
Use of Proceeds	We intend to use the proceeds of the Offering to partially repay outstanding amounts of existing debt. Please see “<i>Use of Proceeds.</i>”

No Established Market for the Notes

The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.

Listing and Trading

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market thereof. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC.

Trustee and *Rappresentante Comune*

HSBC Corporate Trustee Company (UK) Limited.

Paying Agent, Registrar and Transfer Agent

HSBC Bank plc.

Luxembourg Listing Agent

The Bank of New York Mellon (Luxembourg) S.A.

Governing Law for the Notes and the Indenture

The Notes and the Indenture will be governed by the laws of the State of New York.

Risk Factors

Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the “*Risk Factors*” section in this Offering Memorandum before making a decision whether to invest in the Notes.

Summary Financial and Operating Information

The following tables set forth our summary consolidated financial information and other data for the periods ended and as at the dates indicated below. This summary consolidated financial information as of and for the nine months ended September 30, 2013 and 2012 and for each of the years ended December 31, 2012, 2011 and 2010 has been derived from (i) the Unaudited Interim Condensed Consolidated Financial Statements and (ii) the Audited Consolidated Financial Statements, both included elsewhere in this Offering Memorandum.

The unaudited financial information for the twelve months ended September 30, 2013 (other than balance sheet information) has been derived by subtracting from the audited consolidated financial statements of the Issuer and its consolidated subsidiaries for the year ended December 31, 2012 the information from the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2012 and adding the information from the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2013.

The unaudited *pro forma* data are provided for illustrative purposes only and do not purport to represent what our actual results of operations or financial position would have been if this Offering had occurred on September 30, 2013. The unaudited *pro forma* data set forth in this Offering Memorandum is based upon available information and certain assumptions and estimates that we believe are reasonable.

The financial data below also includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as alternative measures to evaluate our performance or liquidity. See “*Presentation of Financial and Other Information and Certain Definitions.*”

The following information should be read in conjunction with, and is qualified by reference to, those statements. Please see “*Presentation of Financial and Other Information and Certain Definitions*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” for further details. Our historical results do not necessarily indicate results that may be expected for any future period and our interim results are not necessarily indicative of the results that may be expected for any other interim period or for the full financial year.

Consolidated Income Statement

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Revenue	1,931.6	2,265.3	2,325.3	1,698.4	1,659.0	2,285.9
of which with related parties ⁽³⁾	182.1	210.9	238.1	158.3	166.3	246.1
Other operating revenue	124.2	95.0	131.6	94.7	76.6	113.5
of which with related parties ⁽³⁾	5.6	3.3	5.5	4.0	2.4	3.9
Total revenue	2,055.8	2,360.3	2,456.9	1,793.1	1,735.6	2,399.4
Purchase costs	(366.9)	(458.6)	(487.6)	(351.4)	(281.2)	(417.4)
Service costs	(1,180.7)	(1,349.3)	(1,340.6)	(983.5)	(974.8)	(1,331.9)
of which with related parties ⁽³⁾	(194.7)	(149.6)	(161.1)	(114.9)	(113.8)	(160.0)
Personnel expenses	(244.1)	(262.5)	(305.4)	(223.0)	(232.2)	(314.6)
Amortization, depreciation and impairment losses	(56.8)	(51.6)	(52.6)	(35.9)	(44.4)	(61.1)
Other operating costs	(28.2)	(38.4)	(60.5)	(49.2)	(31.1)	(42.4)
of which with related parties ⁽³⁾	—	(1.4)	(0.3)	0.0	(0.1)	(0.4)
Total costs	(1,876.8)	(2,160.4)	(2,246.6)	(1,643.0)	(1,563.7)	(2,167.3)
(Capitalization of construction internal costs)	1.2	0.8	1.6	1.0	0.2	0.8
Operating profit	180.3	200.7	211.8	151.1	172.1	232.8
Financial income	33.6	44.8	78.6	42.2	78.9	115.3
of which with related parties ⁽³⁾	0.2	1.3	2.2	1.4	4.6	5.4
Financial charges	(111.7)	(120.4)	(163.7)	(94.9)	(152.7)	(221.5)
of which with related parties ⁽³⁾	(0.3)	0.0	(0.6)	(0.1)	(1.4)	(1.9)
Effect of equity accounting	0.3	0.4	3.1	2.1	5.9	6.9
Total financial area and investments	(77.8)	(75.3)	(82.0)	(50.7)	(67.9)	(99.1)
Pre-tax profit from continued operations	102.5	125.4	129.8	100.4	104.2	133.6
Tax expense	(39.0)	(53.5)	(55.9)	(40.2)	(38.6)	(54.3)
Profit (loss)—continuing operations	63.5	71.9	73.9	60.2	65.6	79.3
Profit (loss)—discontinued operations	—	—	—	—	0.1	0.1
Profit for the period	63.5	71.9	73.9	60.2	65.7	79.4
Profit attributable to the Owners of the Parent	63.1	71.2	74.1	60.4	61.4	75.1
Profit (loss) attributable to non-controlling interests	0.4	0.7	(0.2)	(0.2)	4.3	4.3

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See "Presentation of Financial and Other Information and Certain Definitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative figures as of and for the year ended December 31, 2010—Consolidated Income Statement."

(2) Restated to reflect the adoption of IAS19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See "Presentation of Financial and Other Information and Certain Definitions."

(3) Reflects the portion attributable to our construction activities operated through consortia, consortium companies, special-purpose companies and other types of joint ventures. See "Certain Relationships and Related Party Transactions."

Consolidated Statement of Financial Position

	Year ended December 31,			Nine months ended
	2010 (restated) ⁽¹⁾	2011	2012 (restated) ⁽²⁾	September 30, 2013
	(€ in million)			
Property, plant and equipment	301.4	192.3	221.1	205.2
Total non-current assets	540.7	625.0	829.1	813.9
Total assets	2,958.1	3,437.6	3,748.5	4,014.0
Total equity	443.2	470.3	553.9	603.6
Total liabilities	2,514.8	2,967.3	3,194.5	3,410.4
Total equity and liabilities	2,958.1	3,437.6	3,748.5	4,014.0

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See *"Presentation of Financial and Other Information and Certain Definitions"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Consolidated Statement of Financial Position"* for a reconciliation of our consolidated statements of financial position as at the year ended December 31, 2010 as restated for comparative purposes in the 2011 Audited Consolidated Financial Statements from our consolidated statement of financial position as at year ended December 31, 2010, as published in the 2010 Audited Consolidated Financial Statements, and display of the adjustments made to reconcile such data.

(2) Restated to reflect the adoption of IAS 19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See *"Presentation of Financial and Other Information and Certain Definitions."*

Consolidated Cash Flows Statement

	Year ended December 31,			Nine months ended	
	2010 (restated) ⁽¹⁾	2011	2012	2012	2013
	(€ in million)				
Cash and cash equivalents at start of the period	468.9	415.3	456.2	456.2	400.2
Net cash flow generated by/(used in) operating activities	69.6	134.4	43.2	(56.3)	(133.7)
Cash flow generated by/(used in) investing activities . .	(64.5)	(252.0)	(264.1)	(205.8)	(112.7)
Net cash flow generated by/(used in) financing activities	(58.7)	158.6	(164.9)	178.1	152.5
Net increase/(decrease) in cash and cash equivalents	(53.7)	40.9	(56.0)	(84.0)	(93.9)
Cash and cash equivalents at the end of the period . .	415.3	456.2	400.2	372.2	306.3

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See *"Presentation of Financial and Other Information and Certain Definitions"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Cash Flows."*

Revenue by business line

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Construction	1,912	2,242	2,295	1,674	1,636	2,257
Transport Infrastructures	1,542	1,907	1,970	1,463	1,334	1,841
<i>Railways and Undergrounds</i>	1,072	1,090	1,039	774	599	864
<i>Roads and Motorways</i>	410	627	685	490	566	761
<i>Ports and Airports</i>	60	190	246	199	169	216
Water and Energy Production Plants	263	137	85	65	58	78
Civil and Industrial Buildings	107	180	140	87	124	177
Plants Design and Maintenance	—	18	100	59	120	161
Concessions	20	23	30	24	23	29
Revenue	1,932	2,265	2,325	1,698	1,659	2,286

Revenue by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Italy	875.3	1,049.8	913.9	670.8	651.6	894.7
Europe (except Italy)	471.9	696.9	788.7	610.1	608.7	787.3
America	421.1	318.4	355.1	240.7	270.1	384.5
Asia (Middle East)	22.8	36.9	78.7	50.0	35.9	64.6
Africa (Algeria)	140.5	163.2	188.9	126.8	92.6	154.7
Revenue	1,931.6	2,265.3	2,325.3	1,698.4	1,659.0	2,285.9

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See “Presentation of Financial and Other Information and Certain Definitions” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Year Ended December 31, 2011 compared to year ended December 31, 2010 (restated)—Revenue—Geographic breakdown of our revenue.”

(2) Restated to reflect the adoption of IAS 19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See “Presentation of Financial and Other Information and Certain Definitions.”

Operating profit by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Italy	87.0	147.3	103.0	74.2	81.0	109.8
Europe (except Italy)	37.0	6.3	52.4	37.7	92.0	106.7
America	65.4	47.9	28.6	20.9	6.3	14.0
Asia (Middle East)	(24.3)	(31.0)	(21.9)	(17.1)	(4.3)	(9.1)
Africa (Algeria)	21.9	38.2	62.7	36.6	19.0	45.1
Other ⁽³⁾	(6.8)	(8.0)	(12.9)	(1.3)	(21.9)	(33.5)
Operating profit	180.3	200.7	211.8	151.1	172.1	232.8

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See “Presentation of Financial and Other Information and Certain Definitions” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations”.

- (2) Restated to reflect the adoption of IAS 19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See *“Presentation of Financial and Other Information and Certain Definitions.”*
- (3) Includes adjustments and other activities.

Other Financial Information

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁰⁾	2011	2012	2012	2013	2013
	(€ in million, except percentages)					
EBITDA ⁽¹⁾	236.6	259.4	264.5	186.1	220.0	298.3
EBITDA margin ⁽²⁾	11.5%	11.0%	10.8%	10.4%	12.7%	12.4%
EBIT ⁽¹⁾	180.3	200.7	211.8	151.1	172.1	232.8
EBIT margin ⁽²⁾	8.8%	8.5%	8.6%	8.4%	9.9%	9.7%
Construction Capital Expenditures ⁽³⁾	(27.0)	(47.5)	(92.9)	(67.0)	(14.8)	(40.7)
Concessions Investments ⁽⁴⁾	(35.2)	(203.2)	(161.5)	(175.0)	(100.5)	(87.0)
Gross Financial Debt ⁽⁵⁾	923.1	1,097.7	1,233.6	1,265.9	1,351.6	1,351.6
Net Debt ⁽⁶⁾	502.8	639.6	832.0	892.3	1,043.9	1,043.9
Net Financial Position ⁽⁶⁾	362.3	479.8	622.9	668.2	895.7	895.7
Ratio of Net Debt ⁽⁶⁾ to EBITDA ⁽¹⁾	2.1x	2.5x	3.1x	—	—	3.5x
Ratio of Net Financial Position ⁽⁶⁾ to EBITDA ⁽¹⁾	1.5x	1.8x	2.4x	—	—	3.0x

Other Pro Forma Financial Information

<i>Pro forma</i> Net Debt ⁽⁷⁾	1,057.4
<i>Pro forma</i> Net Financial Position ⁽⁷⁾	909.2
<i>Pro forma</i> Cash and Cash Equivalent ⁽⁸⁾	(307.7)
<i>Pro forma</i> Interest and Similar Expense ⁽⁹⁾	121.8
Ratio of <i>Pro forma</i> Net Debt ⁽⁶⁾ to EBITDA ⁽¹⁾	3.5x
Ratio of <i>Pro forma</i> Net Financial Position ⁽⁷⁾ to EBITDA ⁽¹⁾	3.0x
Ratio of EBITDA ⁽¹⁾ to <i>Pro forma</i> Interest and Similar Expense ⁽⁹⁾	2.4x

- (1) In this offering memorandum, references to **“EBIT”** are to earnings before tax and financial income and charges, without any adjustments. EBIT also does not include any financial income and charges deriving from (1) the management of non-consolidated investments and securities, (2) any transfer of consolidated investments included under income statement line item *“Financial income and charges”* or (3) the results of equity investments valued using the equity method included under the income statement line item *“Effects of equity accounting”*. References to **“EBITDA”** are to EBIT minus the amount of (i) amortization and depreciation of intangible assets and property, plant and equipment, (ii) impairment losses on receivables and provisions, and (iii) capitalization of internal construction costs.

We believe that EBITDA and similar measures are useful indicators of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate our business. EBITDA measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA or any similar measures or data as reported by us to measures reported by other companies. See *“Presentation of Financial and Other Information and Certain Definitions.”*

- (2) **“EBITDA margin”** and **“EBIT margin”** for a given period are EBITDA and EBIT, respectively, for that period divided by total revenue for the same period.
- (3) **“Construction Capital Expenditures”** consists mainly of technical investments in property, plant and equipment required to start-up construction activities, such as logistical infrastructure at the construction site, machinery and equipment. We also consider as construction capital expenditures the amounts we spend to acquire the goodwill and contractual rights associated with the businesses that we may acquire control of and consolidate.
- (4) **“Concessions Investments”** includes the contribution through the equity and subordinated loans and other quasi-equity instruments that we make into our concessionaires that we do not consolidate fully or proportionally.
- (5) In this Offering Memorandum, we define **“Gross Financial Debt”** as the sum of total non-current financial debt and total current financial debt. See *“Capitalization”* and *“Management Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Net Financial Position.”*

- (6) In this Offering Memorandum, we define “**Net Debt**” as Gross Financial Debt, net of cash and cash equivalents and securities held for trading. “**Net Financial Position**” is equal to Net Debt, less the items set forth in the table below. See “*Capitalization*” and “*Management Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Net Financial Position*” for a description of the individual components of these items.

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated)	2011	2012	2012	2013	2013
	(€ in million)					
Total non-current financial debt	592.2	654.2	706.0	765.8	840.0	840.0
Total current financial debt	330.9	443.5	527.6	500.1	511.6	511.6
Cash and cash equivalents and securities held for trading	(420.3)	(458.1)	(401.6)	(373.6)	(307.7)	(307.7)
Net Debt	502.8	639.6	832.0	892.3	1,043.9	1,043.9
Current financial receivables	(22.3)	(3.7)	(19.7)	(17.5)	(37.9)	(37.9)
Non-current financial receivables	(114.0)	(153.1)	(186.4)	(203.6)	(73.1)	(73.1)
Net financial debt of assets held for sale	—	—	—	—	(34.5)	(34.5)
Treasury shares	(4.2)	(3.0)	(3.0)	(3.0)	(2.7)	(2.7)
Net Financial Position	362.3	479.8	622.9	668.2	895.7	895.7

For purposes of presentation of our Net Financial Position, we deduct non-current financial receivables, as well as current financial receivables, from our total financial indebtedness, although not contemplated in the standard definition of net financial position provided by the ESMA (formerly CESR) recommendation of February 10, 2005. We present them as part of our Net Financial Position because we believe they provide useful additional information in understanding the specificities of our business and the equilibrium between our non-current assets and liabilities, given the strict correlation between our long-term indebtedness related to concessions and the cash flow related to our guaranteed concession fees, represented by our non-current financial assets.

- (7) “**Pro Forma Net Debt**” represents the Net Debt as adjusted to give *pro forma* effect to this Offering and to the application of proceeds therefrom as set forth under “*Use of Proceeds*”, as though the Offering had taken place on September 30, 2013. “**Pro Forma Net Financial Position**” represents the Net Financial Position as adjusted to give *pro-forma* effect to this Offering Memorandum, as though the Offering had taken place on September 30, 2103.

	As of September 30, 2013		
	Actual	Adjustments	As adjusted per this Offering
	(€ in million) (unaudited)		
Total non-current financial debt	840.0	110.0	950.0
Total current financial debt	511.6	(96.5)	415.1
Cash and cash equivalents and securities held for trading	(307.7)	—	(307.7)
Net Debt	1,043.9	13.5	1,057.4
Current financial receivables	(37.9)	—	(37.9)
Non-current financial receivables	(73.1)	—	(73.1)
Net financial debt of assets held for sale	(34.5)	—	(34.5)
Treasury shares	(2.7)	—	(2.7)
Net Financial Position	895.7	13.5	909.2

- (8) “**Pro Forma Cash and Cash Equivalents**” represents cash and cash equivalents and securities held for trading as adjusted to give *pro forma* effect to this Offering and to the application of the proceeds therefrom as set forth under “*Use of Proceeds*”, as explained by the table below, as though the Offering had taken place on September 30, 2013.
- (9) “**Pro Forma Interest and Similar Expense**” represents, for the twelve months ended September 30, 2013, interest expense incurred on our Gross Financial Debt as well as commissions paid to banks and insurance companies to guarantee our performance bonds, and other sureties, as adjusted to reflect the issuance of the Notes and the application of the proceeds therefrom as described under “*Use of Proceeds*”, as though the Offering had taken place on October 1, 2012.
- (10) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See “*Presentation of Financial and Other Information and Certain Definitions*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations*”.

Operational Data

We consider backlog a relevant indicator of our future revenue streams from, and growth of, our business and closely monitor it to plan for our current needs and to adjust our expectations, financial budgets and forecasts. See “*Business—Backlog*” for a description of our method of calculation for backlog. Backlog as of any particular date may not be indicative of actual results of operations for any succeeding period. See “*Risk Factors—Our backlog is not necessarily indicative of our future revenue or results of operations.*”

Order Backlog by business line

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(€ million)				
Construction	6,254	7,291	7,031	6,441	6,854
<i>Transport Infrastructures</i>	5,511	6,272	6,252	5,566	6,157
<i>Water and Energy Production Plants</i>	244	644	328	359	270
<i>Civil and Industrial Buildings</i>	499	375	255	288	191
<i>Plants Design and Maintenance</i>	—	—	196	228	236
Concessions	2,760	2,721	3,171	3,061	5,845
Total Order Backlog⁽¹⁾	9,014	10,012	10,202	9,502	12,699

(1) Does not reflect our orders in pipeline. As of September 30, 2013, our orders in pipeline amounted to €9.1 billion.

Order Backlog by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(€ million)				
Italy	4,855	4,164	4,396	4,401	3,903
International	4,159	5,848	5,806	5,101	8,796
<i>Europe (except Italy)</i>	1,251	1,668	2,166	1,273	5,330
<i>America</i>	1,898	3,095	2,772	2,910	2,825
<i>Africa (Algeria)</i>	833	714	644	597	551
<i>Asia (Middle East)</i>	177	371	224	321	90
Total Order Backlog⁽¹⁾	9,014	10,012	10,202	9,502	12,699

(1) Does not reflect our orders in pipeline. As of September 30, 2013, our orders in pipeline amounted to €9.1 billion.

New Orders for each period by business line

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(€ million)				
Construction	1,611	3,279	2,035	824	1,459
<i>Transport Infrastructures</i>	1,327	2,668	1,950	757	1,239
<i>Water and Energy Production Plants</i>	87	555	(10)	1	0
<i>Civil and Industrial Buildings</i>	197	56	20	0	60
<i>Plants Design and Maintenance</i>	—	—	75	66	160
Concessions	291	(16)	480	364	2,697
Total New Orders	1,902	3,263	2,515	1,188	4,156

New Orders by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
			(€ million)		
Italy	1,068	359	1,145	907	158
International	834	2,904	1,370	281	3,998
<i>Europe (except Italy)</i>	58	1,114	1,287	216	3,773
<i>America</i>	195	1,515	32	55	323
<i>Africa (Algeria)</i>	383	44	119	10	0
<i>Asia (Middle East)</i>	198	231	(68)	0	(98)
Total New Orders	1,902	3,263	2,515	1,188	4,156

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in this Offering Memorandum. Any of the risks described below could have a material adverse impact on our business, prospects, results of operations and financial condition and could therefore have a negative effect on the trading price of the Notes and our ability to pay all or part of the interest or principal on the Notes. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks Relating to Our Business and Industry

General Risks

The deterioration of the global economic situation could adversely affect our business.

The markets in which we operate are materially influenced by the general economic situation and its cycles and volatility. Normally, robust economic growth in those areas where we are located results in greater demand for our services, while slow economic growth or economic contraction adversely affects demand for our services. The global economy has significantly deteriorated in the past few years as a result of an acute financial and liquidity crisis, and the current global economic downturn has reduced and continues to negatively impact our clients' willingness and ability to fund their projects. These conditions may make it difficult for our clients to accurately forecast and plan future business trends and activities, thereby causing our clients to slow or even curb spending on our services, or to seek contract terms more favorable to them. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, sovereign debt and the break-up of the euro have contributed to increased volatility and diminished expectations for the global economy going forward, and in some cases have led many lenders to reduce or cease to provide funding to borrowers. According to the International Monetary Fund, the world's economy grew 5.1% in 2010, 4% in 2011, and 3.2% in 2012 and is expected to grow 3.2% in 2013 and 4% in 2014.

Although we have diversified our client portfolio by expanding our reach to the private sector, as well as by opening to new markets not heavily affected by the global downturn, the majority of our revenue derives from public and regulated sectors, which are affected by the global current economic downturn. A persistent or harsher global economic crisis may result in governments facing significantly reduced tax revenue and budget deficits, which, in turn, could affect their borrowing capacity and/or prevent them from funding capital investment, asset maintenance and infrastructure construction projects. As a consequence, governments or local public authorities may call off or reconsider potential projects, or exercise their right to terminate contracts or redefine their terms in order to reduce costs, which, in turn, would have an impact on our existing and future backlog. Furthermore, any financial difficulties suffered by our partners, subcontractors or suppliers could increase our costs or adversely impact project schedules.

In addition, for the twelve-month period ended September 30, 2013, approximately 39.1% of our revenue came from Italy, where the global economic crisis as well as certain negative political developments have caused a deterioration in the economy. Since 2012, the Italian debt rating has been downgraded by Standard and Poor's (from "A" to "BBB" with a negative outlook), Fitch Ratings (from "A+" to "BBB+" with a negative outlook) and Moody's (from "A2" to "A3" with a negative outlook) reflecting Italy's economic and political developments. In 2011, the Italian government passed two austerity packages for an aggregate approximate amount of €89.8 billion, in order to achieve savings from a mixture of spending cuts and tax increases; however, investor and market confidence in Italy has been worsened by the ongoing political uncertainty. Certain of these events had a negative impact on Italy's growth: according to ISTAT, Italy's GDP at constant prices grew at only 1.8% and 0.4% in 2010 and 2011, respectively, and contracted by 2.3% in 2012. ISTAT estimates that Italy's GDP will further contract by 0.5% in 2013.

Should there be any further deterioration or if the current global and Italian economic conditions do not improve, our business, financial condition and results of operations could be adversely affected.

We may not be able to raise the funds necessary to carry out our activities as a consequence of the current economic situation.

The development of our business depends on, among other things, the ability to fund investments and current business operations as well as on the ability to refinance existing indebtedness. The credit crisis that has affected the banking system and the financial markets and the subsequent worsening of macroeconomic conditions, including a global reduction in consumption and industrial production, has given rise to restricted conditions for accessing credit, reduced liquidity in the financial markets and severe volatility in stock and bond markets.

Limitations on our ability to raise the funds necessary to carry out our activities on terms which are favorable or difficulties in obtaining financings on terms which are favorable could have an adverse effect on our activities and on our economic and financial situation.

Our business is exposed to risks deriving from having contracts with a limited number of customers.

As of September 30, 2013, approximately 58.2% of our revenue was generated by agreements with our top ten clients, mainly PSEs. Such concentration is customary in the industry in which we operate (see “*Business—Customers and Contracts*”). However, any loss of, or a significant reduction in, business from a significant client, or any variation, termination, delay, scope reduction or adjustment of any given project, could have an adverse effect on our business, financial condition or results of operations.

We are highly dependent on the investment policies of public authorities.

Contracts with public sector customers, including direct contracts, joint ventures and PPPs, represented, for the twelve-month period ended September 30, 2013, approximately 82.3% of our revenue. As a result, our activities are heavily dependent on governments’ and local public authorities’ programs and funding policies with respect to investments in transport, civil and social infrastructures.

We rely on infrastructure development programs currently planned and being undertaken by PSEs in various markets to generate a significant amount of our business. We may start works on a specific government project but, due to the lack or revocation of government funding, the project may subsequently not be completed within the original time frame or at all. Our government clients are under no obligation to maintain funding at any specific level and funds for any program may even be eliminated. Global economic instability and difficult and recessionary economic conditions in certain countries in which we operate, including Italy, which have resulted in a decline in tax revenue obtained by our PSE customers at a time of rising public sector deficits, may result in the contraction of infrastructure spending and therefore in delay or suspension of projects already commenced or awarded. See “*The deterioration of the global economic situation could adversely affect our business.*”

Future changes and/or reductions by these government clients in their plans or policies of infrastructure development, delay in the awarding of major projects or postponement of previously awarded projects could have a material adverse effect on our business, financial condition and results of operations.

Our backlog is not necessarily indicative of our future revenue or results of operations.

We define backlog to include projects for which contracts have been signed or awarded, depending on the characteristics of the tender process, and for which the customer has secured the funding or, in case of concessions projects, the financial close has been reached. If any one of these criteria is pending, the contract is recorded among our orders in pipeline.

In particular, with respect to our construction activities, when we include the amount of expected revenue from a construction contract in our backlog, we assume that each party will satisfy all of its respective obligations under the construction contract and that payments to us under the contract will be made on a timely basis consistent with historical experience. For contracts that are not for a fixed price, we estimate and update the related backlog based upon the estimated amount of work to be completed through periodic consultation with our customer. For projects in which we act as project manager, in calculating our backlog we only include our scope of work in connection with each project. For projects related to unconsolidated joint ventures, we only include our percentage ownership of the joint venture’s backlog. With respect to our concessions activities we include the net present value on the reference date of the forecasted revenue deriving from each relevant project. In order to ensure an adequate presentation of our concession backlog, when including a concession contract in our backlog, we

assume a customary duration of the relevant concession period rather than the specific duration set forth in each of our contracts.

Our customers may have the right, upon payment of certain penalties or reimbursement of certain costs and damages or other consequences, to cancel, reduce or defer firm orders that we have in our backlog. If our customers cancel, reduce or defer firm orders, we may be protected from certain costs and losses, but our revenue or our results of operations would nevertheless be adversely affected. Further, we cannot assure you that we will secure contracts equivalent in scope and duration to replace the current backlog or that the current backlog will perform as expected. In addition, the concession backlog related to projects where we operate through unconsolidated minority-held special-purpose companies is inherently not indicative of our expected revenue, because the financial results of such companies are accounted for in our financial statements in the form of *pro rata* dividends or other distributions or as gains or losses on these investments upon disposition of the relevant asset. As such, they depend on the unconsolidated minority-held special-purpose companies generating distributable profits and actually determining to distribute them, or on the asset actually being sold, which are processes the outcome of which we cannot entirely control. If our non-controlled entities do not generate distributable profits or choose not to distribute them, or if we are unable to dispose of our interest in such entities, this could have a material adverse effect on our business, financial condition and results of operations.

We believe that our backlog is an indicator of the growth of our construction and concessions businesses and provides useful trend information and visibility on our financial results. However, since backlog figures are subject to substantial fluctuations, backlog is not necessarily indicative of our expected revenue, cash flows or results of operations. Unforeseen events or circumstances, including, for example, termination, delay, scope reduction or adjustments, increased time requirements to complete the work, delays in commencing work, disruption of work, irrecoverable cost overruns or other unforeseen events may affect projects comprising the backlog and could have a material adverse effect on our business, financial condition and results of operations.

Our ability to successfully execute our business strategy is not assured.

Our business strategy is based on a series of projections and estimates relating to the occurrence of future events, which may or may not take place, and includes operational and organizational initiatives and decisions that our management will undertake during the period covered by our business plan. The main assumptions include forecasts concerning our high self-financing capacity mainly through cash flow from construction projects and the sale of mature concession assets.

Our ability to implement our strategy successfully is also dependent upon a number of business, economic and competitive uncertainties and other factors that are outside our control, and such strategy is based upon a number of assumptions that may prove to be inaccurate. We cannot provide assurance that the assumptions underlying our business strategy are correct, and any inaccurate assumption may result in variations of our strategy that may limit our ability to achieve the envisaged goals. In addition, we are unable to provide any assurance that: (i) our actions will generate the expected positive economic results; (ii) our business strategy can be successfully implemented by our management; and (iii) we will be able to achieve the revenue and profit targets set out in our strategy within the expected time frame.

If our results differ significantly from those expected based on our strategies and our business plan, this could have a material adverse effect on our business, financial condition or results of operations. Accordingly, our strategy should not be relied upon in any way by any investor in making an investment decision with respect to the Offering. See “*Forward-Looking Statements*”.

We rely on our partners to perform under our contracts.

As is customary in our industry, we often operate through partnerships, joint ventures and consortia. We therefore rely on our partners to fulfill their obligations towards us and/or our clients. However, our partners may also be unable or unwilling to provide the required levels of financial support they have pledged to the partnerships. If these circumstances occur, we may be required to pay financial penalties or liquidated damages, provide additional services, or make additional investments to ensure adequate performance and delivery of the contracted services. Some of our customers require the issuance of guarantees by the parent company of the entity being awarded the relevant contract. These guarantees could be enforced against us, in our capacity as parent company, in the event of a contractual breach by the company being awarded the contract. In the event of a contractual breach by our subsidiaries, our

guarantees may be enforced and this could have a material adverse effect on our business, financial condition and results of operations.

As is customary in our industry and as is required in the tender process, most of our agreements provide for joint and several liability with our partners. If there is a breach of an agreement by one of our partners, we could be held liable for their obligations in the event of their failure to perform as required. We may also be dependent on the expertise of our partners in assessing costs for certain contracts. Should such partners provide inaccurate advice, we may be unable to perform the obligations under the contract or may be subject to unexpected increased costs. Further, any disagreements as to the terms or procedures or management of any project may determine the inability on our side to complete the development of certain projects on time. See “*Business—Project Phases.*”

Failure by our partners to carry out their obligations under our agreements, including failure to comply with applicable laws, regulations or client requirements, could lead to disputes and litigation with our partners or clients, all of which could have a material adverse effect on our reputation, business, financial condition and results of operations. In addition, if any such failure arises with respect to government clients, it could result in fines, penalties, suspension or even debarment imposed on us, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on subcontractors, suppliers and other third parties for the operations of our businesses.

Much of the work performed under our contracts is performed by third-party subcontractors. We also rely on third-party manufacturers and suppliers to provide much of the equipment and raw materials, respectively, used for our projects. If we are unable to find reliable suppliers or hire qualified subcontractors, our ability to successfully complete our projects could be impaired. Furthermore, if a subcontractor, in each case, fails to provide timely or adequate services, or a supplier fails to provide equipment or raw materials, in each case, as required under a contract for any reason, we may be required to source such services, equipment or raw materials at a higher price than anticipated, which could negatively impact our profitability, as there can also be no assurance that we will be able to pass on any or all of such increased costs to our customers. Although contracts with subcontractors and suppliers generally provide for indemnification to cover their failure to perform their obligations satisfactorily, such indemnification may not fully cover our financial losses in attempting to mitigate their failures and fulfill the relevant contract with our customer. Furthermore, delivery by our suppliers of faulty equipment or raw materials could also negatively impact our overall project, resulting in claims against us for failure to meet required project specifications and we may be unable to successfully obtain compensation from our suppliers. These risks are compounded during the current economic downturn as our suppliers and subcontractors may experience financial difficulties or find it difficult to obtain sufficient financing to fund their shipments or operations, respectively, and therefore may not be able to provide us with the contracted supplies or services for our projects. In addition, in the case of government contracts, a failure by supplier or subcontractor to comply with applicable laws, rules or regulations could result in us facing fines, penalties, suspension or even debarment by the relevant governmental authority. Any such failures by a third-party subcontractor or supplier could have a material adverse effect on our business, financial condition and results of operations.

Events beyond our control may affect our estimated timing and costs.

Part of our activities is carried out on the basis of contracts where the contract price is set on the date a bid is awarded and cannot be subsequently altered, except in limited circumstances. For these contracts, we bear the risk of paying some, if not all, of any cost overruns. Pricing on these contracts is established in part on cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, prices, the availability of labor, equipment and materials, and other exigencies. All prospective bids undergo a risk classification procedure. All bids are assessed by a proposal review committee made up of specialists and risk managers supervise the entire process from bid preparation through contract award to handover to the client. If estimates obtained through such supervision prove to be inaccurate, if there are errors or ambiguities as to contract specifications, or if circumstances change due to, among other things, unanticipated technical problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, or weather delays, our contractual cost-adjustment provisions may not be sufficient to protect us and, as a consequence, cost overruns may occur and we could experience reduced profits or, in some cases, a loss for that project. In addition, if the amount we are required to pay for subcontractors or equipment

and supplies exceeds what we have estimated, especially in a fixed-price contract, we may suffer losses on these contracts. For example, we use expensive specialized equipment in many of our projects, such as the TBM in our tunneling projects. If such equipment is damaged or becomes otherwise unusable during the project, we would be required to expend a significant amount of money to replace such equipment in a timely manner, and such cost overruns would generally be unrecoverable.

With respect to investments in PPP concessions, we may be exposed, to the extent not mitigated by specific instruments, to the risk that inflation will reduce profitability in circumstances where our ongoing costs increase by inflation at a higher rate than revenue increases. If the project is significant, or there are one or more issues that impact multiple projects, cost overruns could have a material adverse impact on our business, financial condition and results of operations.

Fluctuations in the price and problems with the supply of raw materials may adversely affect our business, financial condition and results of operations.

The primary raw materials we use in our projects are stone and sand aggregate, bitumen, cement, reinforcing bars, steel, stainless steel, iron and copper. Our raw materials suppliers vary in each market in which we operate due to the market-specific requirements of our projects. Although we include raw material cost estimates in our tender estimates, raw material costs are subject to price fluctuations. In addition, the supply of essential raw materials may be delayed or interrupted due to factors beyond our control, which could result in project delays and increased costs if alternative suppliers are unable to provide replacement raw materials at competitive prices or at all. Moreover, we may be unable to pass on any or all of the increased raw material costs to our customers. Such price fluctuations or supply interruptions could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to counterparty risks and may incur losses because of such exposure which may adversely affect our business, financial condition and results of operations.

Certain of our customers, either in the private or in the public sector, may become insolvent or default under their contracts, or have or may become significantly late in performing under their payment obligations to us, especially in the context of the current economic downturn. In case of default in payment obligations, we may be unable to collect any receivables, in which case some or all of such outstanding amounts would need to be written off and we would need to seek alternative sources of funding for our working capital requirements. In case of a delay in a customer's payment obligation, we may be exposed to the risk of bearing in advance the costs and amounts necessary to complete the projects. Furthermore, should a counterparty become insolvent or otherwise unable to meet its obligations in connection with a particular project, we would need to find a replacement to carry out that party's obligations or, alternatively, fulfill the obligations ourselves, which could increase costs and cause delays. In addition, should a financial counterparty default occur under contracts such as bank facilities, we would need to replace such facilities, thereby incurring additional costs. As of September 30, 2013, our Management determined that a group of five of our large customers might not pay obligations which were budgeted to be collected in 2013 to amount to approximately €230 million. See "*Our international operations expose us to risks inherent to international business, any of which could affect our results of operations,*" and "*Business—Construction—Transport Infrastructures*". Importantly, due to our revenue recognition rules, the revenue relating to the contracts has previously been recognized in our income statement. Management believes that these payments will be made in the future but has permitted extended payment terms in light of our relationship with the customers and the economically adverse conditions. As a result, we have not made any provision or recorded other financial charge to our income statement with respect to these delayed customer payment obligations. In large part due to the delay in these customer payment obligations and also as a result of the current financial conditions, we requested, and obtained from our lenders, an amendment of certain of the financial covenants of our principal financing agreements for the purposes of the period ending December 31, 2013. See "*Description of Other Indebtedness*". While Management expects these payments to be made, there can be no assurance that any part or all of such delayed customer payment obligations will be made or paid on a timely basis.

Any further significant defaults or performance delays by commercial and financial counterparties could increase costs or liabilities, which would have an adverse effect on our profitability and financial condition.

We are exposed to risks connected to the quantification and cashing of claims.

We occasionally bring claims against our clients for additional costs exceeding the contract price or for amounts not included in the original contract price. These types of claims can often occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional cost, both direct and indirect. From time to time, these claims can be the subject of lengthy and costly arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may incur financial charges pending the resolution of the relevant claims. Although any favorable court decision would also likely lead to the full or partial reimbursement of interest as financial charges, a failure to promptly recover on these types of claims or to recover the full amount expected could have a material adverse effect on our business, financial condition and results of operations.

An unfavorable outcome of legal proceedings could have a material adverse effect on our business, results of operations and financial condition.

We are involved in certain legal, regulatory and arbitration proceedings involving claims by and against us in the ordinary course of business. Since we engage in engineering and construction activities for large facilities and projects where design, construction or systems failures can result in substantial injury or damage to employees or others, we are exposed to the risk of substantial claims and litigation if there is a failure at any such project. Such claims could relate to, among other things, personal injury, loss of life, business interruption, property damage, pollution and environmental damage, and be brought by our clients or third parties, such as those who use or reside near our clients' projects. We can also be exposed to claims if we agreed that a project will achieve certain performance standards or satisfy certain technical requirements and those standards or requirements are not met.

While it is not feasible to predict or determine the ultimate outcome of these proceedings, whenever there are circumstances that give rise to well-founded expectations by third parties that we are responsible for or have to take on responsibility *vis-à-vis* the fulfillment of any obligation, we have made consistent allocations to risk provisions, recognized in liabilities in our consolidated financial statements. As of September 30, 2013, we had provisions for risks and charges of approximately €23.4 million. However, our estimates are based on expectations, beliefs and assumptions on future developments that are subject to inherent uncertainties. The results of pending or future legal proceedings are inherently difficult to predict, and we can provide no assurance that we will not incur losses in connection with current or future legal or regulatory proceedings (including tax audits) or actions that exceed any provision we may set aside in respect of such proceedings or actions or that exceed any insurance coverage available. Accordingly, in the event that the provisions relating to litigation are inadequate, any losses or expenditures exceeding such limited coverage could have a material adverse effect on our business, financial condition and results of operations.

For more information on our legal proceedings, see “*Business—Legal Proceedings.*”

Our international operations expose us to risks inherent to international business, any of which could affect our results of operations.

We conduct our business in various countries all over the world. Our operations are therefore subject to many of the risks inherent in conducting business in numerous jurisdictions, including, among others:

- recessionary trends, inflation or instability of financial markets;
- differences and unexpected changes in regulatory environments, including environmental, product safety, local planning, zoning and labor laws, rules and regulations;
- exposure to different legal and regulatory standards (including standards of care and the prospect of damages under tort rules with which we are not familiar), enforcement mechanisms and the cost of compliance with those standards;
- lack of developed legal systems to enforce contractual rights;
- longer payment terms for debtors on our accounts receivable and difficulties of collecting our accounts receivable;
- tariffs, duties, export controls, import restrictions and other trade barriers;
- labor unrest;

- litigation, regulatory and administrative proceedings, including proceedings that could take years to be resolved;
- higher interest rates;
- the seizure of property by nationalization or expropriation without fair compensation;
- significant devaluation of financial assets;
- foreign exchange controls and restrictions on repatriation of funds;
- increased risk of public sector corruption;
- embargoes;
- acts of war, civil unrest, force majeure and terrorism; and
- political and social instability.

In particular, we have a number of projects in Venezuela, the largest of which is known as Puerto Cabello-La Encrucijada. We have been affected by the Venezuelan government's delay in payments and the customer is late in its payment obligations. The amount of outstanding trade receivables towards the Venezuelan Government was €303 million (net of €18 million of contract advances) as of September 30, 2013. See "*—We are exposed to counterparty risks and may incur losses because of such exposure which may adversely affect our business, financial condition and results of operation.*" Such amount has been certified by the customer. Although this means that the works, and the relevant payment obligations, have been approved and recognized by the customer, such certification is not an assurance for the actual payment. We determined at the end of 2012 to slow down the progress in these projects. Management believes that these payments will be made in the future and, as a result, we have not made any provision or recorded other financial charge to our income statement with respect to these delayed customer payment obligations. In addition, our backlog relating to this project is equal to approximately €1,000 million and we have not deducted any amount from our backlog as of September 30, 2013. The non-payment of the payment obligations or reduction in backlog resulting from these projects in Venezuela could have a material adverse effect on our business, financial condition and results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations*", "*Business—Construction—Transport Infrastructures*" and "*Business—Backlog*."

In addition, although Turkey has gained investment grade status in November 2012, international financing institutions are still reluctant to invest within the Turkish infrastructure market, due to the country's social instability. This has caused certain project financing initiatives to be delayed or postponed. Although none of such delay or postponement involved any of our projects in Turkey, we cannot ensure that this will not happen in the future, which could have a material adverse effect on our business, financial condition and results of operations.

The occurrence or the deterioration of any of the foregoing circumstances or situations, could have a material adverse effect on our business, financial condition and results of operations.

Force majeure or other unpredictable events could prevent us from completing and/or operating our projects.

The occurrence of a *force majeure* or other unpredictable event that affects a project on which we are working may cause delays, suspensions and cancellations or otherwise prevent us from completing and/or operating such project. Although we typically account for these events in the contractual terms with our customers and under our insurance policies, the occurrence of a *force majeure* event could have a material adverse effect on our business, financial condition and results of operations.

We may suffer uninsured losses or material losses in excess of insurance coverage.

Our insurance policies are subject to limits and exclusions. There can be no assurance that our insurance program would be sufficient to cover all potential losses (including those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts), that we will be able to obtain sufficient levels of insurance coverage in the future or that such coverage will be available on terms acceptable to us. In addition, recent turmoil and volatility in the global financial markets may adversely

affect the insurance market. This may result in some of the insurers in our insurance portfolio failing and being unable to pay their share of claims.

In addition, there may be no protection against the risk that customers will fail to pay in full or on time. If we suffer an uninsured or underinsured loss, our business, financial condition and/or results of operations could be materially affected.

We are subject to extensive legal, administrative and regulatory requirements and to changes in regulations.

In each of the jurisdictions in which we operate we are subject to a number of specific, demanding and evolving legal, administrative and regulatory requirements with respect to, among other matters, public tenders, planning, building construction, land use, fire, health and safety, environment and employment. National and local laws and regulations governing such matters are often complex and fragmentary and we generally use local counsel and consultants to develop and improve our understanding of the legal system of the countries in which we operate. The application of such laws and regulations and their interpretation by the relevant authorities is sometimes unpredictable and inconsistent. Any failure by us to comply with, or any changes of, applicable laws, regulations and rules or any interpretation thereof, could result in delays or may increase the cost of ongoing projects or expose us to penalties, fines, criminal prosecutions, civil claims or other unforeseen costs. Difficulties and uncertainties in the application of such laws and regulations may give rise to litigation which may have a material adverse effect on our business, financial condition and results of operations.

Compliance with these numerous statutory and regulatory provisions requires significant effort and expense. In the case of significant regulatory changes (including tax amendments) affecting the concessionaires in which we hold a stake, there may be, in certain circumstances, a right to adjust the terms of the concession or to negotiate changes with the competent administration in order to re-establish the economic and financial balance between the parties. We cannot guarantee that an adjustment will be possible in all cases, that any such adjustment would be satisfactory for the concessionaires or that it would be carried out in a reasonable time period. If these adjustments are not possible, do not provide sufficient income or are delayed, our business, financial condition and results of operations may be materially adversely affected.

Similarly the provisions of Legislative Decree No. 231/2001 (as defined under “*Regulatory Matters*”) may also affect our business, financial condition and results of operations (see “—*We rely on our partners to perform under our contracts*”). See also “*Regulatory Matters*.”

We are exposed to the risk of third-party violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which we operate or intend to operate.

As a result of doing business internationally, we, our partners and competitors must comply with certain anti-corruption laws, sanctions or other similar regulations. However, some of the jurisdictions in which we operate or intend to operate lack a developed legal system and therefore, have high levels of corruption. Moreover, our continued expansion, development of joint venture relationships with local contractors and the use of local agents increases the risk of being exposed to violations of such anti-corruption regulations by our local partners or agents. If any such violations are made, we may be liable for civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation and consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences that we may suffer due to the foregoing could have a material adverse effect on our business, financial condition and results of operations.

To secure new contracts on which our future business performance depends, we must dedicate time and financial resources, which may be unrecoverable, to complex competitive bidding procedures with uncertain outcomes.

Most of our projects are subject to competitive bidding. Therefore, our business largely depends on our ability to secure key projects, and the competition to secure relevant contracts can be intense. To secure these contracts, we must make a significant commitment of resources, in terms of workforce, management time and operational and financial resources, as well as commit to bidding in a complex

and competitive bidding process with lengthy award procedures. It is generally very difficult to predict whether and when we will be awarded such contracts, due to the complexity of the bidding and selection process and to the fact that such process is affected by a number of factors, such as market conditions, financing, commodity prices, environmental conditions and government policies. If after the competitive bidding process we do not succeed in winning a contract for a new project, the bidding costs incurred would not be recoverable and we could fail to increase or even maintain our volume of order intake, net sales and net income, which may have a material adverse effect on our business, financial condition and results of operations.

Our failure to successfully maintain health, safety and environmental policies and procedures could have a material adverse effect on our reputation and otherwise on our business, results of operations and financial condition.

We are involved in significant and complex projects that require constant monitoring and management of health, safety and environmental risks, both during the construction and the operational phases. While we have adopted health, safety and environmental policies and procedures in order to minimize such risks, there can be no assurance that a failure in such policies and procedures will not occur. Any failure in health and safety practices or environmental risk management procedures that results in serious harm to employees, subcontractors, the public or the environment could expose us to investigations, prosecutions and/or civil litigation, each of which could determine an increase in costs for fines, settlements and management time. Such a failure could also adversely affect our reputation and ability to obtain new business. If any of the foregoing circumstances were to occur, this could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in currency exchange rates may adversely affect our financial condition and results of operations.

As of December 31, 2012, our activities in countries outside the eurozone accounted for approximately 60.7% of our revenue. Our activities are therefore exposed to foreign currency exchange risks (such as the recent devaluation of the Venezuelan bolivar, which occurred in February 2013, and brought the official exchange rate from 4.3 to 6.3 bolivars to the dollar). See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*” Although we seek to mitigate such exposure to foreign currency exchange risk by managing the level of cash inflows and outflows denominated in foreign currencies and through hedging instruments, sharp fluctuations in exchange rates in the short to medium-term may cause an increase in costs, which could have an adverse effect on our business, financial condition and results of operations.

We have international operations, and as a result, face complex tax issues and could be obligated to pay additional taxes in various jurisdictions.

We operate our business internationally and as a result, we are subject to different tax regimes and the application of different rules related to taxation. Applicable taxes, including VAT and social security taxes for which we make provisions, could increase significantly as a result of changes in applicable tax laws in the countries in which we operate and the interpretation of these rules by local tax authorities or as a result of tax audits performed by local tax authorities. The impact of these factors is dependent on the types of revenue and mix of profit we generate in such countries. Deferred tax assets recognized for tax loss carry forwards are based on our assumption for future taxable earnings and these may not occur as planned, which may cause the deferred tax asset to be reduced. There can be no assurances that an unexpected reduction in deferred tax assets will not occur. Any such reduction could have an adverse effect on our business, financial condition and results of operations. There may also be unforeseen tax expenses which may have an unfavorable impact on us. As a result and given the inherent unpredictable nature of taxation, there can be no assurance that our estimated long-term tax rate will remain at current levels or that cash flows regarding taxes will be stable.

Our business depends on certain key persons and the loss of such persons may impact our business and our ability to implement current and future strategies.

We rely on an experienced and qualified management and technical team. Any inability to attract and hire new qualified personnel or to retain experienced management and technical staff could limit or delay our business development efforts. In addition, if certain key members of our senior management or technical staff were to terminate their relationships with us and we were not able to find a suitable

replacement in a timely manner, our business, financial condition and results of operations could be adversely affected.

The interests of our principal shareholder may be inconsistent with the interest of the holders of the Notes.

Our principal shareholder is Fin.Ast S.r.l. which owns the majority of our share capital and has effective control over us, enabling it to decide on issues requiring the approval of the majority of shareholders, such as distribution of dividends, election of the majority directors, changes in the share capital and modifications to the by-laws. The principal shareholder could also have an interest in pursuing acquisitions, divestitures, financings, or other transactions that in its judgment could enhance its investment, although such transactions might involve risks to the holders of the Notes. If the interests of Fin.Ast S.r.l. conflict with our interests or those of the holders of the Notes, you could be disadvantaged.

Risks Related to our Construction Business

Our results of operations are affected by the cyclical nature of the construction industry.

The construction industry is cyclical by nature and largely dependent on investments undertaken by both the public and private sectors. The level of investment by the public and private sectors is in turn connected to general economic conditions. Investment generally increases in times of economic growth and decreases during a recession. After several years with very favorable conditions for construction in nearly all the countries where we operate, the situation has considerably worsened over the last few years, and we cannot be sure of a favorable change in investment levels in the coming years. If conditions continue to limit investment by the public and private construction sectors, our business, financial condition and operating results may be adversely affected.

Failure to meet contractual deadlines and quality or quantity benchmarks could harm our results of operations.

The construction industry is highly schedule-driven, and failure to meet contractual deadlines and, in some projects, the contractual quantity and quality benchmarks, may adversely affect our financial success. A substantial number of our contracts are subject to specific completion schedule requirements and/or quantity and quality benchmarks (e.g. guaranteed minimum production of water and energy production plants). Failure to meet such contractual deadlines and quality or quantity benchmarks could expose us to additional costs and result in contractual penalties (generally up to 10% of the contract price) that may reduce our profit margins and, in extreme cases, result in the termination of the contract. For larger projects, the risks associated with agreed milestones for the performance and completion of services are inherently greater. Furthermore, any delays or underperformance in our projects may lead to conflicting demands on resources allocated to be used in other projects. Failure to meet contractual deadlines or quality and quantity benchmarks may have a materially adverse effect on our business, financial condition and results of operations.

The nature of our activities and operations may expose us to liability and reputational risks.

We provide professional design and construction services for large-scale and complex projects. If a catastrophic event, such as the collapse of a bridge, tunnel or building, or a derailment, occurred at one of our projects, we may be held liable if such an event is found to be caused by our professional negligence or that of our partners (see “—General Risks—We rely on our partners to perform under our contracts”). We may have increased liability if such negligence results in the personal injury or death or where there is an environmental harm, and/or extensive damage to third-party property. Such catastrophic incidents could expose us to claims for personal injury, wrongful death, property damage or claims by customers, subcontractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm, which could lead to a loss of business and could have a material adverse effect on our financial condition and results of operations.

In addition, some of our current projects (such as high-speed rail lines or hydroelectric power plants) may provoke public debate, protests or opposition to their completion, which could cause delays, suspension, postponement or cancellation of the project. This could have a material adverse effect on our financial condition and results of operations and our association with any such project could harm our reputation.

We operate in a competitive industry, and pressure on pricing and/or our inability to compete could have a material adverse effect on our business, financial condition and results of operations.

We operate in highly competitive markets. In each of our markets, we compete with various groups and companies, including large construction groups or engineering companies that may have more experience, resources or local awareness than we do. We compete primarily on the basis of product reliability, technological proficiency, ease of system configuration, applications expertise, adoption of international standards, engineering support and local presence and price. This competition could intensify because of new companies entering the market and the consolidation of the industries in which we operate. If our competitors are better able to meet these competitive challenges or to react to changes in the factors that affect competition in our industry, we may experience a loss of market share which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, due to the recent economic downturn, which resulted in a significant reduction in the commissioning of privately funded work, a number of contractors operating in the private sector are turning to public sector work in order to improve their backlog. In these increasingly competitive markets, if our competitors were to offer more favorable pricing, payment or other contractual terms, warranties or functionality not currently provided by us, we may need to lower prices or offer other favorable terms in order to compete successfully, thereby reducing our profitability.

We may be unable to acquire or maintain the commercial guarantees necessary to complete our ongoing projects or to obtain new contracts.

In the ordinary course of the construction business, and as is customary in our industry, we are required to provide customers with commercial guarantees (including advance bonds, performance bonds, tender bonds, retention money bonds) in order to participate in competitive tenders, enter into contracts with clients or guarantee our performance thereunder. Our ability to secure such bonds and guarantees from banks and/or insurance companies depends on such institutions' assessment of our Group's overall financial condition and, in particular, the financial condition of the individual Group company concerned, the risks of the project, and the experience and competitive positioning of the company concerned in the sector in which it operates. If we are unable to secure new bonds and guarantees or if we renegotiate existing bonds and guarantees on less favorable economic terms, our ability to obtain new orders could be impaired or become significantly more costly, which could have a material adverse effect on our business, financial condition and results of operations.

As of September 30, 2013, the Group had commercial guarantees in the aggregate amount of €3,000.1 million. These are off-balance sheet items. While we have not in the past been subject to claims under commercial guarantees, they present an ongoing potential for substantial cash out-flows. In the event of cancellation, expiration or non-renewal of bonds and guarantees relating to ongoing projects, or if we are unable to obtain new bonds or guarantees, we may be unable to meet the terms and conditions of such ongoing contract, thereby losing the contract and adversely impacting our business, financial condition and results of operations. These bonds and guarantees are typically issued on a "first demand basis" and, therefore, may be paid on demand without conditions, without prejudice to the possibility of recourse in the event of willful misconduct or fraud. Our inability to fulfill our contractual obligations, therefore, could lead to the enforcement of such bonds and guarantees, with a materially adverse effect on our business, financial condition and results of operations.

Risks Related to our Concessions Business

Our concession projects have significant investment requirements and depend upon obtaining adequate financing for our future projects.

Our concessions projects have significant investment requirements, and our business strategy for concessions projects depends on obtaining adequate financing for our future projects. Under concessions agreements, we have committed to certain future investments, both in the form of shareholder loans and of capital injection commitments into our minority-held special-purpose vehicles used in our Concessions business. Following any such capital injection, we will be granted equity participations in such special-purpose vehicles *pro-rata* to our minority interests, which will not allow us to control such companies or the flow of dividends or other distributions therefrom. For such concession projects in which we hold a minority interest, any recovery of our investments will occur over a substantial period of time and will be proportional to our equity participation in each project. Moreover,

we may be unable to recoup our investments in these projects due to delays, cost overruns and general timing issues as to when revenue can be derived from these projects.

Our business strategy includes the development and (on a non-recourse basis) financing of numerous projects in the industries in which we operate. We cannot ensure that market conditions will favor our obtaining the necessary financing. The continued disruptions, uncertainty and volatility in capital and credit markets may limit our access to additional capital required to operate our business, including our access to project finance, which we use to fund our current and future projects. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow our business, which could have an adverse effect on our activities and on our economic and financial situation.

Fees from our concession projects are dependent on regulated tariffs and subject to other government regulations.

The fees that we generate from our concession projects are dependent on regulated tariffs, although most of our concession agreements provide for minimum guaranteed fees. Under most of our concession agreements, a tariff structure is established and we have limited or no possibility to independently raise tariffs beyond the established rates. The fees we are allowed to charge pursuant to such tariffs may not match our expenses at any given time and the regulatory process by which such tariffs are determined may not always result in rates that will produce full recovery of our costs and enable us to earn a reasonable return on our invested capital. We may also be unable to adjust our tariffs or rates as a result of fluctuations in prices of raw materials, exchange rates, labor and subcontractor costs during the construction phase and the operating phase of these projects, or any other variations in the conditions of specific jurisdictions in which our concession projects are located. If our costs increase or if regulatory action does not allow recovery of all incurred costs, or if we have to make additional investments as a result of an unforeseen measure in the law or the applicable agreements or as a result of unilateral measures by these authorities, our business, financial condition and results of operations could be adversely affected.

In addition, during the life of a concession, the relevant government authority may unilaterally impose additional restrictions on our tariff rates, subject to the regulatory frameworks applicable in each jurisdiction. Governments may also postpone annual tariff increases until a new tariff structure is approved without compensating us for lost revenue. In the case that any one or more of these events occur, this could have a material adverse effect on our business, financial condition and results of operations.

We are subject to construction risks and market risks when acting as concessionaire.

The development and construction of concession infrastructures can be time-consuming and highly complex. When acting as concessionaire, we bear the construction risks relating to the relevant infrastructure or asset (see “—Risks Related to our Construction Business”). The occurrence of such events may prevent us from operating and commercially exploiting the project. Furthermore, for those projects for which we do not have minimum guaranteed fees, we also bear the risk that, unlike in construction agreements where the contract price is set, in concession agreements, our revenue instead derive from regulated user fees from the infrastructure or asset. We therefore bear the market risk relating to revenue generated by the project, which may be lower than the expected for factors beyond our control (e.g., the amount of users is lower than estimated or competing infrastructures). Although we typically account for these events in the contractual terms with our customers, the occurrence of such events may have an adverse effect on our business, financial condition and results of operations. Moreover, we also must finance the construction phase of the concession project through our own equity, bank loans and other forms of project financing (See “Business—Project Phases”). The costs and losses that we may incur in case of any such event may not be recoverable, which may have an adverse effect on our business, financial condition and results of operations.

We are required to obtain and maintain permits, licenses and authorizations

Under the concession agreements, the concessionaire is usually required to obtain, maintain and comply with the required licenses, permits and authorizations for the construction, operation and maintenance of the project. Delays in or failure to obtain, renew or maintain required permits, licenses

and authorizations, or the revocation of or any challenge relating to any license, permit and authorization may have an adverse effect on our business, financial condition and results of operations.

Moreover, during the operational phase of the concession, we are required to operate and maintain the facility in compliance quality and quantity requirements set forth by the concession agreement. For example, the concessionaire is usually required to obtain, maintain and comply with the required licenses, permits, authorizations for the construction, operation and maintenance of project. If we fail to comply with such pre-established conditions, the awarding entity may reduce the tariffs or fees payable to us, impose contractual penalties or, in the extreme cases, terminate the concession. The costs and losses that we may incur in case of any such event may have a material adverse effect on our business, financial condition and results of operations.

Our concession agreements are subject to termination, amendment or expropriation.

According to applicable administrative laws, the public entities granting the concessions a (“Grantor”) in countries where we operate may unilaterally terminate, amend or expropriate the relevant agreement in the public interest, although the exercise of these powers is subject to judicial control, involves the reimbursement of damages, costs and loss of profits and, to date, no early termination has taken place in relation to our activities. We cannot guarantee that such Grantors will not legislate, impose regulations, change applicable laws or act contrary to law. Any of these unilateral actions, which may include expropriation of our assets, could be adopted by a governmental authority with or without paying us any compensation. If such a governmental authority or Grantor exercises its rights of material amendment, termination or recovery over any concessions, we, as concessionaire, will generally be entitled to an indemnification contemplated by law or in the concession contract, which, in principle, would cover the estimated lost profit during the remaining term of the concession contract. Nevertheless, we may not receive sufficient compensation for lost profits, which could have a material adverse effect on our business, results of operations and financial condition.

In certain cases, the Grantor may terminate a concession in the event of a serious breach of the concessionaire’s contractual obligations, in which case the concessionaire would only be entitled to recover a limited part of its investment, normally consisting of the construction and land expropriation costs. Furthermore, the deposit made by the concessionaire may be forfeited and the concessionaire may also be obliged to indemnify the Grantor for any damages claimed in excess of the deposit amount. In addition, the concessionaire may not be entitled to withdraw from the concession in case of failure to obtain the relevant financing, to the extent that its shareholders do not intend to finance the works with full equity. In such case, the failure to obtain the private funds necessary for the completion of the works would represent an event of termination of the concession due to a breach by the concessionaire and would entitle the Grantor to enforce the performance bond. Until such termination, we would remain responsible for our equity commitments. The costs borne by the concessionaire would not be recoverable in this case. The foregoing circumstances, in particular, enforcement of a performance bond, and any material amendments to the terms and conditions that apply to our concessions or the termination of concessions by government entities could have a material adverse effect on our business, results of operations and financial condition.

Risks relating to our indebtedness

Our significant leverage could affect our financial health and our ability to operate our business and raise additional capital to fund our operations.

We have a substantial amount of outstanding indebtedness with significant debt service requirements. As of September 30, 2013, our gross financial debt was €1,351.6 million. In addition, as of September 30, 2013, after giving effect to the issuance of the Notes offered hereby and the application of the proceeds thereof as set out in “Use of Proceeds” below, we expect our gross financial debt to increase by €13.5 million. See “Capitalization.”

Our indebtedness may increase from time to time in the future for various reasons, including fluctuations in operating results, capital expenditures and potential acquisitions or joint ventures. Our significant leverage could have negative consequences, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other indebtedness and significantly limiting or impairing our ability to refinance such indebtedness;

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- exposing us to interest rate increases;
- placing us at a competitive disadvantage compared to competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from exploiting certain business opportunities or making acquisitions or investments; and
- limiting, among other things, our ability to borrow additional funds, sell assets or raise equity capital in the future, and increasing the costs of such additional financings if interest rates increase;

any of which could have a material adverse effect on our business, financial condition and results of operations. See also “*Description of Other Indebtedness.*”

Despite our high level of indebtedness, we and our subsidiaries will still be able to and may incur significant additional amounts of debt. If we decide to incur significant additional debt, this could further exacerbate the risks associated with our substantial indebtedness.

Although our debt instruments contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If we decide to add new debt to our and our subsidiaries’ existing debt levels, the related risks that we now face would increase. In addition, our debt instruments do not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

Our subsidiaries may also be able to incur substantial additional indebtedness in the future, further increasing the risks associated with our substantial leverage. If any of our subsidiaries incur additional indebtedness, the holders of that debt will be entitled to share ahead of you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries. See “—*Risks Relating to the Notes and the Structure—The Notes will be structurally subordinated to the liabilities of our subsidiaries.*”

Restrictive covenants in our debt instruments may restrict our ability to operate our business, and our failure to comply with these covenants could constitute events of default under those agreements that could materially and adversely affect our financial condition and results of operations.

Our debt instruments contain covenants that impose significant restrictions on the way we can operate, including restrictions on our ability to:

- make acquisitions or investments;
- make loans or otherwise extend credit to others;
- incur indebtedness or issue guarantees or preferred stock;
- create security;
- pay dividends and make other restricted payments;
- sell, lease, transfer or dispose of assets;
- transfer all or substantially all our assets or merge or consolidate with other companies;
- make a substantial change to the general nature of our business;
- create or incur liens;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; and
- enter into transactions with affiliates.

Certain of our debt instruments also require us to comply with certain affirmative covenants and certain specified financial covenants and ratios (certain of which have been recently amended for purposes of the period ending December 31, 2013). Please see “*Description of Other Indebtedness*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.” In addition, certain of our project financing loan agreements provide that certain rights of the concessionaire under the relevant concession agreement and the project contracts (e.g., EPC and operation and maintenance contracts) can only be exercised subject to the consent of the lenders.

The above restrictions could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control such as, *inter alia*, prevailing economic, financial, regulatory and industry conditions. If we breach any of these covenants (including financial covenants or ratios) or restrictions, we could be in default under one or more of our debt instruments, which, if not cured or waived, could result in acceleration of the indebtedness under such agreements and cross defaults under our other debt instruments. Any such actions could result in the enforcement of our lenders’ security interests and/or force us into bankruptcy or liquidation, which could have a material adverse effect on our business, financial condition and results of operations.

Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate cash required to service our debt.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations or refinance our debt depends on our future operating and financial performance and ability to generate cash. This will be affected by our ability to successfully implement our business strategy, as well as general economic, financial, competitive, legislative, regulatory, technical and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned acquisitions or capital expenditures or sell assets. We cannot assure you that we will be able to generate sufficient cash through any of the foregoing. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt, including the Notes. Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*.”

Our debt payment obligations are subject to fluctuations in interest rates.

Certain of our indebtedness bears interest at floating interest rate, based on EURIBOR. We estimate interest rate performance and debt structure objectives to reduce these risks, including a sensitivity analysis. We also enter into hedging arrangements to cover interest rate fluctuations. There can be no assurance that any current or future hedging contracts will adequately protect our operating results from the effects of interest rate fluctuations or will not result in losses or that our risk management procedures will operate successfully. If significant fluctuations of interest rates occur and cannot be adequately covered through hedging transactions, our interest obligations could become greater, which could adversely affect our business, financial condition and results of operations.

Risks Relating to the Notes and the Structure

The Notes will be effectively subordinated to the rights of any future secured creditors to the extent of the value of the assets securing such indebtedness.

The Notes will not be secured by any of the Issuer’s assets. To the extent the Notes are guaranteed in the future, such guarantees will not be secured by any of the relevant potential future guarantor’s assets. The indenture will provide for a negative pledge, but will allow us and our Restricted Subsidiaries, subject to specified limitations, to incur secured indebtedness that will be effectively senior to the Notes and to any potential future guarantees, to the extent of the value of the assets that secure that indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceedings, the proceeds from the sale of the assets securing our secured indebtedness will be available to pay

obligations on the Notes only after all secured indebtedness (including claims preferred by operation of law) has been paid in full. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness. As of the Issue Date, €87.3 million of the Group's consolidated outstanding indebtedness was secured.

The Notes will be structurally subordinated to the liabilities of our subsidiaries.

The operations of the Group are to a significant extent conducted through our subsidiaries, project companies and joint ventures held through minority investments. Accordingly, we are and will be dependent on the cash flows of our subsidiaries, project companies and joint ventures and their ability to distribute cash in the form of dividends, fees, interest, loans or otherwise to us to service our payment obligations in respect of the Notes.

On the Issue Date, none of our subsidiaries will guarantee the Notes. For the twelve months ended September 30, 2013, our Restricted Subsidiaries and Unrestricted Subsidiaries recorded EBITDA of €109.4 million and €4.3 million respectively (in each case net of consolidation adjustments), representing 36.7% and 1.4%, respectively of the Group's consolidated EBITDA of €298.3 million for the same period. As of September 30, 2013, our Restricted Subsidiaries held Gross Financial Debt of €139.2 million, representing 10.3% of our consolidated Gross Financial Debt of €1,351.6 million as of the same date.

As at September 30, 2013, on an adjusted basis after giving effect to this offering and the use of proceeds therefrom, our Restricted Subsidiaries would have had significant trade payables and other liabilities outstanding. As of, and for the nine months ended September 30, 2013 the Issuer and the Restricted Subsidiaries accounted for 100% of the Group's consolidated EBITDA and Gross Financial Debt.

The terms of the Notes only limit, but do not prohibit our Restricted Subsidiaries from incurring additional indebtedness and other liabilities and our subsidiaries, project companies and joint ventures held through minority interests will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose unless they become a guarantor in the future. Generally, holders of indebtedness of, and trade creditors of, our subsidiaries, project companies and joint ventures held through minority investments, including trade creditors and creditors of project debt and lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer (or any future guarantor), as a direct or indirect shareholder, and the creditors of the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary. As such, in the event that any future non-guarantor subsidiary, project companies and joint ventures held through minority investments becomes subject to any foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative or other bankruptcy or insolvency proceeding:

- creditors of the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary, project companies and joint ventures held through minority investments; and
- creditors of such future non-guarantor subsidiary, project company or joint venture held through minority interests, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such entity before the Issuer or any future guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such entity.

On the Issue Date, certain of our non-majority held businesses will be treated as Restricted Subsidiaries under the Indenture and will be subject to compliance with the covenants governing the Notes, although such entities may in the future be redesignated as non-Restricted Subsidiaries.

On the Issue Date, each of M.O.MES S.c.r.l., Ankara Etlik Hastante A.S., CO. SAT S.c.r.l., Consorcio Rio Mantaro, IC Içtas Astaldi-Astaldi Insaat A.S., ICA Astaldi-IC Içtas WHSD Insaat A.S., CONA Impianti S.c.r.l., Metro Blu S.c.r.l., Avrasya Metro Grubu and Consorcio Rio Urubamba will be treated as a Restricted Subsidiary under the Indenture. As Restricted Subsidiaries, such entities will be subject to the applicable covenants under the Indenture even though, except for M.O.MES S.c.r.l. and Ankara Etlik Hastante A.S., we do not own a majority interest in them. This means, for example, that under the Indenture we will be able to make unlimited investments into, and transfer assets to and between, such

entities even though we may not control them. It also means that these entities are subject to the Indenture provisions limiting, for example, the incurrence of debt and the making of investments outside of our restricted group, and the failure of these entities to comply with these covenants could result in a Default or an Event of Default under the Indenture. In the future, under certain circumstances (including where such action does not cause a default under the Indenture), we may redesignate any such non-majority owned Restricted Subsidiary as a non-Restricted Subsidiary (i.e., outside of our restricted group) in which case it will no longer be subject to the covenants governing the Notes, or we may designate additional non-majority owned entities as Restricted Subsidiaries. Failure of any non-majority owned Restricted Subsidiary to comply with the covenants, or our inability to control these companies and their business affairs and operations within the restricted group due to our minority position, could affect your investment in the Notes.

Existing and potential future defaults by special purpose vehicles and joint ventures held through minority investments pursuant to project finance debt could adversely affect us.

We attempt to finance certain of our projects and significant investments, including capital expenditures typically relating to concessions, primarily under project finance loan agreements and related documents which, except as noted below, require the loans thereon to be repaid solely from the revenue of the project being financed thereby, and provide that the repayment of the loans (and interest thereon) is secured solely by the shares, physical assets, contracts and cash flow of that project company. This type of financing is referred to herein as “project finance debt” or “project financing”. As of September 30, 2013, we had no consolidated project finance debt, as all our project finance debt was held by joint ventures held through minority investments or minority-owned entities, which are unconsolidated.

While the lenders of our project debt have limited direct recourse to the Issuer or its Restricted Subsidiaries, defaults by joint ventures held through minority investments can still have important consequences for the Issuer and for the restricted group, including, without limitation:

- reducing the restricted group’s receipt of dividends, fees, interest payments, loans and other sources of cash since the project company will typically be prohibited from distributing cash to the Issuer and its Restricted Subsidiaries during the pendency of any default;
- causing the Issuer to record a loss in the event the lender forecloses on the assets; and
- the loss or impairment of investor confidence in the consolidated group.

We proportionately consolidate the financial results of certain of our businesses, which may have an effect on the way we determine compliance with certain covenants under the Indenture.

Under IFRS as in effect on the Issue Date, we proportionately consolidate the financial results of certain of our businesses in which we hold interests ranging from 40% to 55%. On the Issue Date, these entities will be treated as Restricted Subsidiaries for purposes of the Indenture, and their results will be included in our reporting metrics on a proportionate basis based on our ownership percentage. See “—*Risks Relating to the Notes and the Structure—On the Issue Date, certain of our non-majority held businesses will be treated as Restricted Subsidiaries under the Indenture and will be subject to compliance with the covenants governing the Notes, although such entities may in the future be redesignated as non-Restricted Subsidiaries.*” Accordingly, for calculating compliance with certain covenants under the Indenture, in particular the determination of our outstanding indebtedness or our consolidated net income or consolidated EBITDA for a particular period (which are metrics used to determine, among other things, our ability to incur debt, make investments or pay dividends), the financial results of these entities will only be reflected in our calculations up to our proportionate ownership of such entities. Therefore, the actual performance of these entities will not be fully reflected in our reported financial results or the financial metrics used by us to determine covenant compliance. In addition, under the Indenture, in the event of a change to IFRS or other relevant regulation that would require us to change the way we report for these consolidated entities, we will have the ability to make a one-time election to opt to continue to consolidate these entities on the basis of the rules in effect prior to any such change, in which case our reported results and our results used to calculate our covenant compliance may differ (although we have agreed to provide a limited reconciliation to the holders of the Notes reflecting such difference).

Our subsidiaries, project companies and joint ventures face various restrictions in their ability to distribute cash to the Issuer.

Many of our subsidiaries, project companies and joint ventures and other associates are obliged, pursuant to certain financing agreements, to satisfy certain restricted payment covenants or other conditions before they may make distributions to the Issuer or its Restricted Subsidiaries. In addition, the payment of dividends or other distributions or the making of loans, advances or other payments to the Issuer or its Restricted Subsidiaries may be subject to other contractual, legal or regulatory restrictions including, such entities' governing documents. Business performance and local accounting and tax rules may limit the amount of retained earnings that may be distributed to the Issuer or its Restricted Subsidiaries as a dividend. Subsidiaries in certain jurisdictions may also be prevented from distributing funds to the Issuer or its Restricted Subsidiaries as a result of regulations restricting the repatriation of funds or the conversion of currencies. Any right that the Issuer has to receive any assets of any of its subsidiaries, project companies and joint ventures upon any liquidation, dissolution, winding-up, receivership, reorganization, bankruptcy, insolvency or other similar proceedings will be effectively subordinated to the claims of any such subsidiary's, project company's or joint venture's creditors (including trade creditors and holders of debt issued by such subsidiary, project company or joint venture).

There are circumstances other than repayment or discharge of the Notes under which any potential future guarantees may be released automatically.

On the Issue Date, none of our subsidiaries will guarantee the Notes. However, to the extent the Notes are guaranteed in the future, under certain circumstances, any potential future guarantee of any potential future guarantor may be released automatically, including:

- in connection with any sale or other disposition of all or substantially all of the assets of that potential future guarantor (including by way of merger or consolidation) to a person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition is otherwise permitted by the Indenture;
- in connection with any sale or other disposition of the capital stock of that potential future guarantor to a person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition is otherwise permitted by the Indenture and the potential future guarantor ceases to be a Restricted Subsidiary as a result of such sale or other disposition;
- if the Issuer designates any Restricted Subsidiary that is a potential future guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture; or
- in accordance with the "Amendments and Waivers" provisions of the Indenture.
- upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Notes.

We may not be able to finance a change of control offer.

Under the terms of the Notes, upon the occurrence of a "change of control" we would be required to offer to repurchase all of the Notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control.*" We may not have sufficient funds at the time of any such event to make the required repurchases.

The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered.

The Issuer may amend the economic terms and conditions of the Notes with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in “Description of the Notes—Amendment, Supplement and Waiver”, the majority required to pass an extraordinary resolution at any meeting of such Noteholders will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities to bind all holders of the Notes, including Noteholders who did not attend and vote at the meeting, and Noteholders who vote in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or to reduce the redemption price, to change the currency of payments under the relevant Notes and change the amendment provisions. These and other changes may adversely impact Noteholders’ rights and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of at least one-half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement to 75% is untested under Italian law, and may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold would be reduced from 75% to 50% for each series of the Notes.

Enforcement of the Notes and any potential future guarantees across multiple jurisdictions may be difficult.

The Notes will be issued by the Issuer, a company which is incorporated in Italy. To the extent the Notes are guaranteed in the future by one or more potential future guarantors, such potential future guarantors may be incorporated or organized under the laws of other jurisdictions.

In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. The rights of holders of the Notes under any potential future guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multijurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors’ rights. In addition, the bankruptcy, insolvency, administration and other laws of the Issuer’s jurisdiction of organization and the jurisdiction of organization of the potential future guarantors may be materially different from, or in conflict with, one another, including creditors’ rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions’ law should apply and could adversely affect the ability to realize any recovery under the Notes and any potential future guarantees.

Relevant insolvency and administrative laws may not be as favorable to creditors, including holders of the Notes, as insolvency laws of the jurisdictions with which you are familiar, and may limit your ability to enforce your rights under the Notes and any potential future guarantees.

The Issuer is incorporated in Italy and, to the extent that the Notes may become guaranteed in the future, such potential future guarantors may be incorporated or organized in Italy or in jurisdictions other than Italy. Such potential future guarantors, along with some of our subsidiaries are subject to the insolvency laws of such jurisdictions. The insolvency laws of Italy and of such other jurisdictions may not be as favorable to your interests as creditors as the bankruptcy laws of the United States or other jurisdictions with which you are familiar, including in respect of creditors’ reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to the extent exceeding the limitations arising under other insolvency laws. In the event that the Issuer or any potential future guarantors experience financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. In particular, the insolvency and other laws of Italy may be materially different from, or in conflict with, each other. The application of these laws sets uncertainty on which particular jurisdiction’s laws should apply and may adversely affect the enforceability of the obligations of the Issuer or any potential future guarantors.

Any potential future guarantees may be limited by applicable laws or subject to certain limitations or defenses that may limit its validity and enforceability.

To the extent the Notes are guaranteed, any potential future guarantors will guarantee the payment of the Notes on a senior unsecured basis, and the terms of the Notes permit, and require, guarantor subsidiaries to be added in certain circumstances. Any potential future Guarantees provide the holders of the Notes with a direct claim against the assets of the relevant potential future guarantors. Notwithstanding the foregoing, the claims of the holders of the Notes under any potential future guarantees will be effectively limited to the maximum amount that can be guaranteed by the potential future guarantors without rendering the potential future guarantees voidable or otherwise ineffective or to constitute unlawful distribution of funds under applicable laws, and enforcement of the potential future guarantees against the potential future guarantors will be subject to certain defenses available to guarantors generally and to limitations designed to ensure full compliance with statutory requirements applicable to the potential future guarantors. These laws and defenses include those that relate to fraudulent conveyance or transfer, voidable preference, unfair consideration, financial assistance, unlawful distribution of funds, corporate benefit, capital maintenance, set off or similar laws and regulations or defenses affecting the rights of creditors generally. As a result, any potential future guarantors' liability under any potential future guarantees could be materially reduced or eliminated, depending upon the amounts of their other obligations and upon applicable laws. It is possible that the potential future guarantors, a creditor of a potential future guarantor or (in the case of a bankruptcy of a potential future guarantor) a Guarantor's liquidator in bankruptcy contests the validity or enforceability of the potential future guarantees, and a court determines that the potential future guarantees should be limited or voided. In the event that a potential future guarantee is invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the potential future guarantees obligations apply, holders of the Notes may have no direct claim against a potential future guarantor or its assets and the Notes would be effectively subordinated to all liabilities of the applicable potential future guarantor.

Transfers of the Notes are restricted, which may adversely affect the liquidity and value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. Therefore you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time.

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes by U.S. holders (as defined in "*Certain Tax Considerations—U.S. Federal Income Tax Considerations*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Considerations—U.S. Federal Income Tax Considerations*."

Despite the measures taken by countries in the eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations and the overall stability of the euro, given the diverse economic and political circumstances in individual eurozone member states. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

You may be unable to recover in civil proceedings for U.S. securities laws violations.

The Issuer is organized under the laws of the Republic of Italy. It is anticipated that some or all of the directors and executive officers of the Issuer will be non-residents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or its directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable. Please see “*Service of Process and Enforcement of Judgments.*”

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of Euroclear and Clearstream to exercise any rights and remedies.

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to HSBC Bank plc, as paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See “*Book-Entry, Delivery and Form.*”

There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited.

The Notes are new securities for which there is currently no existing market. We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market. In addition, we cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which the holders of the Notes may be able to sell them. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations by securities analysts. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial price volatility. If a market for the Notes were to develop, such a market may be subject to similar disruptions. We have been informed by the Initial Purchasers that they intend to make a market for the Notes after this Offering is completed. Nevertheless, the Initial Purchasers are not obligated to do so and may cease their market-making activity at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, we cannot

assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies are expected to assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax.

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's or any future guarantor's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of:

- (a) Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of April 1, 1996; and
- (b) withholding tax operated in certain EU Member States pursuant to EC Council Directive 2003/48/EC and similar measures agreed with the European Union by certain non-EU countries and territories.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. For further details, please see "*Certain Tax Consideration*."

USE OF PROCEEDS

The gross proceeds of the Offering will be €500.0 million. After deduction of commissions and expenses, the net proceeds of the Offering will be €486.5 million. We expect to use the net proceeds of the Offering to partially repay outstanding amounts of our existing debt.

The following table sets forth the anticipated sources and uses of funds in connection with the Offering:

<u>Sources</u>	<u>€ in million</u>	<u>Uses</u>	<u>€ in million</u>
Notes offered hereby	500.0	Repayment of Term Loan Facility ⁽¹⁾	125.0
		Repayment of Forward Start Facility ⁽²⁾ . .	265.0
		Repayment of current financial debt ⁽³⁾ . .	96.5
		Estimated fees and expenses	13.5
Total sources	<u>500.0</u>	Total uses	<u>500.0</u>

- (1) On May 14, 2013, we entered into a term loan facility with a pool of Italian and international banks for an aggregate amount of €250.0 million, for general corporate purposes and, in particular, to refinance certain of our debt and to finance our capital expenditures, if necessary, on an interim basis until the issuance of the Notes offered hereby (the “**Term Loan Facility**”). As of September 30, 2013, we had €125.0 million drawn under our Term Loan Facility, which we intend to repay in full through the proceeds of the Offering. The Term Loan Facility will be cancelled following repayment.
- (2) As of September 30, 2013 we had €265.0 million drawn under our €325.0 million Forward Start Facility. We intend to use the proceeds of the Offering to repay €265.0 million drawn under our Forward Start Facility. Following the Offering, the Forward Start Facility will remain an available source of liquidity for the Group. See “*Description of Other Indebtedness—Forward Start Facility.*”
- (3) We intend to use the proceeds of the Offering to repay €96.5 million of current financial indebtedness outstanding under our credit facilities, of which €35.0 million under a committed credit facility and €61.5 million under certain uncommitted credit facilities. All such committed and uncommitted facilities will otherwise remain outstanding following the Offering.

CAPITALIZATION

The table below sets out our cash and cash equivalents, financial assets and consolidated capitalization as of September 30, 2013 on a historical basis and as adjusted to give effect to the Offering and the use of proceeds therefrom, as if such events had occurred on September 30, 2013. We have prepared the information presented in the “as adjusted” column for illustrative purposes only. Such information addresses a hypothetical situation and, therefore, does not represent our actual financial position or results. Consequently, such information may not be indicative of our total capitalization as of the date of this Offering Memorandum, or any other prior date. Investors are cautioned not to place undue reliance on this hypothetical information. The historical consolidated financial information has been derived from our 2013 Unaudited Condensed Interim Consolidated Financial Statements prepared in accordance with IFRS included elsewhere in this Offering Memorandum.

You should read the following table in conjunction with the “*Use of Proceeds*,” “*Selected Historical Consolidated Financial Information*,” “*Management’s Discussion and Analysis of Financial Condition and Result of Operations*,” “*Description of Other Indebtedness*” and our Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements and related notes thereto included elsewhere in this Offering Memorandum.

As of September 30, 2013			
	Actual	Adjustments (€ in million) (unaudited)	As adjusted
Cash and cash equivalents⁽¹⁾	307.7	—	307.7
Financial assets⁽²⁾	148.2	—	148.2
Equity Linked Notes ⁽³⁾	127.1	—	127.1
Term Loan Facility ⁽⁴⁾	125.0	(125.0)	—
Forward Start Facility ⁽⁵⁾	265.0	(265.0)	—
Other non-current financial debt ⁽⁶⁾	322.9	—	322.9
Notes offered hereby	—	500.0	500.0
Total non-current financial debt	840.0	110.0	950.0
Current portion of non-current financial debt ⁽⁷⁾	72.0	—	72.0
Other current financial debt ⁽⁸⁾	439.6	(96.5)	343.1
Total current financial debt	511.6	(96.5)	415.1
Gross financial debt⁽⁹⁾	1,351.6	13.5	1,365.1
Total shareholders’ equity⁽¹⁰⁾	603.6	—	603.6
Total capitalization	1,955.2	13.5	1,968.7

(1) Includes (i) €306.3 million of cash and cash equivalents and (ii) €1.4 million in securities held for trading.

(2) Includes (i) €21.8 million of short-term financial receivables, (ii) €16.1 million representing the current portion of non-current financial receivables relating to our concessions, (iii) non-current financial assets of €73.1 million, (iv) €2.7 million of treasury shares and (v) €34.5 million equal to €62.8 million of receivables, net of €28.3 million of financial debt, relating to our five car park concessions designated as assets held for sale. See “*Description of Other Indebtedness—Financing Related to Assets Held for Sale*”.

(3) Reflects the outstanding amount of our €130.0 million Equity Linked Notes due 2019, net of the amount of amortized costs through September 30, 2013. See “*Description of Other Indebtedness—Euro 130,000,000 4.50% Equity-Linked Notes Due January 31, 2019*.”

(4) The Term Loan Facility will be fully repaid using the proceeds of the Offering and will be cancelled following repayment. See “*Use of Proceeds*” and footnotes thereto.

(5) The amount indicated above as outstanding under the Forward Start Facility will be repaid using the proceeds of the Offering. The Forward Start Facility will thereafter remain an available source of liquidity for the Group. See “*Use of Proceeds*” and footnotes thereto.

(6) Includes the outstanding amount under (i) certain credit facilities that we use to fund our capital expenditures and concessions investments, as well as the working capital and other needs of our business (€305.6 million outstanding in the aggregate) and (ii) certain financial leasing arrangements (€17.3 million). Such financial debt will remain outstanding following the Offering. See “*Description of Other Indebtedness—Other Financing Arrangements*” and “*Description of Other Indebtedness—Other Committed Facilities*”.

- (7) Includes (i) €60.5 million attributable to the current portion of our non-current financial indebtedness (of which €0.4 million is attributable to the accrual of interest on the Equity Linked Notes) and (ii) €11.5 million attributable to the current portion of certain financial leasing arrangements. *“Description of Other Indebtedness—Other Financing Arrangements”* and *“Management Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commercial Commitments—Finance Leases”*.
- (8) Reflects outstanding amounts under certain credit facilities that we use to fund the working capital needs of our business, which will be reduced using the proceeds of the Offering. See *“Use of Proceeds”* and footnotes thereto. Such facilities will otherwise remain outstanding following the Offering. See *“Description of Other Indebtedness—Other Committed Loans”*.
- (9) Does not include (i) €1.7 million of current financial indebtedness owed to related parties, (ii) €16.1 million representing the net amounts accrued under our derivatives and (iii) €0.7 million relating to the fair value of the cash settlement option contemplated in the Equity Linked Notes. See *“Description of Other Indebtedness—Financing Related to Assets Held for Sale”*, *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure About Market Risk”* and *“Description of Other Indebtedness—Euro 130,000,000 4.50% Equity-Linked Notes Due January 31, 2019.”*
- (10) Includes €46.4 million of shareholders’ equity attributable to third parties.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth our summary consolidated financial information and other data for the periods ended and as at the dates indicated below. This summary consolidated financial information as of and for the nine months ended September 30, 2013 and 2012 and for each of the years ended December 31, 2012, 2011 and 2010 has been derived from (i) the Unaudited Condensed Interim Consolidated Financial Statements, and (ii) the Audited Consolidated Financial Statements, both included elsewhere in this Offering Memorandum.

The unaudited financial information for the twelve months ended September 30, 2013 (other than balance sheet information) has been derived by subtracting from the 2012 Audited Consolidated Financial Statements the information from the 2012 Unaudited Condensed Interim Consolidated Financial Statements and adding the information from the 2013 Unaudited Condensed Interim Consolidated Financial Statements.

The financial data below also includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as alternative measures to evaluate our performance or liquidity. See *“Presentation of Financial and Other Information and Certain Definitions.”*

The following information should be read in conjunction with, and is qualified by reference to, those statements. Please see *“Presentation of Financial and Other Information and Certain Definitions”* and *“Management’s Discussion and Analysis of Financial Condition and Results of Operations”* for further details. Our historical results do not necessarily indicate results that may be expected for any future period, and our interim results are not necessarily indicative of the results that may be expected for any other interim period or for the full financial year.

Consolidated Income Statement

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Revenue	1,931.6	2,265.3	2,325.3	1,698.4	1,659.0	2,285.9
of which with related parties ⁽³⁾	182.1	210.9	238.1	158.3	166.3	246.1
Other operating revenue	124.2	95.0	131.6	94.7	76.6	113.5
of which with related parties ⁽³⁾	5.6	3.3	5.5	4.0	2.4	3.9
Total revenue	2,055.8	2,360.3	2,456.9	1,793.1	1,735.6	2,399.4
Purchase costs	(366.9)	(458.6)	(487.6)	(351.4)	(281.2)	(417.4)
Service costs	(1,180.7)	(1,349.3)	(1,340.6)	(983.5)	(974.8)	(1,331.9)
of which with related parties ⁽³⁾	(194.7)	(149.6)	(161.1)	(114.9)	(113.8)	(160.0)
Personnel expenses	(244.1)	(262.5)	(305.4)	(223.0)	(232.2)	(314.6)
Amortization, depreciation and impairment losses	(56.8)	(51.6)	(52.6)	(35.9)	(44.4)	(61.1)
Other operating costs	(28.2)	(38.4)	(60.5)	(49.2)	(31.1)	(42.4)
of which with related parties ⁽³⁾	—	(1.4)	(0.3)	0.0	(0.1)	(0.4)
Total costs	(1,876.8)	(2,160.4)	(2,246.6)	(1,643.0)	(1,563.7)	(2,167.3)
(Capitalization of construction internal costs)	1.2	0.8	1.6	1.0	0.2	0.8
Operating profit	180.3	200.7	211.8	151.1	172.1	232.8
Financial income	33.6	44.8	78.6	42.2	78.9	115.3
of which with related parties ⁽³⁾	0.2	1.3	2.2	1.4	4.6	5.4
Financial charges	(111.7)	(120.4)	(163.7)	(94.9)	(152.7)	(221.5)
of which with related parties ⁽³⁾	(0.3)	0.0	(0.6)	(0.1)	(1.4)	(1.9)
Effect of equity accounting	0.3	0.4	3.1	2.1	5.9	6.9
Total financial area and investments	(77.8)	(75.3)	(82.0)	(50.7)	(67.9)	(99.1)
Pre-tax profit from continued operations	102.5	125.4	129.8	100.4	104.2	133.6
Tax expense	(39.0)	(53.5)	(55.9)	(40.2)	(38.6)	(54.3)
Profit (loss)—continuing operations	63.5	71.9	73.9	60.2	65.6	79.3
Profit (loss)—discontinued operations	—	—	—	—	0.1	0.1
Profit for the period	63.5	71.9	73.9	60.2	65.7	79.4
Profit attributable to the Owners of the Parent	63.1	71.2	74.1	60.4	61.4	75.1
Profit (loss) attributable to non-controlling interests	0.4	0.7	(0.2)	(0.2)	4.3	4.3

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See "Presentation of Financial and Other Information and Certain Definitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative figures as of and for the year ended December 31, 2010—Consolidated Income Statement."

(2) Restated to reflect the adoption of IAS19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See "Presentation of Financial and Other Information and Certain Definitions."

(3) Reflects the portion attributable to our construction activities operated through consortia, consortium companies, special-purpose companies and other types of joint ventures. See "Certain Relationships and Related Party Transactions."

Consolidated Statement of Financial Position

	Year ended December 31,			Nine months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012 (restated) ⁽²⁾	2013
	(€ in million)			
Property, plant and equipment	301.4	192.3	221.1	205.2
Total non-current assets	540.7	625.0	829.1	813.9
Total assets	2,958.1	3,437.6	3,748.5	4,014.0
Total equity	443.2	470.3	553.9	603.6
Total liabilities	2,514.8	2,967.3	3,194.5	3,410.4
Total equity and liabilities	2,958.1	3,437.6	3,748.5	4,014.0

- (1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See *"Presentation of Financial and Other Information and Certain Definitions"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Consolidated Statement of Financial Position"* for a reconciliation of our consolidated statements of financial position as at the year ended December 31, 2010 as restated for comparative purposes in the 2011 Audited Consolidated Financial Statements from our consolidated statement of financial position as at year ended December 31, 2010, as published in the 2010 Audited Consolidated Financial Statements, and display of the adjustments made to reconcile such data.
- (2) Restated to reflect the adoption of IAS 19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See *"Presentation of Financial and Other Information and Certain Definitions."*

Consolidated Cash Flows Statement

	Year ended December 31,			Nine months ended September 30,	
	2010 (restated) ⁽¹⁾	2011	2012	2012	2013
	(€ in million)				
Cash and cash equivalents at start of the period	468.9	415.3	456.2	456.2	400.2
Net cash flow generated by/(used in) operating activities	69.6	134.4	43.2	(56.3)	(133.7)
Cash flow generated by/(used in) investing activities . .	(64.5)	(252.0)	(264.1)	(205.8)	(112.7)
Net cash flow generated by/(used in) financing activities	(58.7)	158.6	(164.9)	178.1	152.5
Net increase/(decrease) in cash and cash equivalents	(53.7)	40.9	(56.0)	(84.0)	(93.9)
Cash and cash equivalents at the end of the period . .	415.3	456.2	400.2	372.2	306.3

- (1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See *"Presentation of Financial and Other Information and Certain Definitions"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Cash Flows."*

Revenue by business line

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Construction	1,912	2,242	2,295	1,674	1,636	2,257
Transport Infrastructures	1,542	1,907	1,970	1,463	1,334	1,841
<i>Railways and Undergrounds</i>	1,072	1,090	1,039	774	599	864
<i>Roads and Motorways</i>	410	627	685	490	566	761
<i>Ports and Airports</i>	60	190	246	199	169	216
Water and Energy Production Plants	263	137	85	65	58	78
Civil and Industrial Buildings	107	180	140	87	124	177
Plants Design and Maintenance	—	18	100	59	120	161
Concessions	20	23	30	24	23	29
Revenue	1,932	2,265	2,325	1,698	1,659	2,286

Revenue by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Italy	875.3	1,049.8	913.9	670.8	651.6	894.7
Europe (except Italy)	471.9	696.9	788.7	610.1	608.7	787.3
America	421.1	318.4	355.1	240.7	270.1	384.5
Asia (Middle East)	22.8	36.9	78.7	50.0	35.9	64.6
Africa (Algeria)	140.5	163.2	188.9	126.8	92.6	154.7
Revenue	1,931.6	2,265.3	2,325.3	1,698.4	1,659.0	2,285.9

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See "Presentation of Financial and Other Information and Certain Definitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Year Ended December 31, 2011 compared to year ended December 31, 2010 (restated)—Revenue—Geographic breakdown of our revenue."

(2) Restated to reflect the adoption of IAS 19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See "Presentation of Financial and Other Information and Certain Definitions."

Operating profit by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2010 (restated) ⁽¹⁾	2011	2012	2012 (restated) ⁽²⁾	2013	2013
	(€ in million)					
Italy	87.0	147.3	103.0	74.2	81.0	109.8
Europe (except Italy)	37.0	6.3	52.4	37.7	92.0	106.7
America	65.4	47.9	28.6	20.9	6.3	14.0
Asia (Middle East)	(24.3)	(31.0)	(21.9)	(17.1)	(4.3)	(9.1)
Africa (Algeria)	21.9	38.2	62.7	36.6	19.0	45.1
Other ⁽³⁾	(6.8)	(8.0)	(12.9)	(1.3)	(21.9)	(33.5)
Operating profit	180.3	200.7	211.8	151.1	172.1	232.8

(1) Restated to reflect the adoption of the method of proportionate consolidation of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, as opposed to the equity method of consolidation. See "Presentation of Financial and Other Information and Certain Definitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations".

- (2) Restated to reflect the adoption of IAS 19, as amended, which determined the immediate recognition in Other Consolidated Income of actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities relating to pension provisions and similar obligations to be accounted for directly in equity. See "*Presentation of Financial and Other Information and Certain Definitions.*"
- (3) Includes adjustments and other activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operation in the periods set forth below. This discussion should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. The following discussion should also be read in conjunction with "Presentation of Financial and Other Information and Certain Definitions" and "Selected Historical Consolidated Financial Information." Except for the historical information contained herein, the discussion in this section contains forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Circular, particularly under "Risk Factors" and "Forward-Looking Statements."

Overview

We are an international construction group with a strong presence and a leading position in Italy. We construct large and technologically complex infrastructures, acting primarily as EPC contractor. We also have concessions operations, where we manage and operate infrastructure assets that we typically build. We have over 90 years of experience in the construction industry, both in Italy, where in the twelve months ended September 30, 2013, we generated approximately 39.1% of our revenue, and internationally, where in the same period, we generated approximately 60.9% of our revenue. We have completed projects in over 40 countries and we are currently working on approximately 100 projects in 15 countries on five continents. Our core business is Construction, where we specialize in tunneling, excavating, constructing viaducts and other techniques that require technical expertise. Since 2005, we have strengthened our focus on our Concessions business and have developed a dual integrated construction-concession model to complement and expand our Construction business and capitalize our international presence in order to position us to more competitively bid for high-margin projects.

We have successfully grown our business over the past ten years, despite the global economic crises which have affected the markets in which we operate. During the ten years ended December 31, 2012, our revenue and EBITDA grew consistently every year, recording a compounded annual growth rate of 11.6% for revenue and of 11.5% for EBITDA. For the twelve months ended September 30, 2013, we generated €2,285.9 million of revenue and €298.3 million of EBITDA. As of September 30, 2013, our total backlog amounted to €12.7 billion (see "*Business—Backlog*"). For the period ended September 30, 2013, we had an average of 9,705 employees, with 1,364 employees in Italy and 8,341 internationally.

We operate in the following businesses: (i) Construction, which in turn is subdivided into several business lines, and (ii) Concessions.

Construction. We operate through the following business lines:

- *Transportation Infrastructures.* We act as EPC contractor through the following sub-lines: Railways and Undergrounds, Roads and Motorways, Ports and Airports.
- *Water and Energy Production Plants.* We design, construct and maintain renewable energy plants, including hydroelectric power plants and waste-to-energy plants, as well as dams, aqueducts and wastewater treatment plants.
- *Civil and Industrial Buildings.* We act as EPC contractor for civil and industrial buildings, including healthcare facilities, administrative and educational facilities, industrial plants and car parks.
- *Plant Design and Maintenance.* We design, fabricate, install, maintain and manage engineering, electrical, HVAC and other systems for projects constructed in our Transportation Infrastructures, Water and Energy Production Plants and Civil and Industrial Buildings business lines; as such this business line is complementary to our other Construction business lines.

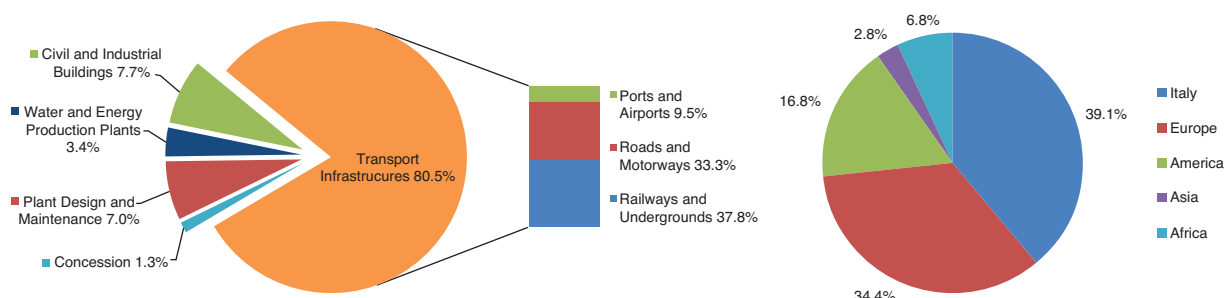
Examples of our completed landmark construction projects include, among others: the "Direttissima" Rome-Florence Railway (considered to be the first "high-speed" railway in Europe); the Rome-Naples High-Speed Railway (the first high-speed railway in the world using the technologically advanced European Train Control Level 2 safety-system); the New Milan Expo Fair (the third-largest trade fair exhibition center in the world); the Pont Ventoux Hydroelectric Power Plant (the largest mountain-

excavated hydroelectric power plant in Italy), the Inga Hydroelectric Power Plant (the largest dam in Africa), the Anatolian motorway in Turkey and the Large Electron Positron Collider in Geneva.

We are ranked, by revenue, among the top 25 European contractors (*Source: Engineering News Record—2013 Top 250 Global Contractors Lists*) and among the top international contractors in certain of the business lines in which we specialize. In Transportation Infrastructures, we are ranked 8th in subways and airports, 9th in mass transit and rail, 13th in highways, and, in Water and Energy Production Plants, we are ranked 8th in hydroelectric power plants (*Source: Engineering News Record—2012 Global Sourcebook*).

Concessions. We manage and operate a wide range of infrastructure assets, generally through long-term concession agreements. Our concessions include highways, airports, railways, healthcare facilities and other industrial projects that we typically build. This business line is complementary to our Construction business. We pursue publicly funded projects, as well as projects where guaranteed minimum fees are granted to the concessionaire. Examples of our landmark concessions projects include the New Hospital in Venice-Mestre in Italy, the Milas-Bodrum International Airport in Turkey, and the Chacayes Hydroelectric Power Plant in Chile.

The following charts present our revenue by business line and by business segment (geographical area), for the twelve months ended September 30, 2013:



We have grown and diversified our international operations over the years. In 2012, 60.7% of our revenue derived from international operations, as compared to 54.7% of our revenue in 2010 (restated). We currently operate in the following geographic areas, which also correspond to our business reporting segments: Italy, Europe (Poland, Romania, Russia and Turkey), the Americas (Canada, the United States, Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela), Africa (Algeria) and Asia (Saudi Arabia). We select the countries in which we operate based on an in-depth analysis of their political, macroeconomic and legal framework and the potential for future infrastructure investments (see “*Business—Project Phases—Selection*”).

We are currently listed on the *Mercato Telematico Azionario* of the Italian Stock Exchange (*Borsa Italiana*) and as of November 15, 2013, had a market capitalization of approximately €716.5 million.

Key Factors Affecting Our Results of Operations

Our results of operations are affected, *inter alia*, by the following factors:

Macroeconomic trends, construction activities and credit crunch

Global economic conditions and construction activities

We have extensive and growing international operations, with our largest markets outside Italy being Turkey, Poland, Romania, Russia, Algeria, the United States, Canada, Peru, Chile and Venezuela. Our revenue in markets in which we operate is affected by macroeconomic trends and economic cycles, in particular the local GDPs of such markets. The construction industry is cyclical by nature and largely dependent on investments undertaken in both the public and private sectors. These investments are particularly sensitive to general economic conditions, generally increasing in times of economic growth and decreasing during a recession. We believe that our geographic diversification has mitigated the impact of the recent challenging economic environment. Construction conditions in certain markets in which we operate, particularly in Italy, have worsened since the global financial and economic crisis began in 2008; in addition, the subsequent sovereign debt and euro crises have led to a reduction in tenders for civil engineering works. However, other markets in which we operate, such as Turkey, Russia,

Canada and Chile, have been less affected by the global financial and economic crises, and instead, experienced positive GDP growth and stable construction markets over the past three years. Our international diversification helped us continue to grow despite the recent financial crises, with our international revenue increasing from €1,056.3 million as of December 31, 2010 (restated), to €1,215.4 million as of December 31, 2011, and to €1,411.4 million as of December 31, 2012 (see “—Year ended December 31, 2011, compared to the year ended December 31, 2010 (restated)—Revenue—Geographic breakdown of our revenue”).

Italian economic conditions and austerity measures

As an Italian company with a strong domestic presence in Italy, we are significantly affected by Italian economic conditions. Our revenue (other than “other operating revenue”) from Italy represented 45.3%, 46.3% and 39.3% of our total revenue in the years ended December 31, 2010 (restated), 2011 and 2012, respectively, and 39.3% of our revenue in the nine months ended September 30, 2013 (see “—Year ended December 31, 2011 compared to the year ended December 31, 2010 (restated)—Revenue—Geographic breakdown of our revenue”). Our results of operations have been, and will continue to be, impacted by the Italian GDP. In 2010, 2011 and 2012, Italian GDP increased by 1.7%, by 0.4% and decreased by 2.4%, respectively, and is expected to further decrease by 1.8% in 2013 (Source, the International Monetary Fund).

In Italy, we depend to a significant extent on the civil engineering and infrastructure investment projects that are determined and approved by the Italian national, regional, provincial, municipal and local governments. Recent austerity measures, implemented by the Italian government to face the sovereign debt crisis, resulted in significant cuts to publicly funded projects. According to ANCE, in 2012, public spending in Italy relating to construction, engineering and infrastructure projects is estimated to have decreased by 10.6% as compared to 2011. As of September 30, 2013, and as of December 31, 2012, our revenue from Italy decreased by 2.9% as compared to September 30, 2012, and 12.9% as compared to December 31, 2011, respectively, while our revenue from Italy had increased from 2010 (restated) to 2011 by 19.9% (see “—Key Factors affecting the Comparability of our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Revenue.”).

The Italian government has recently implemented a stimulus package that we expect will benefit our business. In particular, Law Decree No. 35 of April 8, 2013, unblocked state funds to repay creditors, including us, for outstanding debt incurred for investment purposes, including infrastructure projects. We expect that this will benefit us because it will allow us to reduce our cost of receivables and free up resources. In addition, the recent Law Decree No. 69 of June 21, 2013, also known as “Decreto del Fare”, initiated various tax incentives and established a special fund to increase spending on infrastructure and civil engineering projects.

Credit crunch and availability of financing resources

The negative global macroeconomic trends also resulted in a credit crunch and a subsequent reduction in bank financing, which decreased funding for private and public projects. As a result, we decided to increase our liquidity by diversifying the funding sources for our capital expenditures and working capital needs. In January 2013, we successfully tapped the capital markets through the issuance of €130.0 million of Equity Linked Notes, having a six-year maturity and bearing interest at an annual rate of 4.50%. This allowed us to reduce our exposure to, and dependence on, bank financing, and extend the maturity of our medium- to long- term indebtedness. In the years 2010 (restated), 2011 and 2012, we had a total of medium- to long-term bank financing of €588.8 million, €649.5 million and €696.4 million, with an average maturity of 3 years. The Equity Linked Notes, together with the issuance of the Notes offered hereby, will allow us to reduce our bank debt by 50% and extend from 2016 to 2018 the average maturity of approximately 80% of our overall indebtedness.

Pricing of our key contracts and impact of inflation rates

One of the factors affecting our margin, in addition to the structure of our cost base, is our ability to correctly price our key contracts.

Construction

Approximately 73% of our revenue for the twelve months ended September 30, 2013 derived from fixed-price multi-year contracts, as compared to 67%, 59% and 55% for the years ended December 31, 2012,

2011 and 2010, respectively. Pursuant to such contracts, we agree to perform all of the works required to complete the project for a pre-determined amount. The remaining portion of our Construction projects are variable-price contracts in which the price is based upon (i) actual costs incurred for labor, time and materials, or (ii) variable quantities of work priced at unit rates. Variable-price contracts generally bear less risk than fixed-price contracts because the customer retains the risk of increased costs. Although fixed-price contracts involve greater risk, they also are potentially more profitable because the customer may pay a premium to transfer certain risks to the contractor.

Our estimated margins for such contracts are typically determined based on the costs and availability of, amongst others, raw materials, labor, subcontractors and energy, each of which may fluctuate during the period of the contract. In particular, prices for raw materials, such as oil, concrete and steel, are subject to volatility due to unforeseen events, such as, *inter alia*, the supply and demand of such raw materials, capacity constraints, general economic conditions, commodity price fluctuations (particularly of oil), the availability of complementary and substitute materials, and local and national regulatory requirements. To mitigate these effects, our contracts generally include provisions to cover inflation risk and the risk of fluctuations in the prices of raw materials and commodities. Furthermore, at the time of bidding, we enter into framework agreements with our suppliers for the main raw materials that we use. In addition, we have centralized procurement activities and access to a wide range of suppliers, and therefore, do not depend on any single one of them. For certain raw materials in Italy (such as steel and its derivatives, bitumen, cement and copper), Legislative Decree No. 163 of April 12, 2006 allows construction companies to recover material price increases higher than 10% on the basis of a mechanism determined through ministerial decree on a yearly basis.

If we find that any such price fluctuations are directly or indirectly attributable to our customer, we generally attempt to negotiate higher contract prices, indemnities or reimbursements through a process to recover such increased costs. However, quantification and recognition of such claims involve complex procedures and negotiations that may require proceedings before a court or an arbitral panel. See also “*Business—Contracts*”.

Concessions

Our concessions contracts generally include a guaranteed minimum fee for each project which, on average, amounts to over 70% of the total budgeted revenue or a take-or-pay mechanism (*i.e.*, a contractual arrangement whereby the final customer either pays for our works or services or pays a penalty). Generally, our concession contracts also provide for an automatic adjustment mechanism for tariffs to reflect the rate of inflation, based on the relevant national consumer price index, although each contract has specific price adjustment mechanisms.

While the applicable rate of inflation typically sets the ceiling for our tariff increases, our depreciation and amortization expenses (which include capitalized interest) and finance costs are relatively stable given we depreciate and amortize on a straight line basis. Furthermore, a significant portion of our indebtedness is effectively hedged or bears interest at fixed rates. As a result, while our concessions revenue is substantially linked to inflation, pursuant to the relevant concession agreements, higher inflation rates could often result in higher operating margins for us as a result of our relatively stable costs.

Concessions business expansion, investments and growing backlog

Since 2005, we have increased our focus on Concessions business through significant investments. We define Concession investments as the contributions through equity that we inject into our concessionaires and subordinated loans and other quasi-equity instruments that we make into our concessionaires that we do not consolidate fully or proportionally. Over the last three years, our Concessions investments have significantly increased, from €120 million as of December 31, 2010, to €387 million as of December 31, 2011 and to €496 million as of December 31, 2012. See “—*Concessions Investments*” and “—*Contractual Obligations and Commercial Commitments*.” Pursuant to our strategy with respect to Concessions, we plan to manage our concession portfolio by continually reviewing its life cycle in order to capture opportunities to monetize it, pursuing refinancing options to extract equity, strategic or financial partnerships or outright sales of assets. We believe that this strategy will, among other things, generate cash flows that we can then use to invest in new projects or repay our debt.

We generally finance our Concessions projects through non-recourse project finance, occasionally through project debt, if the specificities of the transaction do not justify the use of project finance, or through short-term bridge loans to cover preliminary activities until financial closing of the project finance is reached. See *“Business—Project Phases—Financing.”*

Our Concessions backlog increase over the periods under review reflects our increased focus on strengthening the indirect contribution made by our Concessions projects to our overall revenue and as such, is one of the factors affecting our results of operations. As of September 30, 2013, 46% of our backlog was represented by our Concessions business line, as compared to 31.1% as of December 31, 2012, 27.2% as of December 31, 2011 and 30.6% as of December 31, 2010. As of September 30, 2013, the average remaining life of our concessions and concession agreements was approximately 30 years. We believe that the average life of our concessions and concession agreements is a significant indicator of our forecasted financial results and the growth of our business. Our concession backlog has grown significantly on a year-on-year basis, and we believe that the concession component of the projects in which we are currently involved will begin to significantly contribute to our results beginning in 2016, when the construction phase of our most important contracts will have been completed and the projects will be in operation and generating fees.

We believe that the integration of our Concessions and Construction activities, pursuant to our dual integrated model, may help increase our revenue and overall profitability. In particular, we believe that such dual-integrated projects offer higher than average margins due primarily to limited competition at the bidding level.

Construction capital expenditures

Our Construction business, by its nature, has significant capital expenditures requirements. Our capital expenditures requirements consist mainly of technical investments in property, plant and equipment required to start up our construction activities, such as logistical infrastructure at the construction site, as well as machinery and equipment. We also consider as construction capital expenditures the amounts we spend to acquire the goodwill and contractual rights associated with the businesses that we may acquire control of and consolidate. We generally operate our Construction activities through entities incorporated to engage in a single project or entities holding one or more investments in entities incorporated to engage in a single project. We finance these construction projects primarily through limited equity capital or short-term debt, guaranteed by the Issuer or the entity holding the investment (i.e., recourse debt). Therefore, our new assets under construction are generally highly leveraged. Over the last few years, our capital expenditures significantly increased in absolute terms, largely due to our increased business activity, but remained substantially stable as a percentage of revenue. See *“—Constructions Capital Expenditures.”*

Effect of Delays in Payments by Customers and Recent Amendment to our Principal Financial Agreements

As of September 30, 2013, our Management determined that a group of five of our large customers might not pay obligations which were budgeted to be collected in 2013 to amount to approximately €230 million. Importantly, due to our revenue recognition rules, the revenue relating to the contracts has already been recognized in our income statement. Management believes that these payments will be paid in the future but has permitted extended payment terms in light of our relationship with the customers and the economically adverse conditions. As a result, we have not made any provision or recorded other financial charge to our income statement with respect to these delayed customer payment obligations. In large part due to the delay in these customer payment obligations and also as a result of the current financial conditions, we requested, and obtained from our lenders, an amendment of certain of the financial covenants of our principal financing agreements for the purposes of the period ending December 31, 2013. See *“Risk Factors—Risk Factors relating to our business and industry—General Risks—We are exposed to counterparty risks and may incur losses because of such exposure which may adversely affect our business, financial condition and results of operation”* and *“Description of Other Indebtedness.”*

In addition, we have a number of projects in Venezuela, the largest of which is known as Puerto Cabello-La Encrucijada. We have been affected by the Venezuelan government’s delay in payments and the customer is late in its payment obligations. The amount of outstanding trade receivables towards the Venezuelan Government was €303 million (net of €18 million of contract advances) as of September 30,

2013, which have been certified by our customer. Although this means that the works, and the relevant payment obligations, have been approved and recognized by the customer, such certification is not an assurance for the actual payment. We determined at the end of 2012 to slow down the progress in these projects. Management believes that these payments will be made in the future and, as a result, we have not made any provision or recorded other financial charge to our income statement with respect to these delayed customer payment obligations. In addition, our backlog relating to this project is equal to approximately €1,000 million and we have not deducted any amount from our backlog as of September 30, 2013. The non-payment of the payment obligations or reduction in backlog resulting from these projects in Venezuela could have a material adverse effect on our business, financial condition and results of operations. See *“Risk Factors—Risk Factors relating to our business and industry—General Risks—Our international operations expose us to risks inherent to international business, any of which could affect our results of operations.”*

Currency fluctuations

We generate a significant portion of our revenue in foreign markets and prepare our consolidated financial statements in euro. As a result, fluctuations in foreign currencies relative to the euro impact our results of operations. However, as most of our transactions with suppliers, subcontractors and other third parties are denominated in the same currency as we invoice our customers, our core operations are only marginally affected by such transactional currency issues. For the nine months ended September 30, 2013, approximately 58.2% of our revenue was denominated in euro, approximately 15.4% U.S. dollar, 6.0% in Polish zloty and the remaining in other currencies. We also perform hedging derivatives transactions for specific foreign orders to mitigate the effect of exchange rate fluctuations on the related costs or revenue in foreign currency. Hedging is performed by the use of forward plain vanilla derivatives, zero cost cylinders and cross-currency swaps. When, in connection with specific foreign currencies, especially those of emerging countries, financial markets do not allow for mitigation of the currency risk through derivatives, we tend to protect the imbalance in local currency between trade receivables and payables through financial indebtedness in the same currency.

In addition, we are exposed to foreign exchange translation risk with respect to certain of our subsidiaries that keep their accounts in currencies other than the euro. The contribution of these subsidiaries to our financial statements is affected by the exchange rate between their reporting currency and the euro. Indeed changes in foreign currency exchange rates can potentially affect the value of our foreign assets, revenue, liabilities and cost when translated and reported in euro. In general, we do not necessarily hedge against the translational effect of foreign exchange fluctuations in our financial statements. See *“Risk Factors—Fluctuations in currency exchange rates may adversely affect our financial condition and results of operations.”*

As of September 30, 2013, we had no derivatives on currency fluctuations.

Interest rate fluctuations

We incur significant indebtedness during the course of our operations and the cost of financing our business is a significant expenditure. Our interest charges depend on the financing terms established at the beginning of a transaction and subsequent fluctuations in interest rates.

As of December 31, 2012, approximately 50% of our gross debt is floating rate, based on EURIBOR plus a margin. We are, therefore, exposed to risks associated with interest rate fluctuations. Fluctuations in interest rates can affect the market value of our financial assets and liabilities and the level of our net financial charges. To mitigate the interest rate risk, we primarily use interest rate swaps and interest rate options which, in exchange for a fee, protect against interest rate risk.

We enter into derivative non-speculative contracts (plain vanilla transactions, *i.e.*, interest rate swaps and collars) with leading Italian and foreign banks for the purpose of hedging interest rate risk and achieving an effective mix of fix-to-float ratio in line with planned targets. As of September 30, 2013, the notional value of our derivative instruments, on a consolidated basis, totaled €415.8 million.

Seasonality

Some of our projects in certain areas of the world are subject to seasonal fluctuations, which have an impact on our interim results. In particular, our Construction business is affected by unfavorable winter weather conditions in Central and Eastern Europe and North America, which translates into reduced

construction volumes, and thereby lower revenue. However, since we have projects in both hemispheres of the world, the effects of seasonal and weather conditions on our construction volumes and revenue of one hemisphere in most cases are compensated by the construction works we perform in the other hemisphere. Similarly, our Concessions business is affected by seasonal fluctuations, such as: (i) the limited operations of the Milas-Bodrum International Airport in Turkey during winter, since it is mainly a summer tourist destination airport and (ii) lower production volumes from the operation of the Chacayes Hydroelectric Power Plant in Chile from May to September of each year, due to the fact that our fees are based on the power generated and water flows are lower from May to September, which translates into lower power.

Since we work on long-term projects, we are able to anticipate the seasonality in the country where we will operate and we are therefore able to plan and schedule our works accordingly, in agreement with our customers.

Key Factors Affecting the Comparability of Our Results of Operations

Restatement of Comparative Figures as of and for the Year Ended December 31, 2012 and the Nine Months Ended September 30, 2012

Following the application, from January 1, 2013, with retrospective effect, of the new version of “IAS 19R—Employee Benefits,” the Group’s statement of financial position as of December 31, 2012 and its income statement for the nine months ended September 30, 2012 have been restated solely for comparative purposes. The most significant change regards the immediate recognition in Other Comprehensive Income of all actuarial gains/losses, which we do not illustrate in this Offering Memorandum (see the notes forming part of our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements). The new version of the accounting standard also determined a change in the accounting treatment of past service costs which can no longer be deferred and must be immediately recognized. For comparability purposes, the discussion of our results of operations in this section is presented to reflect such change.

Restatement of Comparative Figures as of and for the Year ended December 31, 2010

Following the adoption of the method of proportionate consolidation (as opposed to the equity method of consolidation) of jointly controlled entities pursuant to IAS 31, as amended, beginning from the financial statements as of and for the year ended December 31, 2011, we have restated our 2010 consolidated income statement, our consolidated statement of comprehensive income, our consolidated statement of financial position and our consolidated statements of cash flows. While such change does not have any impact on our 2010 economic results and total equity, we believe that it is helpful in understanding and comparing our financial position and results of operations as of and for the year ended December 31, 2010. Such choice reflects the Group’s decision to favor the participation to bids for infrastructure construction works to be carried out through general contracting services by means of joint ventures established with our industrial partners, where both risks and benefits are allocated among shareholders on the basis of their interest in the joint venture. In order to facilitate the comparison of our results of operations, our consolidated financial statements as of and for the year ended December 31, 2011 include comparative financial information for the year ended December 31, 2010 based on our new consolidation method. Accordingly, the discussion of our results of operations for the fiscal year ended December 31, 2011 in this section is presented on the basis of the restated financial information for comparability purposes.

The tables below set forth a reconciliation of certain of our results of operations for the year ended December 31, 2010 as restated for comparative purposes in the 2011 Audited Consolidated Financial Statements from our results of operations for the year ended December 31, 2010 as published in the 2010 Audited Consolidated Financial Statements, and display the adjustments made to reconcile such data.

Consolidated Income Statement

	Year ended December 31, 2010		
	A	B Adjustments (€ in million)	C = A+B Restated
Revenue	1,919.0	12.6	1,931.6
<i>of which with related parties</i>	182.1	—	182.1
Other operating revenue	125.8	(1.6)	124.2
<i>of which with related parties</i>	9.9	(4.4)	5.6
Total revenue	2,044.8	11.0	2,055.8
Purchase costs	(336.3)	(30.6)	(366.9)
Service costs	(1,215.9)	35.2	(1,180.7)
<i>of which with related parties</i>	(310.0)	115.3	(194.7)
Personnel expenses	(236.6)	(7.5)	(244.1)
Amortization, depreciation and impairment losses	(56.1)	(0.7)	(56.8)
Other operating costs	(27.5)	(0.8)	(28.2)
<i>of which with related parties</i>	—	—	—
Total costs	(1,872.4)	(4.4)	(1,876.8)
(Capitalization of internal construction costs)	1.2	—	1.2
Operating profit	173.6	6.7	180.3
Financial income	26.0	7.6	33.6
<i>of which with related parties</i>	0.6	(0.4)	0.2
Financial charges	(103.7)	(8.0)	(111.7)
<i>of which with related parties</i>	(0.3)	—	(0.3)
Effect of equity accounting	4.4	(4.2)	0.3
Total financial area and investments	(73.3)	(4.5)	(77.8)
Pre-tax profit	100.3	2.2	102.5
Tax expense	(36.8)	(2.2)	(39.0)
Profit for the year	63.5	—	63.5
Profit attributable to the owners of the parent	63.1	—	63.1
Profit (loss) attributable to non-controlling interests	0.4	—	0.4

Revenue

	Year ended December 31, 2010		
	A	B Adjustments (€ in million)	C = A+B Restated
Revenue from sales and services	275.3	100.0	375.2
Changes in contract work in progress	1,643.7	(87.3)	1,556.4
Revenue	1,919.0	12.6	1,931.6

Geographic breakdown of our revenue

	Year ended December 31, 2010		
	A	B Adjustments (€ in million)	C = A+B Restated
Italy	860.1	15.2	875.3
Europe (except Italy) ⁽¹⁾	474.5	(2.6)	471.9
America ⁽²⁾	421.1	—	421.1
Asia (Middle East) ⁽³⁾	22.8	—	22.8
Africa (Algeria) ⁽⁴⁾	140.5	—	140.5
Revenue	1,919.0	12.6	1,931.6

(1) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

- (2) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru, and Venezuela).
- (3) Asia includes Saudi Arabia and Oman.
- (4) Africa includes Algeria.

Other Operating Revenue

Year ended December 31, 2010			
	A	B Adjustments (€ in million)	C = A+B Restated
Revenue from the sale of goods	41.1	0.2	41.3
Services to third parties	35.0	(1.0)	33.9
Services and activities to manage joint projects	2.8	(0.1)	2.6
Rent and lease receivable	4.0	(1.2)	2.7
Grants related to income	—	0.1	0.1
Net gains from disposal of property, plant and equipment	2.2	0.0	2.2
Other	40.8	0.6	41.4
Total	125.8	(1.6)	124.2

Purchase Costs

Year ended December 31, 2010			
	A	B Adjustments (€ in million)	C = A+B Restated
Purchase costs	(327.9)	(35.0)	(362.9)
Changes in inventories of raw materials, supplies, consumables and goods	(8.5)	4.4	(4.0)
Total	(336.3)	(30.6)	(366.9)

Service Costs

Year ended December 31, 2010			
	A	B Adjustments (€ in million)	C = A+B Restated
Consortium costs	(317.4)	115.8	(201.7)
Subcontracts and other services	(715.7)	(61.5)	(777.2)
Technical, administrative and legal consulting	(68.6)	(5.9)	(74.5)
Remuneration of directors and statutory auditors	(4.1)	(0.1)	(4.2)
Utilities	(11.4)	(0.6)	(12.0)
Travel and transfers	(4.7)	(0.0)	(4.7)
Insurance	(17.1)	(0.3)	(17.3)
Rentals and other costs	(47.4)	(9.6)	(57.0)
Rent and condominium expenses	(7.4)	(0.4)	(7.8)
Maintenance costs for leased assets	(0.7)	(0.0)	(0.8)
Other	(21.4)	(2.2)	(23.5)
Total	(1,215.9)	35.2	(1,180.7)

Personnel Expenses

Year ended December 31, 2010			
	A	B Adjustments (€ in million)	C = A+B Restated
Wages and salaries	(156.5)	(5.2)	(161.6)
Social security charges	(36.3)	(1.3)	(37.7)
Other costs	(41.1)	(1.0)	(42.1)
Other post-employment benefits	(1.1)	(0.1)	(1.2)
Cost of share-based payments	(1.5)	—	(1.5)
Total	(236.6)	(7.5)	(244.1)

Amortization, depreciation and impairment losses

Year ended December 31, 2010			
	A	B Adjustments (€ in million)	C = A+B Restated
Amortization of intangible assets	(1.1)	(0.0)	(1.1)
Depreciation of property, plant and equipment and investment property	(51.1)	(0.7)	(51.8)
Other impairment losses of non-current assets	(3.9)	—	(3.9)
Total	(56.1)	(0.7)	(56.8)

Other operating costs

Year ended December 31, 2010			
	A	B Adjustments (€ in million)	C = A+B Restated
Provisions for risks and charges	(0.7)	(0.1)	(0.8)
Reversal of fair value adjustments	(2.7)	(0.1)	(2.8)
Revenue charges	(7.4)	(0.2)	(7.6)
Other administrative and sundry costs	(16.6)	(0.4)	(17.0)
Total	(27.5)	(0.8)	(28.2)

Operating Profit

Year ended December 31, 2010			
	A	B Adjustments (€ in million)	C = A+B Restated
Operating profit	173.6	6.7	180.3
Total	173.6	6.7	180.3

Geographic breakdown of operating profit

	Year ended December 31, 2010		
	A	B	C = A+B
		Adjustments	Restated
	(€ in million)		
Italy	84.2	2.8	87.0
Europe (except Italy) ⁽¹⁾	33.1	3.9	37.0
America ⁽²⁾	65.4	—	65.4
Asia (Middle East) ⁽³⁾	(24.3)	—	(24.3)
Africa (Algeria) ⁽⁴⁾	22.0	—	22.0
Adjustments ⁽⁵⁾	(6.7)	—	(6.7)
Operating profit	173.6	6.7	180.3

(1) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

(2) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela).

(3) Asia includes Saudi Arabia and Oman.

(4) Africa includes Algeria.

(5) Includes adjustments, settlements and other.

Financial Income

	Year ended December 31, 2010		
	A	B	C = A+B
		Adjustments	Restated
	(€ in million)		
Income from associates	0.9	—	0.9
Income from other investees	0.1	0.0	0.1
Bank interest income and fees	1.9	0.3	2.2
Sureties fees	0.6	—	0.6
Exchange rate gains	14.8	4.8	19.6
Income on derivatives	2.2	—	2.2
Interest income on financial receivables from concessions	3.5	2.4	5.9
Other financial income	1.9	0.2	2.1
Total	26.0	7.6	33.6

Financial Charges

	Year ended December 31, 2010		
	A	B	C = A+B
		Adjustments	Restated
	(€ in million)		
Sureties fees	(18.6)	(0.2)	(18.8)
Bank interest expense and fees	(27.7)	(3.0)	(30.7)
Exchange rate losses	(24.6)	(4.5)	(29.1)
Losses on derivatives	(15.7)	—	(15.7)
Financial charges on leases	(0.7)	(0.0)	(0.7)
Other financial charges	(16.0)	(0.2)	(16.3)
Total	(103.3)	(8.0)	(111.3)
Impairment losses on investments	(0.0)	—	(0.0)
Impairment losses on securities and receivables	(0.4)	—	(0.4)
Total	(0.4)	—	(0.4)
Total financial charges	(103.7)	(8.0)	(111.7)

Effects of Equity Accounting

	Year ended December 31, 2010		
	A	B	C = A+B
		Adjustments (€ in million)	Restated
Effects of equity accounting	4.4	(4.2)	0.2

Tax Expense

	Year ended December 31, 2010		
	A	B	C = A+B
		Adjustments (€ in million)	Restated
Current income taxes	(28.5)	(1.1)	(29.6)
Deferred income taxes	(3.0)	(0.6)	(3.6)
Current tax IRAP	(6.8)	(0.2)	(7.0)
Deferred tax IRAP	(0.4)	(0.1)	(0.5)
Substitute and other tax	1.9	0.2	1.7
Total	(36.8)	(2.2)	(39.0)

Net Working Capital

The following table sets forth a reconciliation of our net working capital for the year ended December 31, 2010, as restated for comparative purposes in the financial statements as of and for the year ended December 31, 2011, from our net working capital for the year ended December 31, 2010, as published, and displays the adjustments made to reconcile such data:

	Year ended December 31, 2010		
	A	B	C = A+B
		Adjustments (€ in million)	Restated
Inventories	86.5	7.2	93.6
Contract work in progress	845.9	—	845.9
Trade receivables	617.8	6.5	624.4
Other assets	210.3	3.4	213.7
Tax assets	90.4	11.1	101.5
Payables due to customers	(326.4)	(12.1)	(338.5)
Subtotal	1,524.5	16.1	1,540.6
Trade payables and payables due to suppliers	793.0	33.6	826.6
Other liabilities	306.0	(102.8)	203.2
Subtotal	1,099.0	(69.2)	1,029.8
Net working capital	425.5	85.3	510.8

Net Financial Position

The following table sets forth a reconciliation of our net financial position for the year ended December 31, 2010, as restated for comparative purposes in the financial statements as of and for the

year ended December 31, 2011, from our net financial position for the year ended December 31, 2010, as published, and displays the adjustments made to reconcile such data:

	Year ended December 31, 2010		
	A	B Adjustments (€ in million)	C = A + B Restated
Cash and cash equivalents	(391.5)	(23.7)	(415.3)
Securities held for trading	(5.0)	—	(5.0)
Liquid Assets	(396.5)	(23.7)	(420.2)
Short-term financial receivables	(38.9)	18.5	(20.4)
Current share of rights to receivables arising from concessions	—	(1.9)	(1.9)
Current financial receivables	(38.9)	16.6	(22.3)
Current bank loans and borrowings	220.6	5.5	226.1
Current share of non-current debt	90.6	2.9	93.5
Other current financial payables	11.1	0.2	11.3
Current financial debt	322.3	8.6	330.9
Net current financial debt	(113.1)	1.5	(111.6)
Non-current bank loans and borrowings	558.8	30.0	588.8
Other non-current payables	3.2	0.3	3.4
Non-current financial debt	561.9	30.3	592.2
Net financial debt—Continuing operations	448.8	31.8	480.6
Non-current financial receivables	—	(16.1)	(16.1)
<i>Of which with related parties</i>	—	(14.4)	(14.4)
Non-current share of rights to receivables arising from concessions	(60.4)	(37.6)	(97.9)
Non-current financial receivables	(60.4)	(53.7)	(114.0)
Total financial debt	388.5	(21.9)	366.6
Treasury shares	4.2	—	4.2
Net Financial Position	384.3	(21.9)	362.3

Other Financial Information

The following table sets forth a reconciliation of our EBITDA, EBIT, Net Financial Debt, Total Financial Debt, Construction Capital Expenditures, Concessions Investments and Interest Expense for the year ended December 31, 2010 as restated for comparative purposes in the financial statements as of and for the year ended December 31, 2011 from our EBITDA, EBIT, Net Financial Debt and Total Financial Debt for the year ended December 31, 2010 as published, and displays the adjustments made to reconcile such data:

	Year ended December 31, 2010		
	A	B Adjustments (€ in million)	C = A+B Restated
EBITDA	229.2	7.4	236.6
EBIT	173.6	6.7	180.3
Gross Financial Debt	884.2	38.9	923.1
Net Debt	487.7	15.1	502.8
Net Financial Position	384.2	(21.9)	362.3
Construction Capital Expenditure	(26.3)	(0.7)	(27.0)
Concessions Investments⁽¹⁾	(29.7)	(5.5)	(35.2)

(1) Represents cash flow from Concessions investments.

Consolidated Statement of Financial Position

The following table sets forth a reconciliation of our consolidated statement of financial position as at the year ended December 31, 2010 as restated for comparative purposes in the financial statements as at the year ended December 31, 2011 from our consolidated statement of financial position as at the year ended December 31, 2010 as published, and displays the adjustments made to reconcile such data:

	Year ended December 31, 2010		
	A	B Adjustments (€ in million)	C = A+B Restated
Property, plant and equipment	298.7	2.7	301.4
Total non-current assets	512.1	28.6	540.7
Total assets	2,870.1	88.0	2,958.1
Total equity	443.2	—	443.2
Total liabilities	2,426.8	88.0	2,514.8
Total equity and liabilities	2,870.1	88.0	2,958.1

Cash Flows

The following table sets forth a reconciliation of Cash flows for the year ended December 31, 2010, as restated for comparative purposes in the financial statements of our Cash flows for the year ended December 31, 2010, as published, and displays the adjustments made to reconcile such data:

	Year ended December 31, 2010		
	A	B Adjustments (€ in million)	C = A+B Restated
Cash and cash equivalents at start of the period	444.1	24.8	468.9
Net result for the period	63.5	—	63.5
Adjustments to reconcile consolidated after-tax profit to net cash generated by operating activities	58.6	5.7	64.3
Changes in working capital	(39.0)	(19.2)	(58.2)
Net cash flow generated by/(used in) operating activities	83.1	(13.5)	69.6
Cash flow generated/(used in) investing activities	(60.7)	(3.8)	(64.5)
Of which			
Total Construction capital expenditures	(26.3)	(0.7)	(27.0)
Other cash flows generated/(used in) construction investing activities	(4.7)	2.4	(2.3)
Concessions	(29.7)	(5.5)	(35.2)
Net cash flow generated by/(used in) financing activities	(74.9)	16.2	(58.7)
Net increase/(decrease) in cash and cash equivalents	(52.6)	(1.1)	(53.7)
Cash and cash equivalents at the end of the period	391.5	23.8	415.3

Construction Capital Expenditures

	Year ended December 31, 2010		
	A	B Adjustments (€ million)	C = A+B Restated
Net Investment in intangible assets	0.9	(0.6)	0.3
Investment in property, plant and equipment	25.4	1.3	26.7
Total construction capital expenditures	26.3	0.7	27.0

Introduction of IFRS 11—Joint Arrangements

In May 2011, the International Accounting Standard Board issued new accounting standard IFRS 11 which replaces IAS 31. Adoption of IFRS 11 will be mandatory for accounting periods beginning on or after 1 January 2014.

IAS 31 permitted us to consolidate all of our joint ventures proportionally. IFRS 11 now requires that a party to a joint arrangement determine the nature of the agreement in which that party is involved by evaluating its rights and obligations thereunder. A joint arrangement is an arrangement where the decisions about activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. IFRS 11 requires that joint arrangements be classified as one of two types:

- a) *joint operations*: joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement;
- b) *joint ventures*: joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In determining the type of arrangement in which it is involved, an entity must identify the rights and obligations arising under the arrangement, taking into consideration its structure and legal form, the contractual terms and conditions agreed by the parties and, if applicable, any other facts and circumstances.

The accounting treatment required by IFRS 11 for joint operations is the prorated recognition of assets, liabilities, revenue and costs arising under the arrangement to be measured in accordance with the relevant standards. The accounting treatment required by the new standard for joint ventures, on the other hand, is based on the equity method.

We are in the process of evaluating what, if any, effects will derive on our consolidated balance sheet and income statement from the application of IFRS 11, also in light of expected pronouncements from regulatory and technical bodies.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with IFRS as endorsed by the European Union (“**IFRS-EU**”). The preparation of our consolidated financial statements in accordance with IFRS-EU requires us to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. We reevaluate our estimate on an ongoing basis and base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the value of such assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions. In particular, items where we have applied significant judgment and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within our next financial year are discussed below.

The foregoing assumptions and estimates are based on facts, circumstances and trends at the end of each reporting period. As of the date of this Offering Memorandum, we do not expect any material change in the underlying assumptions and estimates.

Construction contracts work in progress

Contract work in progress is recognized in accordance with the percentage of completion method, calculated by applying the cost-to-cost criterion. This measurement reflects the best estimate of works performed at the reporting date. The assumptions, and underlying measurements, are periodically updated. Any income statement effects deriving therefrom are accounted for in the year in which such update is made. Contract work in progress is presented net of any allowance for impairment and/or losses on contracts, as well as net of any advances for the contract in progress. In this respect, invoiced amounts relating to individual progress reports (advances) reduce the gross contract amount, if the latter is higher, and any surplus is recognized 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 simply represent financial events, these transactions are always recognized among liabilities insofar as advances received do not represent consideration for works carried out.

However, such advances are progressively decreased, usually by virtue of contract agreements, to offset invoicing of the contract.

Construction contract revenue includes contract amounts agreed, changes in works, price reviews and incentives, to the extent to which these are likely to be reliable, with application of the conditions set forth in IAS 11 “construction contracts”. Construction contract costs include 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. In addition, contract costs include financial charges, as allowed by the amendment to IAS 11 in connection with the IAS 23, resulting from financing specifically referred to works carried out. Indeed, during the call for tenders, specific terms of payment are defined on the basis of legal conditions that require the Group to perform structured financing transactions on the contract’s invested capital, the relative charges have an impact on the calculation of contract fees.

In the event that completion of a contract may generate a loss, this is entirely recorded in the financial year when reasonably expected. When the outcome of a long-term contract cannot be reasonably estimated, the amount of work in progress is calculated on the basis of costs incurred, assuming there is a reasonable expectation that such costs will be recovered without recognition of the margin. When favorable or unfavorable events attributable to situations existing at the reporting date occur after such date, the amounts recognized in the financial statements are adjusted to reflect the consequent income statement and statement of financial position effects.

With reference to the allowance for losses on contracts, if such allowance exceeds the contract amount recognized among assets, such excess is recorded under “Payables to customers.” Such analyses are carried out on a contract-by-contract basis: in the event that differential is positive (due to work in progress being greater than the amount of advances), such amount is classified among assets under “Receivables from customers,” on the other hand, in case this differential is negative, the amount is classified among liabilities, under “Payables to customers.”

Agreements for concession activities

Agreements for concession activities, in which the authority granting the concession is an entity of the public sector and the concessionaire is an entity of the private sector, fall under the application of IFRIC 12 if the following conditions occur: (i) the authority granting the concession controls or regulates the services that the concessionaire must provide with the infrastructure, to whom it must supply them and at what price; (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.

In accordance with IFRIC 12, the right to use the infrastructure (asset under concession) to supply the service is not recorded under property, plant and equipment but as: (i) financial asset, when there is an unconditional right of the concessionaire to receive a payment regardless of the actual use of the infrastructure; (ii) an intangible asset, when there is a right to charge the users for the use of the public service; (iii) as both an intangible asset and a financial asset (so-called “mixed method”) when the concessionaire is paid for the construction of the infrastructure in a combination of both the above forms. In this case the intangible asset is calculated as the difference between the fair value of the investment made and the amount of the financial asset obtained by the discounting of cash flows deriving from the minimum guaranteed amount.

With respect to the measurement of the current amount of the minimum guaranteed amounts, the discount rates that we apply for concession agreements incorporate both the time value component and the counterparty risk. The current amount measured in this way (fair value of minimum guaranteed amount) is then compared with the fair value of the construction service and, when higher, is entirely recorded at the current amount under financial assets and subsequently measured at amortized cost; when lower, the difference is recorded under intangible assets. The intangible asset is then amortized over the duration of the concession in accordance with the provisions of IAS 38. Please refer to our financial statements for further details on the concessions for which we apply IFRIC 12.

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accrued depreciation and any impairment losses. The cost includes all expenses directly incurred in order to

prepare the assets for use, as well as any charges for dismantling and removal needed to restore the site to its original condition.

Charges incurred for routine and/or cyclical maintenance are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or the improvement of facilities owned or used by third parties are capitalized exclusively within the limits in which they can meet the requirements for separate classification as an asset or part of an asset. Financial charges incurred are capitalized when the conditions set forth in IAS 23 are met.

The carrying amount of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of its 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: (i) buildings 20-33 years, (ii) plant and machinery 5-10 years, (iii) equipment 3-5 years, (iv) other assets 5-8 years. Land, including land pertaining to buildings, is not depreciated.

Intangible assets

Intangible assets are non-monetary items having no physical consistency, and clearly identifiable and suited to generating future economic benefit. 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 them into operation, net of accrued amortization (with the exception of assets with an indefinite useful life) and any impairment losses. Amortization is calculated 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 recognized for the first time.

Industrial patent rights and rights for the use of intellectual works are recorded at cost net of amortization and impairment losses accrued over time. Amortization is calculated starting from the financial year in which the rights for which ownership has been acquired make the asset available for use, and takes into account the useful life (2-5 years).

Licenses and similar rights are recognized at cost net of amortization and impairment losses accrued over time. Amortization is calculated starting from the financial year in which the purchased right is available for use and takes into account the useful life.

Rights on infrastructures under concession, on the other hand, are amortized over the duration of the concession, with criteria reflecting the estimate of how the economic benefits will accrue to the Issuer. To this end, amortization is calculated taking into account, among other things, the dynamics, when significant, of the fees receivable on the basis of estimated traffic over the duration of the concession (revenue-based method). Amortization starts from the time when concession rights start to produce economic benefits.

Goodwill, if related to business combination transactions, is allocated to each cash-generating unit identified and recognized under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a business or a business unit and the acquired share in relation to the current amount of the assets and liabilities forming the capital of that business or business unit. Potential purchased assets and liabilities (including respective non-controlling interests) identified are recognized at their current amount (fair value) at the purchase date. The negative difference, if any, is recognized in the income statement at the time of purchase. After its initial identification, goodwill is not amortized but is tested for impairment annually or more often if specific events or changed circumstances indicate that goodwill may have been impaired, in accordance with IAS 36 (impairment of assets).

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralizing or mitigating the risk of underlying assets or liabilities or our undertakings, except when they are classed as assets held for trading and measured at fair value through profit or loss. In particular, we use derivatives within the context of hedging strategies aimed at neutralizing or mitigating the risk of fluctuations of cash flows expected with regard to contractually defined or highly probable transactions (cash flow hedge). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recognized, limited to the “effective” share only, in a specific reserve charged to the statement of comprehensive income (“hedging reserve”), which is then recognized in the income statement when

the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately recognized in the income statement for the year.

If the derivative instrument is transferred or no longer qualifies as an effective hedge against the risk for which the transaction had been made, or the occurrence of the underlying transaction is no longer considered highly probable, the relative share of the “hedging reserve” is immediately reversed to the income statement. These derivatives are initially recognized at fair value at the stipulation date; subsequently, such amount is periodically adjusted. Derivative instruments are recognized as assets when the fair value is positive, and as liabilities when the fair value is negative.

Possible gains or losses deriving from changes in the fair value of derivatives not suitable for hedge accounting are recognized directly in the income statement during the year. The effectiveness of hedging transactions 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.

We do not stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are recognized according to the rules of hedge accounting.

Fair value calculation

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.

Impairment losses on financial assets

At the end of each financial year we verify whether any financial asset or group of financial assets were impaired. In particular, with reference to trade receivables, impairment losses are recorded when there is evidence, largely based on the nature of the counterpart, that there is no possibility of collecting such receivables due under the original conditions. If, subsequently, the amount of impairment losses decreases, and such decrease can be objectively referred to an event occurred after the impairment recognition, the previously impaired amount may be reversed. Any subsequent reversals of impairment losses are recognized in the income statement, to the extent in which the asset’s carrying amount does not exceed the amortized cost at the date of reversal.

Deferred taxes

We calculate deferred taxes on the basis of the so-called liability method, applied to the temporary taxable or deductible differences between the amount of assets and liabilities recognized in the financial statements and the taxable amount. Deferred tax liabilities are recognized against all temporary taxable differences, except when: (i) deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which at the moment of the transaction does not affect the profit for the year, calculated for the purpose of the financial statements, or the profit or loss calculated for tax purposes; (ii) temporary taxable differences relate to interests in subsidiaries, associates and joint ventures, the reversal of the temporary differences may be checked and it is likely that it will not occur in the future.

Deferred tax assets are recognized against all deductible temporary differences and for tax losses carried forward, to the extent to which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial recognition 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 amount of deferred tax assets to be recognized in the financial statements is reassessed at each reporting date and reduced to the extent to 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 recognized are reassessed on

an annual basis at the reporting date, and are recognized to the extent to 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 realized or such liabilities will be discharged, considering the rates in force and those already substantially issued at the reporting date.

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. Tax expense (deferred and current) directly related to equity items are recognized under equity and not in the income statement.

Employee benefits

Post-employment benefits (TFR) of Italian companies, with particular reference to companies with more than 50 employees, are considered to be a defined benefit plan exclusively for the amounts accrued up to 1 January 2007 (and not yet paid out at the reporting date), while after that date it is considered to be a defined contribution plan.

Post-employment benefits, recorded in our statement of financial position, net of advances paid out, if any, therefore reflect: (i) for companies with over 50 employees, the residual obligation of the Group regarding benefits accrued to employees up to 31 December 2006 to be settled upon termination of employment; (ii) for the other companies, the progressive amount of benefits payable to employees and allocated over their period of employment, recorded on a time basis according to the employment services required to obtain such benefits.

In defined benefit plans, the valuation of amounts payable is based on actuarial calculations made by independent actuaries.

Provisions for risks and charges

The provisions for risks and charges are recognized when at the reporting date there is a current obligation (legal or implicit) 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 recognized at the amount representing the best estimate for settling the obligation or transferring it to third parties at the reporting date. 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 recognized as a financial charge in the income statement.

Presentation of operating results

General. We present our income statement in two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit (loss) items for the year (consolidated income statement) and a statement that starts from the profit (loss) for the period and algebraically adds “other comprehensive income” (consolidated statement of comprehensive income). In this respect, the other items of the statement of comprehensive income include only the hedging reserve, the translation reserve and actuarial gains (or losses) of defined benefit plans. In addition, the income statement is prepared based on a classification of each individual item by nature. This classification reflects the management reporting methods used in the Group and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific segment.

Revenue. The line item “revenue” represents the revenue generated from our core business activities and includes the following items:

- *Revenue from sales and services*, which includes the revenue generated from works completed and delivered to the respective customers; once the works are completed and delivered to the relevant customer, the entire value of the project is recorded as revenue from sales and services and a corresponding amount is deducted from changes in contract work in progress.
- *Plant maintenance services*, which includes the revenue deriving from the maintenance services mainly performed by our subsidiary nBI S.r.l. in connection with the operations in the plant and facility management business, which is complementary to the current activities of the Group;

- *Concessions construction and management phase*, which consists of the revenue related to the performance of our construction activities and the service fees for the management of the relevant infrastructure deriving from the concessions operated by our consolidated subsidiaries;
- *Changes in contract work in progress*, which includes the amount of revenue deriving from progress, during the relevant financial period in works that are ongoing, but not yet delivered, and the increase in the carrying amount of certain facilities in progress; once the works are completed and delivered to the relevant customer, the change in contract work in progress is deducted from this line item and recorded as revenue from sales and services; and
- *Final inventories of property and plants under construction*, which includes the increase in the carrying amount of assets and plants in progress.

Other operating revenue. Other operating revenue comprises items that are accessory and not directly related to our core business activities and that are of a lasting nature. The items comprising our other operating revenue include (i) revenue from the sale of goods (generally represented by special materials that we sell to our clients as necessary for the completion of the works), (ii) services to third parties and our clients (including engineering services, procurement services for the supply of special equipment necessary in certain project phases), (iii) services and activities to manage joint projects, (iv) rent and lease receivable (relating to rent or lease of equipment to our clients or partners), (iv) net gains from disposal of property, plant and equipment, and (v) other revenue (including revenue from insurance indemnities and gains accruing from the closure of complex contract and shareholding positions).

Revenue is measured at the fair value of the payment received, taking into account any discounts and reductions linked to quantities. Revenue from changes in contract work in progress is recognized in accordance with the percentage of completion method, calculated by applying the cost-to-cost criterion. This measurement reflects the best estimate of works performed at the reporting date. Revenue related to the sale of goods is recognized 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 amount of the revenue may be reliably calculated. Revenue from the supply of services rendered is recognized, when it can be reliably estimated, on the basis of the percentage-of-completion method.

Purchase costs. The principal components of this item relate to the purchase of raw materials, commodities and finished goods (in particular, metal structures, cables and primary equipment).

Service costs. Services include costs related to subcontractors, planning and design of our turnkey projects, utilities and maintenance, consulting fees. Consortium costs are the purchase, service and other costs (including financial charges) actually incurred by the consortia and consortium companies that we participate in, which are invoiced to us in the same proportion as our participation on the project.

Personnel expenses. Personnel expenses include the wages and salaries of our employees, social security charges and retirement benefit obligations.

Amortization, depreciation and impairment losses. This item includes amortization of intangible assets, including our backlog, depreciation on our property, plant and equipment and other asset write-downs.

Other operating costs. Other operating costs primarily consist of vehicle rental and the lease of property and equipment, in addition to losses on receivables, contractual penalties payable, differences in operating exchange rates and other costs.

Financial income. Financial income includes income from minority-owned, unconsolidated concessions, interest income on time deposits (temporary cash investments), bank and post office current accounts, financial instruments classified as financing and receivables valued at amortized cost.

Financial charges. This item contains all interest payable on loans, interest expenses on current accounts, costs of derivative transactions, factoring costs for certain of our Group companies and foreign exchange losses. This item also includes “charges on derivatives” which account for the valuation of embedded derivatives and recognition in the income statement of the “forward points” component of currency derivatives.

Tax expense. Tax expense includes tax expenses related to previous years, advanced taxes and deferred taxes. Italian companies are subject to two different income taxes, the “IRES” and “IRAP.” IRES

(corporate income tax) is currently levied at a theoretical rate of 27.5%. The IRES taxable income is determined by adjusting the theoretical income tax (determined on the pre-tax profit of the year) by adding the net effect of permanent increases (or decreases), the net effect or deferred and current taxation of foreign entities and other adjustments, the substitute tax and the IRAP (current and deferred portion). IRAP (regional business tax) is a local tax levied on the value of production generated in each Italian region. For the years ended December 31, 2010, 2011 and 2012, our effective income tax rates, including IRAP, were equal to 38.0%, 43.0% and 43.0%, respectively.

Backlog

While we consider backlog a relevant indicator of our future revenue streams from, and growth of, our business and closely monitor it to plan for our current needs and to adjust our expectations, financial budgets and forecasts, backlog is not a financial measure.

Backlog figures are based on a number of assumptions and estimates, including assumptions as to exchange rates between the euro and other currencies and estimates of the percentage of completion contracts. Contingencies that could affect the realization of our near-term backlog as future revenue or cash flows include cancellations, scope of work adjustments, force majeure, legal impediments and our default. Long-term backlog is subject to even greater uncertainty, as it may be affected by all of the factors that affect the results of our concessions. Consequently, backlog as of any particular date may not be indicative of actual results of operations for any succeeding period. See “*Risk Factors—Our backlog is not necessarily indicative of our future revenue or of our results of operations.*”

For a detailed description of our methods to calculate backlog, see “*Business—Backlog*”.

Order Backlog by business line

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(€ million)				
Constructions	6,254	7,291	7,031	6,441	6,854
<i>Transport Infrastructures</i>	5,511	6,272	6,252	5,566	6,157
<i>Water and Energy Production Plants</i>	244	644	328	359	270
<i>Civil and Industrial Buildings</i>	499	375	255	288	191
<i>Plants Design and Maintenance</i>	—	—	196	228	236
Concessions	2,760	2,721	3,171	3,061	5,845
Total Order Backlog⁽¹⁾	9,014	10,012	10,202	9,502	12,699

(1) Does not include our orders in pipeline. As of September 30, 2013, our orders in pipeline amounted to €9.1 billion. See “*Business—Backlog*”.

Order Backlog by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(€ million)				
Italy	4,855	4,164	4,396	4,401	3,903
International	4,159	5,848	5,806	5,101	8,796
<i>Europe (except Italy)</i>	1,251	1,668	2,166	1,273	5,330
<i>America</i>	1,898	3,095	2,772	2,910	2,825
<i>Africa (Algeria)</i>	833	714	644	597	551
<i>Asia (Middle East)</i>	177	371	224	321	90
Total Order Backlog⁽¹⁾	9,014	10,012	10,202	9,502	12,699

(1) Does not include our orders in pipeline. As of September 30, 2013, our orders in pipeline amounted to €9.1 billion. See “*Business—Backlog*”.

The aggregate backlog for our Construction activities as of September 30, 2013, amounted to €6.9 billion (89.8% in Transport Infrastructures, 3.9% in Civil and Industrial Buildings, 2.8% in Water and Energy Production Plants, and 3.4% in Plants Design and Maintenance), as compared to approximately €7.0 billion as of December 31, 2012. As of September 30, 2013, 27.7% of our Construction backlog related to Italian projects and 72.3% related to international projects, as compared to our Construction backlog as of December 31, 2012, in which 33.9% related to Italian projects and the remaining 66.1% to international projects.

As of September 30, 2013, our Concession backlog amounted to €5.8 billion, as compared to €3.2 billion as of December 31, 2012. As of September 30, 2013, 34.3% of our Concession backlog related to Italian projects and 65.7% related to international projects, as compared to our Concession backlog as of December 31, 2012, in which 63.5% related to Italian activities and the remaining 36.5% to international projects.

Segment and Business Line Information

While our financial statements do not provide segment reporting for each of our business lines, for purposes of this Offering Memorandum, in line with the way financial data are presented in our directors' report to the financial statements, we provide an unaudited breakdown of our revenue (*i.e.*, not including "other operating revenue") by our business lines, which we believe provides additional useful information to the reader to understand our business mix and its trends. For a more detailed description of our business lines see "*Business—Business Lines*".

Results of Operations

Nine months ended September 30, 2013 compared to nine months ended September 30, 2012 (restated)

The following table sets out the items from our consolidated statements of income for the nine months ended September 30, 2013 and September 30, 2012 (restated) and the percentage change from period to period, and shows these items as a percentage of total revenue.

Consolidated Income Statement

	Nine months ended September 30, 2012 (restated) ⁽¹⁾		Nine months ended September 30, 2013			
		% of Total Revenue		% of Total Revenue	Change	% of Change
	(€ in million, except percentages)					
Revenue	1,698.4	94.7%	1,659.0	95.6%	(39.4)	(2.3)%
of which with related parties ⁽²⁾	158.3	8.8%	166.3	9.6%	8.0	5.1%
Other operating revenue	94.7	5.3%	76.6	4.4%	(18.1)	(19.1)%
of which with related parties ⁽²⁾	4.0	0.2%	2.4	0.1%	(1.6)	(40.0)%
Total revenue	1,793.1	100.0%	1,735.6	100.0%	(57.5)	(3.2)%
Purchase costs	(351.4)	(19.6)%	(281.2)	(16.2)%	70.2	(20.0)%
Service costs	(983.5)	(54.8)%	(974.8)	(56.2)%	8.6	(0.9)%
of which with related parties ⁽²⁾	(114.9)	6.4%	(113.8)	6.6%	1.1	1.0%
Personnel expenses	(223.0)	(12.4)%	(232.2)	(13.4)%	(9.2)	4.1%
Amortization, depreciation and impairment losses	(35.9)	(2.0)%	(44.4)	(2.6)%	(8.5)	23.7%
Other operating costs	(49.2)	(2.7)%	(31.1)	(1.8)%	18.1	(36.8)%
of which with related parties ⁽²⁾	0.0	0.0%	0.1	0.01%	0.1	n.s.
Total costs	(1,643.0)	(91.6)%	(1,563.7)	(90.1)%	79.3	(4.8)%
Capitalization of internal construction costs	1.0	0.1%	0.2	0.01%	(0.8)	(80.0)%
Operating profit	151.1	8.4%	172.1	9.9%	21.0	13.9%
Financial income	42.2	2.4%	78.9	4.5%	36.7	87.0%
of which with related parties ⁽²⁾	1.4	0.08%	4.6	0.3%	3.2	228.6%
Financial charges	(94.9)	(5.3)%	(152.7)	(8.8)%	(57.8)	60.9%
of which with related parties ⁽²⁾	(0.1)	0.01%	(1.4)	0.08%	(1.3)	1,300%
Effect of equity accounting	2.1	0.1%	5.9	0.3%	3.8	181.0%
Total financial area and equity investments	(50.7)	(2.8)%	(67.9)	(3.9)%	(17.2)	33.9%
Pre-tax profit	100.4	5.6%	104.2	6.0%	3.8	3.8%
Tax expense	(40.2)	(2.2)%	(38.6)	(2.2)%	1.6	(4.0)%
Profit (loss)—continuing operations	60.2	3.4%	65.6	3.8%	5.4	9.0%
Profit (loss)—discontinued operations	—	—	0.1	0.01%	0.1	n.s.
Profit for the period	60.2	3.4%	65.7	3.8%	5.5	9.1%
Profit attributable to the owners of the parent	60.4	3.4%	61.4	3.5%	1.0	1.7%
Profit (loss) attributable to non-controlling interests	(0.2)	0.01%	4.3	0.3%	4.6	(2,300.0)%

(1) The September 30, 2012 financial statements have been restated to reflect the retroactive application of the IAS 19 (2011) accounting principle relating to employees benefits. See “Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2012 and the Nine Months Ended September 30, 2012.”

(2) Reflects the portion attributable to consortia, consortium companies and special purposes companies through which we operate our construction activities. Although we hold an interest in these projects, and therefore transactions with the corresponding consortia, consortium companies and special purposes companies may be deemed related-party transactions, we do not consider them as such, given that they represent a manner in which projects are typically conducted in our business.

Revenue.

In the nine months ended September 30, 2013, our revenue remained substantially stable, showing only a slight decrease to 1,659.0 million from the 1,698.4 million recorded during the same period in 2012 (restated), representing a 2.3% decrease. The table below provides a breakdown of our revenue by category:

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Revenue from sales and services	617.6	34.4%	203.1	11.7%	(414.5)
Plant maintenance services	8.2	0.5%	3.5	0.2%	(4.8)
Concessions construction and management phase	93.0	5.2%	24.6	1.4%	(68.4)
Changes in contract work in progress	979.5	54.6%	1,408.4	81.1%	428.9
Final inventories of property and plant under construction	—	—	19.3	1.1%	19.3
Revenue	1,698.4	94.7%	1,659.0	95.6%	(39.4)

The decrease in our revenue was primarily due to a €68.4 million, or 73.5%, decrease in revenue from concessions construction and management phase, mainly following the completion of the Milas-Bodrum International Airport in Turkey during the first nine months of 2012 while we had no consolidated concession projects in the construction phase during the first nine months of 2013. Consequently, the results from concessions during this period were entirely attributable to concession fees. This decrease was partly offset by a €14.4 million net increase in revenue from production, resulting from a €414.5 million decrease in revenue from sales and services, which was more than offset by a €428.9 million increase in revenue from changes in contract work in progress. This net increase was determined by overall growth in production volumes, despite the unfavorable international macroeconomic environment especially in Italy, and the negative impact on our accounts of certain fluctuations in exchange rates, especially the US dollar. During the first nine months of 2013, we also recorded €19.3 million of revenue from final inventories of property and plant under construction, entirely attributable to an increase in the accounting value of the Relaves concession.

Geographic breakdown of our revenue

The following table sets forth a geographic breakdown of our revenue (not including “other operating revenue”) for the nine months ended September 30, 2013 and 2012 (restated) and as a percentage of our total revenue.

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Revenue		% of Revenue	Change
	(€ in million, except percentages)				
Italy	670.8	39.5%	651.6	39.3%	(19.1)
Europe (except Italy) ⁽¹⁾	610.1	35.9%	608.7	36.7%	(1.4)
America ⁽²⁾	240.7	14.2%	270.1	16.3%	29.4
Asia (Middle East) ⁽³⁾	126.8	7.5%	92.6	5.6%	(34.2)
Africa (Algeria) ⁽⁴⁾	50.0	2.9%	35.9	2.2%	(14.2)
Revenue	1,698.4	100.0%	1,659.0	100.0%	(39.4)

(1) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

(2) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela).

(3) Asia includes Saudi Arabia and Oman.

(4) Africa includes Algeria.

Our revenue for the nine months period ended September 30, 2013 showed a decrease both in our Italian and international operations. Revenue from international operations decreased by €20.3 million, or 2.0% to €1,007.3 million from €1,027.6 million for the nine months period ended September 30, 2012, while revenue from Italian operations decreased by €19.1 million, or 2.8% to €651.6 million from €670.8 million for the nine months period ended September 30, 2012. Our international operations accounted for 60.8% of our revenue for the nine months period ended September 30, 2013.

Our revenue from Italy decreased by €19.1 million mainly due to lower revenue from projects nearing completion, such as Lots DG 21 and DG 22 of the Jonica National Road, Pantano-Centocelle section of the Rome Metro Line C underground and the Turin railway hub. This decrease was only partially offset by an increase in revenue recorded for the Bologna Centrale high speed railway station, Line 5 of the Milan underground, the Pedemontana motorway in the north of Italy and the four hospitals in Tuscany (Lucca, Massa, Pistoia and Prato) as well as by the collection of management fees from the hospital concessions in Pistoia and, until its deconsolidation effective during the third quarter of 2013, Mestre.

In Europe, our revenue remained substantially stable, as a result of an increase in revenue from construction activities in Russia and Turkey and the commencement of management operations at the Milas Bodrum International Airport, largely offset by the planned completion of construction projects in Poland and Romania. Our revenue from Asia also decreased by €34.2 million, due to the progressive reduction of our presence in Saudi Arabia and Oman, while the decrease of our revenue from Africa by €14.2 million was due to the Saida Moulay Slissen railway in Algeria going through a less active phase. Revenue from America showed a significant increase by €29.4 million, attributable to the recent entry of our Group into the Canadian market, starting from the second half of 2012, as well as to the development of production carried out in Chile with respect to the Chuquicamata Mining Projects and the completion of the plant in connection with the Relaves Mining project, partially offset by the planned reduction of volumes in Venezuela.

Business line breakdown of our revenue

The following table provides a breakdown of our revenue (not including “other operating revenue”) by business line for the nine months ended September 30, 2013 and 2012 (restated) and as a percentage of our revenue.

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Revenue		% of Revenue	Change
	(€ in million, except percentages) (unaudited)				
Transport Infrastructures	1,463	86.2%	1,334	80.4%	(129)
<i>Railways and undergrounds</i>	774	45.6%	599	36.1%	(175)
<i>Roads and motorways</i>	490	28.9%	566	34.1%	76
<i>Ports and airports</i>	199	11.7%	169	10.2%	(30)
Civil and Industrial Buildings	87	5.1%	124	7.5%	37
Water and Energy Production Plants	65	3.8%	58	3.5%	(7)
Plants Design and Maintenance	59	3.5%	120	7.2%	61
Concessions	24	1.4%	23	1.4%	(1)
Revenue	1,698	100.0%	1,659	100.0%	(39)

The breakdown of our revenue by business line shows a decrease in revenue from Transport Infrastructures and from Water and Energy Production Plants, which however was offset almost entirely by the increase in the revenue from Civil and Industrial Buildings, Plants Design and Maintenance and Concessions.

Transport Infrastructures. In the nine months ended September 30, 2013, our revenue from the Transport Infrastructures business line decreased to €1,334 million from €1,463 million during the same period in 2012 (restated), representing a 8.8% decrease. This decrease was mainly due to the combined effect of (i) a decrease in our revenue from Railways and Undergrounds mainly attributable to lower revenue recorded for projects nearing completion, such as Pantano-Centocelle section of the Rome Metro Line C and the Turin railway hub, or going through a slower construction phase, such as the Saida-Moulay Slissen railway line in Algeria, only partially offset by an increase in revenue recorded in Italy for

the Bologna Centrale high speed railway station and the Line 5 of the Milan underground, (ii) an increase in our revenue from Roads and Motorways, mainly due to the revenue deriving from ongoing works in Italy for the *Pedemontana* motorway in the north of Italy, and in Europe for the Western High-Speed Diameter of St. Petersburg in Russia and the works for Phase 1 of the Gebze-Orhangazi-Izmir Motorway, in Turkey, partially offset by a slowdown in revenue for projects nearing completion such as the Lots DG 21 and DG 22 of the Jonica National Road in Italy, and (iii) a decrease in our revenue from Ports and Airports, due to the completion in 2012 of the works for the Milas-Bodrum International Airport in Turkey, only partially offset by an increase in revenue recorded for the ongoing works for the Pulkovo International Airport of St. Petersburg, in Russia.

Civil and Industrial Buildings. In the nine months ended September 30, 2013, our revenue from the Civil and Industrial Buildings business line increased to €124 million from €87 million during the same period in 2012 (restated), representing a 42.5% increase. This significant increase was mainly due to higher revenue in Italy in connection with our works for the new hospitals in Prato and Pistoia, Tuscany, which have been accelerated to meet certain contractual deadlines, as well as an increase in our work for the School of Police Officers in Florence.

Water and Energy Production Plants. In the nine months ended September 30, 2013, our revenue from the Water and Energy Production Plant business line decreased to €58 million from €65 million during the same period in 2012 (restated), representing a 10.8% decrease. This decrease was mainly due to completion in 2012 of works relating to certain projects in Central America, namely the Huanza Hydroelectric project in Peru.

Plants Design and Maintenance. In the nine months ended September 30, 2013, our revenue from the Plants Design and Maintenance business line more than doubled to €120 million from €59 million during the same period in 2012 (restated). This significant increase was mainly due to nBI S.r.l. ramping up its activities as it becomes more integrated with our other business lines.

Concessions. In the nine months ended September 30, 2013, our revenue from the Concessions business line increased to €23 million from €24 million during the same period in 2012 (restated), remaining substantially unchanged. The Milas-Bodrum International Airport in Turkey, with concessions starting to generate revenue from service fee (the operations started on May 16, 2012), and the Mestre Hospital concession contributed most significantly to our concession revenue. The Mestre Hospital however only contributed for the first two quarters, after which we started consolidating it with the equity method. This caused the slight decrease (4.2%) in concession revenue as compared to the first nine months of 2012.

Other operating revenue.

Other operating revenue decreased by €18.1 million to €76.6 million in the nine months ended September 30, 2013 from €94.7 million during the same period in 2012 (restated), representing a 19.1% decrease. The decrease was mainly due to the non-recurring revenue (equal to approximately €21.0 million) recorded in the same period in 2012 (restated) for the receipt of payment of certain credits claimed *vis-à-vis* one of our Metro 5 S.p.A. partners, in connection with the bankruptcy proceeding to which such partner was subject. These factors were only partially offset by a €9.7 million increase in revenue from services to third parties, as a result of certain transactions with subcontractors in connection with the project for the construction of the Line 5 of the Milan underground in Italy. As a percentage of total revenue, other operating revenue decreased from 5.3% to 4.4%.

Total costs.

Total costs decreased by €79.3 million to €1,563.7 million in the nine months ended September 30, 2013 from 1,643.0 million during the same period in 2012 (restated), representing a decrease of 4.8%, mainly due to a decrease in purchase costs and in other operating costs, which are largely due to certain of our projects (particularly in the Europe area) approaching completion phase, typically a less cost-intensive phase. That decrease was partially offset by other projects (particularly in Russia and Chile) going through more active production phase and it was also offset by an increase in personnel expenses and amortization, depreciation and impairment losses.

Purchase costs.

Total purchase costs (including costs for the purchase of raw materials and consumables and changes in inventories of raw materials, supplies, consumables and goods) decreased by €70.2 million to €281.2 million in the nine months ended September 30, 2013 from €351.4 million during the same period in 2012 (restated), representing a 20.0% decrease. As a percentage of total revenue, these costs decreased from 19.6% to 16.2%.

The decrease in purchase costs was almost entirely due to fewer purchases of raw materials than the same period in 2012 (restated), mainly due to the completion of certain contracts in Turkey (Milas-Bodrum International Airport), Romania (the motorway works) and Poland (NR-8 National Road).

Service costs.

Total cost of services in the nine months ended September 30, 2013 remained substantially unchanged from the same period in 2012 (restated), decreasing by €8.6 million to €974.8 million from €983.5 million, representing a 0.9% decrease. As a percentage of total revenue, these costs slightly increased from 54.8% to 56.2%.

The following table sets forth a breakdown of our cost of services for the nine months ended September 30, 2013 and 2012 (restated).

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Consortium costs	112.5	6.3%	146.9	8.5%	34.4
Subcontracts and other services	677.2	37.8%	642.7	37.0%	(34.5)
Technical, administrative and legal consulting	60.0	3.3%	76.5	4.4%	16.5
Directors' and statutory auditors' fees	2.5	0.1%	2.9	0.2%	0.4
Utilities	12.4	0.7%	10.6	0.6%	(1.9)
Travel and transfers	3.3	0.2%	4.9	0.3%	1.6
Insurance	23.1	1.3%	17.0	1.0%	(6.1)
Leases and other costs	63.7	3.6%	50.0	2.9%	(13.8)
Rent and condominium expenses	7.1	0.4%	6.0	0.3%	(1.1)
Maintenance costs for leased assets	0.9	0.1%	0.5	0.03%	(0.3)
Other	20.8	1.2%	17.0	1.0%	(3.8)
Total	983.5	54.8%	974.8	56.2%	(8.6)

The decrease in our service costs was mainly attributable to a €34.5 million decrease in subcontracts and other services and a €13.8 million decrease in equipment rentals and other costs, both attributable to lower production volumes in Poland and Romania. This decrease was partially offset by a €34.4 million increase in consortium costs mainly due to the works carried out for the construction of the *Pedemontana* motorway in the north of Italy and a €16.5 million increase in technical, administrative and legal consulting due to the costs incurred in connection with projects in start-up phase in Russia, Poland and Italy.

Personnel expenses.

Personnel expenses increased by €9.2 million to €232.2 million in the nine months ended September 30, 2013 from €223.0 million during the same period in 2012 (restated), representing a 4.1% increase.

The following table sets forth a breakdown of our personnel expenses for the nine months ended September 30, 2013 and 2012 (restated).

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Wages and salaries	152.7	8.5%	159.7	9.2%	7.0
Social security charges	35.6	2.0%	33.3	1.9%	(2.3)
Other costs	32.7	1.8%	37.6	2.2%	4.8
Other post-employment benefits	1.3	0.1%	0.6	0.03%	(0.7)
Cost of share-based payments	0.7	0.04%	1.1	0.1%	0.3
Total	223.0	12.4%	232.2	13.4%	9.2

The increase in personnel expenses mainly resulted from (i) a €4.8 million increase in other costs (consisting of training of employees, meals and accommodation costs, as well as the allocation of the costs for severance payment benefits (*trattamento di fine rapporto*) as a defined contribution plan in accordance with IAS 19) as a result of the overall increase of our executives, managers and white collar employees, as well as (ii) a €7.0 million increase in wages and salaries due to the combined effect of an increase in the number of our executives, managers and white collar employees as well as higher volumes of contracts in progress in Russia and Chile, associated with difficulties in Chile to resort to efficient subcontracting solutions able to guarantee the minimum quality standards of our Group, which led us to internalize the costs of personnel used to work on such projects.

Our average headcount decreased by 258 employees to an average of 9,705 employees in the nine months ended September 30, 2013 from an average of 9,963 employees for the year ended as of December 31, 2012. The table below provides a breakdown of our average number of employees by category in the nine months ended as of September 30, 2013 and for the year ended as of December 31, 2012.

	December 31, 2012	September 30, 2013
Senior Executives	207	235
Managers	163	187
Employees	3,114	3,225
Workers	6,479	6,058
Average number of employees	9,963	9,705

Amortization, depreciation and impairment losses.

Amortization, depreciation and impairment losses increased by €8.5 million to €44.4 million in the nine months ended September 30, 2013 from €35.9 million during the same period in 2012 (restated), representing a 23.7% increase.

This increase was primarily attributable to increases in (i) the amortization of intangible assets related to the Milas-Bodrum International Airport concession operation, (ii) the depreciation of property, plant and equipment, largely due to the capital expenditures made in connection with contracts in progress in Chile, Peru and Russia, and (iii) in impairment losses on receivables, mainly attributable to the write-down of receivables relating to activities in Latin America that are no longer operational.

Other operating costs.

Other operating costs decreased by €18.1 million to €31.1 million in the nine months ended September 30, 2013 from €49.2 million during the same period of 2012 (restated), representing a 36.8% decrease. The decrease was primarily attributable to the receipt of certain credits claimed *vis-à-vis* one of our Metro 5 S.p.A. partners, equal to €21.2 million, recorded in the nine months ended September 30, 2012 (restated).

Capitalization of internal construction costs.

The item includes capitalized costs incurred in connection with the internal construction of assets, especially in Russia. These costs decreased by €0.8 million to €0.2 million from €1.0 million during the same period in 2012.

Operating profit.

Our operating profit for the nine months ended September 30, 2013, increased to €172.1 million from €151.1 million for the nine months ended September 30, 2012 (restated), despite the slight contraction in revenue. Operating profit as a percentage of total revenue increased to 9.9% for the nine months ended September 30, 2013, from 8.4% for the nine months ended September 30, 2012 (restated). The increase was entirely attributable to a more than proportional decrease of total costs (particularly purchase costs and service costs) as compared to revenue, attributable to our increasing focus on larger and more complex construction and construction/concession projects, which typically afford more attractive margins.

Geographic breakdown of our operating profit

The following table sets forth a geographic breakdown of our operating profit for the nine months ended September 30, 2013 and 2012 (restated) and as a percentage of our operating profit.

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Operating Profit		% of Operating Profit	Change
	(€ in million, except percentages)				
Italy	74.2	49.1%	81.0	47.1%	6.8
Europe (except Italy) ⁽¹⁾	37.7	25.0%	92.0	53.5%	54.3
America ⁽²⁾	20.9	13.8%	6.3	3.7%	(14.6)
Asia (Middle East) ⁽³⁾	(17.1)	(11.3)%	(4.3)	(2.5)%	12.8
Africa (Algeria) ⁽⁴⁾	36.6	24.2%	19.0	11.0%	(17.6)
Other ⁽⁵⁾	(1.3)	(0.9)%	(21.9)	(12.7)%	(20.6)
Operating Profit	151.1	100.0%	172.1	100.0%	21.0

(1) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

(2) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela).

(3) Asia includes Saudi Arabia and Oman.

(4) Africa includes Algeria.

(5) Includes adjustments and other activities.

Financial income.

Financial income increased by €36.7 million to €78.9 million in the nine months ended September 30, 2013 from €42.2 million during the same period in 2012 (restated), representing an increase of 87.0%.

The following table sets forth a breakdown of our financial income for the nine months ended September 30, 2013 and 2012 (restated).

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Income from associates	1.1	0.1%	0.9	0.1%	(0.2)
Revaluation of equity investments	—	0.0%	11.7	0.7%	11.7
Income from other investees	0.4	0.02%	—	—	(0.4)
Income from financial transactions with banks	5.1	0.3%	4.3	0.2%	(0.8)
Surety fees	1.3	0.1%	2.0	0.1%	0.8
Exchange rate profit	15.5	0.9%	21.9	1.3%	6.4
Income from derivatives	1.7	0.1%	1.5	0.1%	(0.3)
Interest income on financial receivables from concessions	8.0	0.4%	5.6	0.3%	(2.3)
Other financial income	9.1	0.5%	31.0	1.8%	21.9
Total financial income	42.2	2.4%	78.9	4.5%	36.7

The increase in financial income was mainly due to (i) a €21.9 million increase in other financial income primarily due to the release of the provisions for counterparty default risk relating to our activities carried out in Venezuela, as a consequence of the improvement and stabilization of the political environment in Venezuela and the renewal of the commercial cooperation agreements between Venezuela and Italy, which, net of effects deriving from the devaluation of the Bolivar recorded among financial charges, amounted to approximately €14.0 million, and (ii) a €11.7 million increase in the revaluation of equity investments, as a result of the change in the method of consolidation from “proportionally consolidated” to “consolidated at equity” of Veneta Sanitaria Finanza di Progetto S.p.A. (valued at €23.5 million, *pro rata*, as attested by an independent expert), which was originally recorded among jointly controlled ventures until the end of the financial year 2012 and that was then designated as a non-controlled entity during the nine month period ended on September 30, 2013, as a result of changes in the governance of the company.

Financial charges.

Financial charges increased by €57.8 million to €152.7 million in the nine months ended September 30, 2013 from €94.9 million during the same period in 2012 (restated), representing a 60.9% increase.

The following table sets forth a breakdown of our financial charges for the nine months ended September 30, 2013 and 2012 (restated).

	Nine months ended September 30, 2012 (restated)		Nine months ended September 30, 2013		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Interest on bond loan	—	0.0%	4.3	0.2%	4.3
Surety fees	16.1	0.9%	21.5	1.2%	5.4
Bank interest expense and fees	33.0	1.8%	40.0	2.3%	6.9
Exchange rate losses	14.0	0.8%	54.7	3.2%	40.7
Losses on derivatives	11.7	0.7%	13.5	0.8%	1.8
Financial charges on leases	0.3	0.02%	0.6	0.03%	0.2
Charges from fair value on CBL embedded derivative	—	0.0%	0.7	0.04%	0.7
Other financial charges	18.0	1.0%	17.2	1.0%	(0.8)
Total	93.2	5.2%	152.4	8.8%	59.2
Impairment losses on investments	—	0.0%	0.0	0.0%	0.0
Impairment losses on securities and receivables	1.7	0.1%	0.3	0.02%	(1.4)
Total	1.7	0.1%	0.3	0.02%	(1.4)
Total financial charges	94.9	5.3%	152.7	8.8%	57.8

The increase in financial charges was mainly due to a €40.7 million increase in exchange rate losses, of which €22.0 million related to Eastern Europe countries (Russia, Poland, Romania), and Turkey due to the devaluation of the Polish zloty, the Russian ruble and the Turkish lira, and approximately €20.0 million related to Venezuela, as a result of the devaluation of the Bolivar *fuerte*. We would have experienced greater exchange rate losses but for our policy of provisioning against this and other types of risks in our project budgeting. Our financial charges grew during the period, as compared to the same period in 2012, also as a result of the increase in charges incurred to service the additional debt and other financial arrangements that we incurred during the period to support our operating and investment activities.

Effects of equity accounting.

Effects of equity accounting accounted with the equity method substantially increased to approximately €5.9 million for the nine months ended September 30, 2013, from €2.1 million for the nine months ended September 30, 2012 (restated). This increase resulted from the combined effect of (i) the first time consolidation with the equity method of our interest in A4 Holding, valued at €18.5 million, following an increase in such interest that caused governance changes (ii) a €16.8 million loss resulted from an adverse arbitral decision in a controversy with the grantor of the concession for the Copenhagen underground, and (ii) €4.2 million attributable to the profits matured by our minority interests in Italian and international concessionaires.

Pre-tax profit.

As a result of the above, our pre-tax profit for the nine months ended September 30, 2013, increased to €104.2 million from €100.4 million for the nine months ended September 30, 2012 (restated). Profit before taxes as a percentage of total revenue increased to 6.0% for the nine months ended September 30, 2013, from 5.6% for the nine months ended September 30, 2012 (restated).

Tax expense.

Tax expense decreased by €1.6 million to €38.6 million in the nine months ended September 30, 2013 from €40.2 million during the same period in 2012 (restated), representing a 4.0% decrease.

The following table sets forth a breakdown of our tax expense for the nine months ended September 30, 2013 and 2012 (restated).

	Nine months ended September 30, 2012 (restated)	Nine months ended September 30, 2013 (€ in million)	Change
Current income taxes ⁽¹⁾	25.0	20.3	(4.7)
Deferred income taxes ⁽¹⁾	8.9	16.5	7.6
Current production taxes (IRAP)	5.3	4.4	(0.8)
Deferred production taxes (IRAP)	0.1	0.1	—
Substitute and sundry taxes	0.9	(2.8)	(3.6)
Total	40.2	38.6	(1.6)

(1) Income taxes relate to the Italian income tax for corporate entities (IRES) and equivalent income taxes applicable in foreign jurisdictions where we operate.

The decrease in tax expense was primarily due to lower current income taxes and substitute and sundry taxes, deriving from the changing geographic mix of our revenue, only partially offset by the release of the default interest provisions accounted for in the previous year in connection with certain ongoing operations in Venezuela.

Profit for the period.

As a result of the above, our net profit for the nine months ended September 30, 2013, increased to €65.7 million from €60.2 million for the nine months ended September 30, 2012 (restated).

Year ended December 31, 2012 compared to year ended December 31, 2011

The following table sets out the items from our consolidated statements of income for the year ended December 31, 2012 and December 31, 2011 and the percentage change from period to period, and shows these items as a percentage of total revenue.

Consolidated Income Statement

	Year ended December 31, 2011		Year ended December 31, 2012			
		% of Total Revenue		% of Total Revenue	Change	% of Change
	(€ in million, except percentages)					
Revenue	2,265.3	96.0%	2,325.3	94.6%	60.0	2.6%
<i>of which with related parties</i> ⁽¹⁾	210.9	8.9%	238.1	9.7%	27.2	12.9%
Other operating revenue	95.0	4.0%	131.6	5.4%	36.6	38.5%
<i>of which with related parties</i> ⁽¹⁾	3.3	0.1%	5.5	0.2%	2.2	66.7%
Total revenue	2,360.3	100.0%	2,456.9	100.0%	96.6	4.1%
Purchase costs	(458.6)	19.4%	(487.6)	19.8%	(29.0)	6.3%
Service costs	(1,349.3)	57.2%	(1,340.6)	54.6%	8.7	(0.6)%
<i>of which with related parties</i> ⁽¹⁾	(149.6)	6.3%	(161.1)	6.6%	(11.5)	7.7%
Personnel expenses	(262.5)	11.1%	(305.4)	12.4%	(42.9)	16.3%
Amortization, depreciation and impairment losses	(51.6)	2.2%	(52.6)	2.1%	(1.0)	1.9%
Other operating costs	(38.4)	1.6%	(60.5)	2.5%	(22.1)	57.6%
<i>of which with related parties</i> ⁽¹⁾	(1.4)	0.06%	(0.3)	0.01%	1.1	(78.6)%
Total costs	(2,160.4)	91.5%	(2,246.6)	91.4%	(86.2)	4.0%
(Capitalization of internal construction costs)	0.8	0.04%	1.6	0.1%	0.8	100.0%
Operating Profit	200.7	8.5%	211.8	8.6%	11.1	5.5%
Financial income	44.8	1.9%	78.6	3.2%	33.8	75.4%
<i>of which with related parties</i> ⁽¹⁾	1.3	0.1%	2.2	0.1%	0.9	69.2%
Financial charges	(120.4)	5.1%	(163.7)	6.7%	(43.3)	36.0%
<i>of which with related parties</i> ⁽¹⁾	0.0	n.s.	(0.6)	0.03%	(0.6)	n.s.
Effect of equity accounting	0.4	0.02%	3.1	0.1%	2.7	675.0%
Total financial area and investments .	(75.3)	3.2%	(82.0)	3.3%	(6.7)	8.9%
Pre-tax profit	125.4	5.3%	129.8	5.3%	4.4	3.5%
Tax expense	(53.5)	2.3%	(55.9)	2.3%	(2.4)	4.5%
Profit for the year	71.9	3.0%	73.9	3.0%	2.0	2.8%
Profit attributable to the owners of the parent	71.2	3.0%	74.1	3.0%	2.9	4.1%
Profit (loss) attributable to non-controlling interests	0.7	0.03%	(0.2)	0.01%	(0.9)	(128.6)%

(1) Reflects the portion attributable to consortia, consortium companies and special purposes companies through which we operate our construction activities. Although we hold an interest in these projects, and therefore transactions with the corresponding consortia, consortium companies and special purposes companies may be deemed related-party transactions, we do not consider them as such, given that they represent a manner in which projects are typically conducted in our business.

Revenue.

In the year ended December 31, 2012, our revenue increased by €60.0 million to €2,325.3 million from €2,265.3 million during the same period in 2011, representing a 2.6% increase. The table below provides a breakdown of our revenue by category:

	Year ended December 31, 2011		Year ended December 31, 2012		Change
		% of Total Revenue		% of Total Revenue	
	(€ in million, except percentages)				
Revenue from sales and services	292.9	12.9%	879.0	37.8%	586.1
Plant maintenance services	—	0.0%	12.5	0.5%	12.5
Concessions construction and management phase	91.2	4.0%	95.8	4.1%	4.6
Changes in contract work in progress	1,881.2	83.1%	1,330.8	57.3%	(550.4)
Final inventories of assets and plant under construction	0.0	0.0%	7.2	0.3%	7.2
Revenue	2,265.3	100.0%	2,325.3	100.0%	60.0

The increase in our revenue was primarily due to a €35.7 million net increase in revenue from our Construction business, resulting from a €586.1 million increase in revenue from sales and services, partially offset by a corresponding €550.4 million decrease in revenue from changes in contract work in progress. This net increase was attributable to an overall growth in production volumes deriving from the advancement of ongoing projects. Our revenue from the concession construction and management phase increased as a result of progress in the construction of our concessions in Turkey (the Milas-Bodrum International Airport, which was completed in May 2012, and the Etlik Hospital Complex in Ankara), as well as the collection of operating fees deriving from the commencement of concession operations at the Milas-Bodrum International Airport following its completion.

In 2012, we also commenced separate reporting of revenue from plant maintenance services and recording the results attributable to the activities of our newly acquired subsidiary nBI S.r.l., which together were equal to €12.5 million for the period.

Geographic breakdown of our revenue

The following table sets forth a geographic breakdown of our revenue for the year ended December 31, 2012 and 2011 and as a percentage of our revenue.

	Year ended December 31, 2011		Year ended December 31, 2012		
		% of Revenue		% of Revenue	Change
	(€ in million, except percentages)				
Italy	1,049.8	46.3%	913.9	39.3%	(135.9)
Europe (except Italy) ⁽¹⁾	696.9	30.8%	788.7	33.9%	91.8
America ⁽²⁾	318.4	14.1%	355.1	15.3%	36.7
Asia (Middle East) ⁽³⁾	36.9	1.6%	78.7	3.4%	41.8
Africa (Algeria) ⁽⁴⁾	163.2	7.2%	188.9	8.1%	25.7
Revenue	2,265.3	100.0%	2,325.3	100.0%	60.0

(1) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

(2) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela).

(3) Asia includes Saudi Arabia and Oman.

(4) Africa includes Algeria.

Our revenue from our international operations (*i.e.*, outside Italy) increased by €196.0 million, or 16.1%, to €1,411.4 million for the year ended December 31, 2012, from €1,215.4 million for the year ended December 31, 2011, while our revenue from Italian operations decreased by €135.9 million, or 12.9%, to €913.9 million for the year ended December 31, 2012, from €1,049.8 million for the year ended

December 31, 2011. Our international operations accounted for 60.7% of our revenue for the year ended December 31, 2012.

The increase in revenue from our international operations was primarily attributable to increased activity in Transport Infrastructures across all geographic areas. Our revenue in Central and Eastern Europe significantly increased as a result of increasing activity in Poland (National Road NR 8, Line 2 of the Warsaw underground), Russia (e.g., Saint Petersburg's Pulkovo Airport) and Turkey (Milas-Bodrum International Airport). This increase in our international operations was also due to the positive effect of our entry into the Canadian market and new contracts in Peru (Cerro de Aguila Hydroelectric Power Plant), Transport infrastructure works in progress in Asia (Middle East), including in particular, the contracts in progress for road works in Oman and for railway works in Saudi Arabia, and works for the construction of the Saida-Moulay-Slissen railway in Algeria, Africa.

The decrease recorded in revenue from Italian operations was mainly attributable to the fall in new investments in public works and infrastructures and lower revenue from projects near to completion, such as Lots DG-21 and DG-22 of the Jonica National Road, Line C of the Rome underground and the Turin railway hub. This decrease in revenue from the Italian market was partially offset by the revenue from works on railway contracts (Bologna Centrale high speed railway station and Line 5 of the Milan underground), the Pedemontana motorway in the north of Italy and the four hospitals in Tuscany (Lucca, Massa, Pistoia and Prato).

Business line breakdown of our revenue

The following table provides a breakdown of our revenue (not including "other operating revenue") by business line for the years ended December 31, 2012 and 2011 and as a percentage of our revenue.

	Year ended December 31, 2011		Year ended December 31, 2012		
		% of Revenue		% of Revenue	Change
	(€ in million, except percentages)				
Transport Infrastructures	1,907	84.2%	1,970	84.7%	63
<i>Railways and undergrounds</i>	1,090	48.1%	1,039	44.7%	(51)
<i>Roads and motorways</i>	627	27.7%	685	29.5%	58
<i>Ports and airports</i>	190	8.4%	246	10.6%	56
Civil and Industrial Buildings	180	7.9%	140	6.0%	(40)
Water and Energy Production Plants	137	6.0%	85	3.7%	(52)
Plants Design and Maintenance	18	0.8%	100	4.3%	82
Concessions	23	1.0%	30	1.3%	7
Revenue	2,265	100.0%	2,325	100.0%	60

The breakdown of our revenue by business line shows an increase of revenue from Transport Infrastructures as well as from Plants Design and Maintenance and from Concessions, while revenue from Civil and Industrial Buildings and Water and Energy Production Plants showed a decrease as compared to 2011.

Transport Infrastructures. In the year ended December 31, 2012, our revenue from our Transport Infrastructures business line increased to €1,970 million from €1,907 million in the year ended December 31, 2011, representing a 3.3% increase. This increase was mainly due to (i) an increase in revenue from roads and motorways as a result of works in Poland, Romania and the United States and amounts relating to domestic contracts including Lots DG-21 and DG-22 of the Jonica National Road and the *Pedemontana* motorway, as well as (ii) an increase in revenue from activities in ports and airports related to works in Russia (Pulkovo International Airport in St. Petersburg) and Turkey (Milas-Bodrum International Airport), as well as Romania (Henri Coanda International Airport). These increases were only partly offset in part by a decrease in revenue from railways and undergrounds in connection with works in Algeria, Venezuela, Poland and contracts in progress in Italy (Line 5 of the Milan underground, Line C of the Rome underground) and the new Bologna Centrale High Speed Railway Station.

Civil and Industrial Buildings. In the year ended December 31, 2012, our revenue from our Civil and Industrial Buildings business line decreased to €140 million from €180 million in the year ended December 31, 2011, representing a 22.2% decrease. This decrease was mainly due to the completion in

2011 of the works related to the “Lia Manoliu” National Stadium in Bucharest, Romania, and to a slowdown of the activities related to a new hospital in Naples (*Ospedale del Mare*).

Water and Energy Production Plants. In the year ended December 31, 2012, our revenue from our Water and Energy Production Plant business line decreased to €85 million from €137 million in the year ended December 31, 2011, representing a decrease of 38.0%. This decrease was mainly due to the completion in 2011 of the Chacayes Hydroelectric Power Plant in Chile and the termination by mutual consent of El Chaparral Hydroelectric Project in El Salvador determined by unpredictable geological conditions, only partially offset by the beginning of the construction activities for the hydroelectric projects of Cerro del Águila, Huanza and Santa Teresa in Peru.

Plants Design and Maintenance. In the year ended December 31, 2012, our revenue from our Plants Design and Maintenance business line increased to €100 million from €18 million in the year ended December 31, 2011. This increase was mainly due to the fact that in 2012 we started consolidating the results of operations of our new subsidiary nBI S.r.l., which specializes in plants design and maintenance, while no such results of operations were recorded in 2011 at a consolidated Group level.

Concessions. In the year ended December 31, 2012, our revenue from the Concessions business line increased to €30 million from €23 million in the year ended December 31, 2011, representing an increase of 30.4%. This increase was mainly due to accrued infrastructure management services fees in connection with the operation of the new Hospital in Venice-Mestre, the operation of the Milas-Bodrum International Airport in Turkey, which started in May 2012 as well as the fees generated from the direct operation of five car parks in Italy.

Other operating revenue.

Other operating revenue increased by €36.6 million to €131.6 million in the year ended December 31, 2012 from €95.0 million during the same period in 2011, representing a 38.5% increase. This increase was mainly due to (i) €10.0 million deriving from receipt of insurance indemnity payments in Italy and in Turkey, as well as (ii) €21.0 million in gains deriving from the receipt of the payment of certain credits claimed *vis-à-vis* one of our Metro 5 S.p.A. partners, in connection with the bankruptcy proceeding to which such partner became subject. These factors were only partially offset by a €14.6 million decrease in revenue from the sale of goods, as a result of lower volumes recorded in Turkey in connection with certain transactions with subcontractors. As a percentage of total revenue, other operating revenue increased from 4.0% to 5.4%.

Total costs.

Total costs increased by €86.2 million to €2,246.6 million in the year ended December 31, 2012 from €2,160.4 million in the previous year, representing an increase of 4.0%, mainly due to an increase in purchase costs, personnel expenses, amortization, depreciation and write-downs as well as other operating costs, however, partially offset by a decrease in service costs.

Purchase costs.

Total purchase costs (including costs for the purchase of raw materials and consumables and changes in inventories of raw materials, supplies, consumables and goods) increased by €29.0 million to €487.6 million in the year ended December 31, 2012 from €458.6 million in the previous year, representing a 6.3% increase. As a percentage of total revenue, these costs increased from 19.4% to 19.8%.

The increase in purchase costs was almost entirely due to a decrease in change in inventories due to the completion of the Milas-Bodrum International Airport in Turkey in connection with which we utilized the corresponding inventories recorded as at December 31, 2011.

Service costs.

Total services costs in the year ended December 31, 2012 decreased by €8.7 million to €1,340.6 million from €1,349.3 million, representing a 0.7% decrease. As a percentage of total revenue, these costs slightly decreased from 54.6% to 57.2%.

The following table sets forth a breakdown of our services costs for the year ended December 31, 2012 and 2011 and as a percentage of our total revenue.

	Year ended December 31, 2011		Year ended December 31, 2012		Change
		% of Total Revenue		% of Total Revenue	
	(€ in million, except percentages)				
Consortium costs	(147.5)	6.2%	(158.7)	6.5%	(11.2)
Subcontracts and other services	(956.5)	40.5%	(912.1)	37.1%	44.4
Technical, administrative and legal consulting	(89.3)	3.8%	(92.6)	3.8%	(3.3)
Remuneration of directors and statutory auditors	(3.0)	0.1%	(3.5)	0.1%	(0.5)
Utilities	(12.7)	0.5%	(16.6)	0.7%	(3.9)
Travel and transfers	(4.3)	0.2%	(5.1)	0.2%	(0.8)
Insurance	(24.0)	1.0%	(32.7)	1.3%	(8.7)
Leases and other costs	(86.1)	3.7%	(84.9)	3.5%	1.3
Rent and condominium expenses	(6.7)	0.3%	(9.4)	0.4%	(2.7)
Maintenance costs for leased assets	(0.8)	0.03%	(1.0)	0.04%	(0.2)
Other	(18.5)	0.8%	(24.0)	1.0%	(5.5)
Total	(1,349.3)	57.2%	(1,340.6)	54.6%	8.7

The decrease in our services costs was mainly attributable to a €44.4 million decrease in subcontracts and other services due to a significant decrease of subcontracting during the period due to the phase of construction at our more active project. This decrease was partially offset by (i) a €11.2 million increase in consortium costs mainly representing our share of the construction costs deriving from the works carried out, in association with other consortium partners, in the construction of the Pedemontana motorway in the north of Italy, Italy and (ii) a €8.7 million increase in insurance costs due to an increase in the value of the relevant construction agreements in Italy.

Personnel expenses.

Personnel expenses increased by €42.9 million to €305.4 million in the year ended December 31, 2012 from €262.5 million during the previous year, representing a 16.3% increase.

The following table sets forth a breakdown of our personnel expenses for the year ended December 31, 2012 and 2011.

	<u>Year ended December 31, 2011</u>		<u>Year ended December 31, 2012</u>		<u>Change</u>
		<u>% of Total Revenue</u>		<u>% of Total Revenue</u>	
	(€ in million, except percentages)				
Wages and salaries	(177.3)	7.5%	(210.8)	8.6%	(33.5)
Social security charges	(41.7)	1.8%	(47.5)	1.9%	(5.8)
Other costs	(41.7)	1.8%	(44.6)	1.8%	(2.9)
Other post-employment benefits	(0.8)	0.03%	(1.6)	0.1%	(0.8)
Cost of share-based payments	(1.0)	0.04%	(0.9)	0.4%	0.1
Total	(262.5)	11.1%	(305.4)	12.4%	(42.9)

The increase in personnel expenses mainly resulted from a €33.5 million increase in wages and salaries, and a €5.8 million increase in social security charges, both due to the combined effect of (i) an increase in the number of our employees and workers, (ii) the internalization of works performed in certain geographical areas where it is more difficult to resort to efficient subcontracting solutions able to guarantee the minimum quality standards of our Group, (iii) higher production volume of contracts in progress in Poland, Russia, Oman and Peru and (iv) to our commercial entry in the plants design and maintenance sector starting from the third quarter of 2011, through the lease of the business unit Busi Impianti S.p.A., subsequently acquired in 2012.

Our average headcount increased by 771 employees to an average of 9,963 employees in the year ended December 31, 2012 from an average of 9,192 employees for the year ended as of December 31,

2011. The table below provides a breakdown of our average number of employees by category in the year ended as of December 31, 2012 and for the year ended as of December 31, 2011.

	Year ended December 31, 2011	Year ended December 31, 2012
Senior Executives	173	207
Managers	150	163
Employees	2,640	3,114
Workers (Blue collars)	6,229	6,479
Average number of employees	<u>9,192</u>	<u>9,963</u>

Amortization, depreciation and impairment losses.

Amortization, depreciation and impairment losses increased by €1.0 million to €52.6 million in the year ended December 31, 2012 from €51.6 million during the previous year, representing a 1.9% increase. The increase was primarily attributable to an increase in the amortization of intangible assets, which is mainly due to the entry into operation of the Milas-Bodrum International Airport in Turkey.

Other operating costs.

Other operating costs increased by €22.1 million to €60.5 million in the year ended December 31, 2012 from €38.4 million during the previous year, representing a 57.6% increase. Such increase was primarily due to a €28.4 million increase in other administrative and sundry costs as a result of certain credits claimed *vis-à-vis* one of our Metro 5 S.p.A. partners, which was subjected to bankruptcy proceeding in 2012. This increase was partially offset by a corresponding €6.4 million decrease in the provisions for risks and charges, which had been created in 2011 to take into account the risk of the then probable impairment of credits claimed *vis-à-vis* a partner under financial distress.

Capitalization of internal construction costs.

This item includes capitalized costs incurred in connection with internal construction of assets especially in Russia. These costs increased by €0.8 million to €1.6 million from €0.8 million during the same period in 2012.

Operating profit.

Our operating profit for the year ended December 31, 2012 increased to €211.8 million from €200.7 million for the previous year. Operating profit as a percentage of total revenue remained substantially unchanged, increasing to 8.6% for the year ended December 31, 2012, from 8.5% for the year ended December 31, 2011. The increase in our operating profit was driven mainly by an increase in revenue, which was not entirely offset by a corresponding increase in total costs, particularly due to a reduction in service costs.

Geographic breakdown of our operating profit

The following table sets forth a geographic breakdown of our operating profit for the year ended December 31, 2012 and 2011 and as a percentage of our total operating profit.

	Year ended December 31, 2011		Year ended December 31, 2012		
		% of Operating Profit		% of Operating Profit	Change
	(€ in million, except percentages)				
Italy	147.3	73.4%	103.0	48.6%	(44.3)
Europe (except Italy) ⁽¹⁾	6.3	3.1%	52.4	24.7%	46.1
America ⁽²⁾	47.9	23.9%	28.6	13.5%	(19.3)
Asia (Middle East) ⁽³⁾	(31.0)	(15.4)%	(21.9)	10.3%	9.1
Africa (Algeria) ⁽⁴⁾	38.2	19.0%	62.7	29.6%	24.5
Other ⁽⁵⁾	(8.0)	(4.0)%	(12.9)	(6.1)%	(4.9)
Operating Profit	200.7	100.0%	211.8	100%	11.1

(1) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

(2) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela).

(3) Asia includes Saudi Arabia and Oman.

(4) Africa includes Algeria.

(5) Includes adjustments and other activities.

Financial income.

Financial income increased by €33.8 million to €78.6 million in the year ended December 31, 2012 from €44.8 million during the previous year, representing an increase of 75.4%.

The following table sets forth a breakdown of our financial income for the years ended December 31, 2012 and 2011.

	Year ended December 31, 2011		Year ended December 31, 2012		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Income from associates	1.0	0.04%	0.7	0.03%	(0.3)
Income from other investees	—	—	0.6	0.02%	0.6
Bank interest income and fees	4.4	0.2%	6.1	0.25%	1.7
Sureties fees	2.1	0.1%	2.0	0.08%	(0.1)
Exchange rate gains	9.6	0.4%	22.3	0.91%	12.7
Income on derivatives	1.7	0.1%	4.1	0.17%	2.5
Interest income on financial receivables from concessions	6.5	0.3%	9.8	0.40%	3.3
Other financial income	19.5	0.8%	32.9	1.3%	13.4
Total	44.8	1.9%	78.6	3.2%	33.8

The increase in financial income was mainly due to (i) a €13.4 million increase in other financial income due to the recording of default interest in Venezuela for late payments, which was acknowledged by the relevant client and (ii) a €12.7 million increase in exchange rate gains attributable to the effects on our other sources of revenue of the translation of the financial statements of our international operations, which are denominated in local currency and therefore subject to normal exchange rate fluctuations.

Financial charges.

Financial charges increased by €43.3 million to €163.7 million in the year ended December 31, 2012 from €120.4 million during the previous year, representing an increase of 36.0%.

The following table sets forth a breakdown of our financial charges for the years ended December 31, 2012 and 2011.

	Year ended December 31, 2011		Year ended December 31, 2012		Change
		% of Total Revenue		% of Total Revenue	
	(€ in million, except percentages)				
Sureties fees	(22.8)	1.0%	(23.0)	0.9%	(0.2)
Bank interest expense and fees	(39.7)	1.7%	(48.7)	2.0%	(9.0)
Exchange rate losses	(17.7)	0.7%	(22.1)	0.9%	(4.4)
Losses on derivatives	(16.2)	0.7%	(16.0)	0.7%	0.2
Financial charges on leases	(0.3)	0.01%	(0.6)	0.02%	(0.3)
Other financial charges	(23.1)	1.0%	(30.6)	1.2%	(7.5)
Total	(119.9)	5.1%	(141.0)	5.7%	(21.1)
Impairment losses on investments	(0.0)	0.0%	(0.0)	0.0%	(0.0)
Impairment losses on securities and receivables . .	(0.6)	0.03%	(22.6)	0.9%	(22.0)
Total	(0.6)	0.03%	(22.7)	0.9%	(22.1)
Total financial charges	(120.4)	5.1%	(163.7)	6.7%	(43.3)

The increase in financial charges was mainly due to (i) a €22.0 million increase in impairment losses on securities and receivables relating to the fair value of the default interest receivable on late payments, mainly in Venezuela (see “—*Financial income*”); (ii) a €9.0 million increase in bank interest expense and fees attributable to growing production volumes and significant investments made in the year; (iii) a €2.3 million increase in other financial charges attributable to charges deriving from the sale of receivable on a non-recourse basis; as well as (iv) a €4.4 million increase in exchange rate losses, attributable to normal currency fluctuations affecting the translation of the financial statements of our international operations.

Effects of equity accounting.

Effects of equity accounting accounted with the equity method increased to €3.1 million for the year ended December 31, 2012, from €0.4 million for the previous year. This item mainly relates to investments in the Concessions business line, and, in particular to the management of the Chacayes hydroelectric power plant in Chile.

Pre-tax profit.

As a result of the above, our pre-tax profit for the year ended December 31, 2012, increased to €129.8 million from €125.4 million for the previous year. Pre-tax profit as a percentage of total revenue for the year ended December 31, 2012, remained unchanged from the previous year, at 5.3%.

Tax expense.

Tax expense increased by €2.4 million to €55.9 million in the year ended December 31, 2012 from €53.5 million during the previous year, representing a 4.5% increase.

The following table sets forth a breakdown of our tax expense for the years ended December 31, 2012 and 2011.

	Year ended December 31, 2011	Year ended December 31, 2012	Change
		(€ in million)	
Current income taxes ⁽¹⁾	(39.1)	(41.9)	(2.8)
Deferred income taxes ⁽¹⁾	(4.4)	(4.5)	(0.1)
Current tax IRAP	(8.0)	(7.4)	0.6
Deferred tax IRAP	(0.5)	(0.3)	0.2
Substitute tax and other	(1.6)	(1.8)	(0.2)
Total	<u>(53.5)</u>	<u>(55.9)</u>	<u>(2.4)</u>

(1) Tax expenses relate to the Italian income tax for corporate entities (IRES) and equivalent income taxes applicable in foreign jurisdictions where we operate.

The increase in tax expense was primarily due to greater pre-tax profit recorded during the year and to a €2.8 million increase in current income taxes.

Profit for the period.

As a result of the above, our net profit for the year ended December 31, 2012, increased to €73.9 million from €71.9 million for the previous year.

Year ended December 31, 2011 compared to year ended December 31, 2010 (restated)

The following table sets out the items from our consolidated statements of income for the year ended December 31, 2011 and December 31, 2010 (restated) and the percentage change from period to period, and shows these items as a percentage of total revenue.

Consolidated Income Statement

	Year ended December 31, 2010 (Restated) ⁽¹⁾		Year ended December 31, 2011			
		% of Total Revenue		% of Total Revenue	Change	% of Change
(€ in million, except percentages and per share data)						
Revenue	1,931.6	94.0%	2,265.3	96.0%	333.7	17.3%
<i>of which with related parties</i> ⁽²⁾	182.1	8.9%	210.9	8.9%	28.8	15.8%
Other operating revenue	124.2	6.0%	95.0	4.0%	(29.2)	(23.5)%
<i>of which with related parties</i> ⁽²⁾	5.6	0.3%	3.3	0.1%	(2.2)	(40.0)%
Total revenue	2,055.8	100.0%	2,360.3	100.0%	304.5	14.8%
Purchase costs	(366.9)	17.8%	(458.6)	19.4%	(91.7)	25.0%
Service costs	(1,180.7)	57.4%	(1,349.3)	57.2%	(168.6)	14.3%
<i>of which with related parties</i> ⁽²⁾	(194.7)	9.5%	(149.6)	6.3%	45.0	(23.1)%
Personnel expenses	(244.1)	11.9%	(262.5)	11.1%	(18.4)	7.5%
Amortization, depreciation and impairment losses	(56.8)	2.8%	(51.6)	2.2%	5.2	(9.2)%
Other operating costs	(28.2)	1.4%	(38.4)	1.6%	(10.2)	36.2%
<i>of which with related parties</i> ⁽²⁾	—	—	(1.4)	0.1%	(1.4)	—
Total costs	(1,876.8)	91.3%	(2,160.4)	91.5%	(283.7)	15.1%
(Capitalization of internal construction costs)	1.2	0.04%	0.8	0.04%	(0.4)	(33.3)%
Operating profit	180.3	8.8%	200.7	8.50%	20.4	11.3%
Financial income	33.7	1.6%	44.8	1.9%	11.1	32.9%
<i>of which with related parties</i> ⁽²⁾	0.2	0.01%	1.3	0.1%	1.1	550.0%
Financial charges	(111.7)	5.4%	(120.4)	5.1%	(8.7)	7.8%
<i>of which with related parties</i> ⁽²⁾	(0.3)	0.01%	—	n.s.	0.3	(100.0)%
Effect of equity accounting	0.3	0.01%	0.4	0.02%	0.1	33.3%
Total financial area and investments	(77.8)	(3.8)%	(75.3)	3.2%	2.5	3.2%
Pre-tax profit	102.5	5.0%	125.4	5.3%	22.9	22.3%
Tax expense	(39.0)	1.9%	(53.5)	2.3%	(14.5)	37.2%
Profit for the year	63.5	3.1%	71.9	3.0%	(8.4)	13.2%
Profit attributable to the owners of the parent	63.1	3.1%	71.2	3.0%	8.1	12.8%
Profit (loss) attributable to non-controlling interests	0.4	0.02%	0.7	0.03%	0.3	75.0%

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Consolidated Income Statement.”

(2) Reflects the portion attributable to consortia, consortium companies and special purposes companies through which we operate our construction activities. Although we hold an interest in these projects, and therefore transactions with the corresponding consortia, consortium companies and special purpose companies may be deemed related-party transactions, we do not consider them as such, given that they represent a manner in which projects are typically conducted in our business.

Revenue.

In the year ended December 31, 2011, our revenue increased to €2,265.3 million from €1,931.6 million during the previous year, representing a 17.3% increase. The table below provides a breakdown of our revenue by category:

	Year ended December 31, 2010 (restated) ⁽¹⁾	% of Revenue	Year ended December 31, 2011	% of Revenue	Change
		(€ in million, except percentages)			
Revenue from sales and services	375.2	19.4%	384.1	17.0%	8.8
Changes in contract work in progress	1,556.4	80.6%	1,881.2	83.0%	324.8
Revenue	1,931.6	100.0%	2,265.3	100.0%	333.7

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Revenue.”

The increase in our revenue was primarily attributable to a €324.8 million, or 20.9% increase in revenue from changes in contract work in progress from €1,556.4 million for the year ended December 31, 2010 (restated), to €1,881.2 million for the year ended December 31, 2011, resulting from the positive performance of works in Italy (Lots DG-21 and DG-22 of the Jonica National Road, Line 5 of the Milan underground and the four hospitals in Tuscany), in Central-Eastern Europe (road works in Romania and Poland, as well works for the Line 2 of the Warsaw underground), in Turkey the Milas-Bodrum International Airport and certain sections of the Istanbul underground, Algeria (railways) and Oman (roads).

Geographic breakdown of our revenue

The following table sets forth a geographic breakdown of our revenue (not including “other operating revenue”) for the year ended December 31, 2011 and 2010 (restated) and as a percentage of our revenue.

	Year ended December 31, 2010 (restated) ⁽¹⁾	% of Revenue	Year ended December 31, 2011	% of Revenue	Change
		(€ in million, except percentages)			
Italy	875.3	45.3%	1,049.8	46.3%	174.5
Europe (except Italy) ⁽²⁾	471.9	24.4%	696.9	30.8%	225.0
America ⁽³⁾	421.1	21.8%	318.4	14.1%	(102.7)
Asia (Middle East) ⁽⁴⁾	22.8	1.2%	36.9	1.6%	14.1
Africa (Algeria) ⁽⁵⁾	140.5	7.3%	163.2	7.2%	22.7
Revenue	1,931.6	100.0%	2,265.3	100.0%	333.7

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Geographic breakdown of our revenue.”

(2) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

(3) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela).

(4) Asia includes Saudi Arabia and Oman.

(5) Africa includes Algeria.

Our revenue for the year ended December 31, 2011 shows an increase in revenue from both international and Italian activities. Revenue from international activities increased by €159.1 million, or 15.1%, to €1,215.4 million for the year ended December 31, 2011, from €1,056.3 million for the year ended December 31, 2010 (restated), while revenue from Italian operations increased by €174.5 million, or 19.9%, to €1,049.8 million for the year ended December 31, 2011, from €875.3 million for the year ended December 31, 2010 (restated). Our international operations accounted for 53.7% for the year ended December 31, 2011 resulted from our international activities.

The increase in revenue from international activities was mainly due to an increase in revenue from activities in railway, roads, ports and airports works, mainly in Central and Eastern Europe including Romania (Arad-Oradea national road, Medgidia-Costanta motorway, Arad-Timisoara motorway), Poland (NR-8 National Road, Line 2 of the Warsaw underground) and Russia (Pulkovo International Airport of St. Petersburg). The increase recorded in revenue from Italian operations was mainly attributable to an increase in revenue from Lots DG-21 and DG-22 of the Jonica National Road, Line 5 of the Milan underground, and the four hospitals in Tuscany (Lucca, Massa, Pistoia and Prato).

Business line breakdown of our revenue

The following table provides a breakdown of our revenue (not including “other operating revenue”) by business line for the years ended December 31, 2011 and 2010 (restated) and as a percentage of our revenue.

	Year ended December 31, 2010 (restated)		Year ended December 31, 2011		
		% of Revenue		% of Revenue	Change
	(€ in million, except percentages)				
Transport Infrastructures	1,542	79.8%	1,907	84.2%	365
<i>Railways and undergrounds</i>	1,072	55.5%	1,090	48.1%	18
<i>Roads and motorways</i>	410	21.2%	627	27.7%	217
<i>Ports and airports</i>	60	3.1%	190	8.4%	130
Civil and Industrial Buildings	107	5.5%	180	7.9%	73
Water and Energy Production Plants	263	13.6%	137	6.0%	(126)
Plants Design and Maintenance	—	—	18	0.8%	18
Concessions	20	1.0%	23	1.0%	3
Revenue⁽¹⁾	1,932	100.0%	2,265	100.0%	333

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Revenue.”

The breakdown of our revenue by business line shows an increase in our revenue deriving from Transport Infrastructures, Civil and Industrial Buildings, Plants Design and Maintenance and Concessions business lines, while the revenue from Water and Energy Production Plants shows a decrease as compared to 2010 (restated).

Transport Infrastructures. In the year ended December 31, 2011, our revenue from the Transport Infrastructures business line increased to €1,907 million from €1,542 million in the year ended December 31, 2010, representing an increase of 23.7%. This increase was mainly due to increases in revenue from (i) railways and underground in connection with works in Algeria and Venezuela, and contracts in progress in Italy for the construction of new underground lines in Milan (Line 5) and Rome (Line C) and the construction of the new Bologna Centrale High Speed Train Station, (ii) roads and motorways as a result of works in Poland, Romania and amounts relating to domestic contracts including Lots DG-21 and DG-22 of the Jonica National Road, and (iii) activities in ports and airports works, especially in connection with Turkey (Milas-Bodrum International Airport), Romania (Henri Coanda International Airport), as well as preliminary activities in Russia (Pulkovo International Airport in St.Petersburg).

Civil and Industrial Buildings. In the year ended December 31, 2011, our revenue from the Civil and Industrial Buildings business line increased to €180 million from €107 million in the year ended December 31, 2010 (restated), representing an increase of 68.2%. This increase was mainly due to progress of projects in Italy (the new Hospitals in Tuscany and the School for Police Officers in Florence), Romania (the “Lia Manoliu” National Stadium in Bucharest) and the Middle East (oil and gas projects in Qatar).

Water and Energy Production Plants. In the year ended December 31, 2011, our revenue from the Water and Energy Production Plant business line decreased to €137 million from €263 million in the year ended December 31, 2010 (restated), representing a decrease of 47.9%. This decrease was mainly due

to an acceleration of the works relating to the Chacayes and Pirris hydroelectric power plants in Chile, which brought to the completion of such projects in 2011.

Plants Design and Maintenance. Plants Design and Maintenance essentially reflects the activity of nBI S.r.l., the company of our Group operating in Plant Engineering, Facility Management and Renewable Energy. There are no relevant results for the Plants Design and Maintenance business line in 2011, as nBI S.r.l. is the result of the acquisition of a business unit of the longstanding Italian company Busi Impianti occurred in 2012.

Concessions. In the year ended December 31, 2011, our revenue from the Concessions business line increased to €23 million from €20 million in the year ended December 31, 2010 (restated), representing an increase of 15.0%. This increase was mainly due to accrued infrastructure management services fees in connection with the management of the Mestre Hospital, as well as the fees generated from the direct management of five car parks in Italy.

Other operating revenue.

Other operating revenue decreased by €29.2 million to €95.0 million in the year ended December 31, 2011 from €124.2 million during the same period in 2010 (restated), representing a 23.5% decrease. This decrease was mainly due to (i) a €3.3 million decrease in revenue from sale of goods and a €8.3 million decrease in services from third parties, which were both attributable to goods and services provided to certain subcontractors for certain projects in Turkey, in connection with activities they carried out in 2010 which were no longer required in 2011, and (ii) a €24.6 million decrease in other revenue deriving from use of surplus provisions and amounts received following payment of insurance repayments in Italy and Algeria.

See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Other Operating Revenue.”

Total costs.

Total costs increased by €283.7 million to €2,160.4 million in the year ended December 31, 2011 from €1,876.8 million in the previous year, representing an increase of 15.1%, mainly due to an increase in purchase costs, personnel expenses, and other operating costs, only partially offset by a decrease in amortization, depreciation and write-downs.

See “—Year ended December 31, 2011 compared to year ended December 31, 2010 (restated)—Consolidated Income Statement”.

Purchase costs.

Total purchase costs (including costs for the purchase of raw materials and consumables and changes in inventories of raw materials, supplies, consumables and goods) increased by €91.7 million to €458.6 million in the year ended December 31, 2011 from €366.9 million in the previous year, representing a 25.0% increase. As a percentage of total revenue, these costs increased from 19.4% to 17.8%.

The increase in purchase costs was due to a €116.7 million increase in the purchase costs for raw materials and consumables, due to the rise in production occurred in the year, especially as a result of the ongoing projects in Romania (Arad-Oradea national road, Medgidia-Costanta motorway, Arad Timisoara motorway), Poland (National Road NR 8, Line 2 of the Warsaw underground), as well as in Italy Lots DG 21 and DG 22 of the Jonica National Road, Line 5 of the Milan underground, and the four hospitals in Tuscany (Lucca, Massa, Pistoia and Prato). This increase was only partially offset by a decrease in the change in inventories attributable to the commencement of activities related to Milas-Bodrum International Airport in Turkey.

See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Purchase Costs.”

Service costs.

Total service costs in the year ended December 31, 2011 increased by €168.6 million to €1,349.3 million from €1,180.7 million, representing an increase of 14.3%. As a percentage of total revenue, these costs slightly decreased from 57.4% to 57.2%.

The following table sets forth a breakdown of our services costs for the year ended December 31, 2011 and 2010 (restated) and as a percentage of our total revenue.

	Year ended December 31, 2010 (restated) ⁽¹⁾		Year ended December 31, 2011		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Consortium costs	(201.7)	9.8%	(147.4)	6.2%	54.3
Subcontracts and other services	(777.2)	37.8%	(956.5)	40.5%	(179.3)
Technical, administrative and legal consulting	(74.5)	3.6%	(89.3)	3.8%	(14.8)
Remuneration of directors and statutory auditors	(4.2)	0.2%	(3.0)	0.1%	1.2
Utilities	(12.0)	0.6%	(12.7)	0.5%	(0.7)
Travel and transfers	(4.7)	0.2%	(4.3)	0.2%	0.4
Insurance	(17.3)	0.8%	(23.9)	1.0%	(6.6)
Rentals and other costs	(57.0)	2.8%	(86.2)	3.7%	(29.2)
Rent and condominium expenses	(7.8)	0.4%	(6.7)	0.3%	1.1
Maintenance costs for leased assets	(0.8)	0.04%	(0.8)	0.04%	—
Other	(23.5)	1.1%	(18.5)	0.8%	5.0
Total	(1,180.7)	57.4%	(1,349.3)	57.2%	(168.6)

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Service Costs.”

The increase in total services costs was primarily attributable to a €179.3 million increase in subcontracts and other services due to the rise in construction works during the year, especially relating to Romania (Arad-Oradea national road, Medgidia-Costanta motorway, Arad-Timisoara motorway), Poland (National Road NR-8, Line 2 of the Warsaw underground), as well as Italy Lots DG-21 and DG-22 of the Jonica National Road, Line 5 of the Milan underground, and the four hospitals in Tuscany (Lucca, Massa, Pistoia and Prato). Rental costs also increased by €29.2 million as a result of our projects in Romania, Poland and Algeria going through a construction phase requiring greater use of third-party operated equipment. This increase was partially offset by a €54.3 million decrease in consortium costs mainly due to lower revenue from certain projects carried out in Italy, and especially Line C of the Rome underground.

Personnel expenses.

Personnel expenses increased by €18.4 million to €262.5 million in the year ended December 31, 2011 from €244.1 million during the previous year, representing a 7.5% increase.

The following table sets forth a breakdown of our personnel expenses for the year ended December 31, 2011 and 2010 (restated).

	Year ended December 31, 2010 (restated) ⁽¹⁾		Year ended December 31, 2011		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Wages and salaries	(161.6)	7.9%	(177.3)	7.5%	(15.7)
Social security charges	(37.7)	1.8%	(41.7)	1.8%	(4.0)
Other costs	(42.1)	2.0%	(41.7)	1.8%	0.4
Other post-employment benefits	(1.2)	0.1%	(0.8)	0.03%	0.4
Cost of share-based payments	(1.5)	0.1%	(1.0)	0.04%	(0.5)
Total	(244.1)	11.9%	(262.5)	11.1%	(18.4)

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Personnel Expenses.”

The increase in personnel expenses mainly resulted from (i) a €15.7 million increase in wages and salaries, and a (ii) a €4.0 million increase in social security charges, both due to higher volumes of works performed directly in certain geographical areas, including Romania, Poland and Russia, where it is more difficult to resort to efficient subcontracting solutions able to guarantee the minimum quality standards of our Group, which led us to internalize the costs of the personnel used to work on such projects.

Our average headcount increased by 98 employees to an average of 9,192 employees in the year ended December 31, 2011 from an average of 9,094 employees for the year ended as of December 31, 2010. The table below provides a breakdown of our average number of employees by category in the year ended as of December 31, 2011 and for the year ended as of December 31, 2010.

	Year ended December 31, 2010	Year ended December 31, 2011
Senior Executives	144	173
Managers	141	150
Employees	2,503	2,640
Workers	6,306	6,229
Average number of employees	9,094	9,192

Amortization, depreciation and impairment losses.

Amortization, depreciation and impairment losses decreased by €5.2 million to €51.6 million in the year ended December 31, 2011 from €56.8 million during the previous year, representing a 9.2% decrease. This decrease was primarily attributable to a decrease in the depreciation of tangible assets, resulting from ordinary course acquisition and disposal of tangible assets, and to zero other asset impairment losses, partially offset by an increase in amortization of intangible assets, resulting from the amortization of certain contractual rights that we had recorded in connection the acquisition of an additional interest in an existing project from one of our partners.

See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Amortization, depreciation and impairment losses.”

Other operating costs.

Other operating costs increased by €10.2 million to €38.4 million in the year ended December 31, 2011 from €28.2 million during the previous year, representing an increase of 36.2%. The increase in other operating costs was primarily due to a €7.2 million increase in the provision for risks and charges, related to the possible devaluation of credits claimed vis-à-vis one of our Metro 5 S.p.A. partners, subject to

bankruptcy proceeding. The increase was also attributable to higher tax charges paid in Venezuela and Turkey.

See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Other operating costs.”

Capitalization of internal construction costs.

The item includes capitalized costs incurred in connection with internal construction of assets. These costs decreased by €0.4 million to €0.8 million from €1.2 million during the same period in 2010.

Operating profit.

Our operating profit for the year ended December 31, 2011, increased to €200.7 million from €180.3 million the previous year. Operating profit as a percentage of total revenue decreased to 8.5% for the year ended December 31, 2011, from 8.8% for the year ended December 31, 2010 (restated). The increase in our operating profit was determined by the increase in our revenue and a substantially proportionate increase in our total costs.

See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Operating Profit.”

Geographic breakdown of our operating profit

The following table sets forth a geographic breakdown of our operating profit for the year ended December 31, 2011 and 2010 (restated) and as a percentage of our total operating profit.

	Year ended December 31, 2010 (restated) ⁽⁶⁾		Year ended December 31, 2011		
		% of Operating Profit		% of Operating Profit	Change
		(€ in million, except percentages)			
Italy	87.0	48.3%	147.3	73.4%	60.3
Europe (except Italy) ⁽¹⁾	37.0	20.5%	6.3	3.1%	(30.7)
America ⁽²⁾	65.4	36.3%	47.9	23.9%	(17.5)
Asia (Middle East) ⁽³⁾	(24.3)	(13.5)%	(31.0)	(15.4)%	(6.7)
Africa (Algeria) ⁽⁴⁾	22.0	12.2%	38.2	19.0%	16.2
Other ⁽⁵⁾	(6.8)	(3.8)%	(8.0)	(4.0)%	(1.2)
Operating Profit	180.3	100.0%	200.7	100.0%	20.4

(1) Europe includes Poland, Romania, Russia, Bulgaria and Turkey.

(2) America includes North America (Canada and the United States of America) and Central and Latin America (Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela).

(3) Asia includes Saudi Arabia and Oman.

(4) Africa includes Algeria.

(5) Includes adjustments and other activities.

(6) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Geographic breakdown of our operating profit.”

Financial income.

Financial income increased by €11.1 million to €44.8 million in the year ended December 31, 2011 from €33.7 million during the previous year, representing a 32.9% increase.

The following table sets forth a breakdown of our financial income for years ended December 31, 2011 and 2010 (restated).

	Year ended December 31, 2010 (restated) ⁽¹⁾		Year ended December 31, 2011		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Income from associates	0.9	0.04%	1.0	0.04%	0.1
Income from other investees	0.1	0.0%	0.0	0.0%	(0.1)
Bank interest income and fees	2.2	0.1%	4.4	0.2%	2.2
Sureties fees	0.6	0.03%	2.2	0.1%	1.6
Exchange rate gains	19.6	1.0%	9.6	0.4%	(10.0)
Income on derivatives	2.2	0.1%	1.7	0.1%	(0.6)
Interest income on financial receivables from concessions	5.9	0.3%	6.5	0.3%	0.6
Other financial income	2.1	0.1%	19.5	0.8%	17.4
Total	33.7	1.6%	44.8	1.9%	11.1

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Financial Income.”

The increase in financial income was mainly due to a €17.4 million increase in other financial income, due to higher interest agreed with customers and liquidity management operations, partially offset by a €10.0 million decrease in exchange rate gains, mainly due to ordinary course currency fluctuations affecting the translation of the financial statements of our international operations.

Financial charges.

Financial charges increased by €8.7 million to €120.4 million in the year ended December 31, 2011 from €111.7 million during the previous year, representing a 7.8% increase.

The following table sets forth a breakdown of our financial charges for years ended December 31, 2011 and 2010 (restated).

	Year ended December 31, 2010 (restated) ⁽¹⁾		Year ended December 31, 2011		
		% of Total Revenue		% of Total Revenue	Change
	(€ in million, except percentages)				
Sureties fees	(18.8)	0.9%	(22.8)	1.0%	(4.0)
Bank interest expense and fees	(30.7)	1.5%	(39.7)	1.7%	(9.0)
Exchange rate losses	(29.1)	1.4%	(17.7)	0.7%	11.4
Losses on derivatives	(15.7)	0.8%	(16.2)	0.7%	(0.5)
Financial charges on leases	(0.7)	0.03%	(0.3)	0.01%	0.4
Other financial charges	(16.3)	0.8%	(23.1)	1.0%	(6.8)
Total	(111.3)	5.4%	(119.9)	5.1%	(8.6)
Impairment losses on investments	0.0	0.0%	0.0	0.0%	(0.0)
Impairment losses on securities and receivables . .	(0.4)	0.02%	(0.6)	0.03%	(0.2)
Total	(0.4)	0.02%	(0.6)	0.03%	(0.2)
Total financial charges	(111.7)	5.4%	(120.4)	5.1%	(8.7)

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Financial Charges.”

The increase in financial charges was mainly due to (i) a €9.0 million increase in interest expense attributable to our Italian operations in particular, (ii) a €6.8 million increase in other financial charges attributable to forecasted charges deriving from certain non-recourse financial transactions, and (iii) a

€4.0 million increase in sureties fees deriving from higher average amount of projects in which our Group was involved which caused an increase in commitments that had to be supported by sureties. These factors were partially offset by a €11.4 million decrease in exchange rate losses, mainly due to ordinary course currency fluctuations affecting the translation of the financial statements of our international operations.

Effect of equity accounting.

Effect of equity accounting increased to €0.4 million for the year ended December 31, 2011, from €0.3 million for the previous year. This item mainly relates to investments in the Concessions business line, and, in particular to the management of the Chacayes Hydroelectric Power Plant in Chile. See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year ended December 31, 2010—Effects of Equity Accounting.”

Pre-tax profit.

As a result of the above, our pre-tax profit for the year ended December 31, 2011, increased to €125.4 million from €102.5 million for the previous year. Pre-tax profit as a percentage of total revenue for the year ended December 31, 2011, increased to 5.3% from 5.0% for the previous year.

See “—Year ended December 31, 2011 compared to year ended December 31, 2010 (restated)—Consolidated Income Statement.”

Tax expense.

Tax expense increased by €14.5 million to €53.5 million in the year ended December 31, 2011 from 39.0 million during the previous year, representing a 37.2% increase. This increase was primarily due to a €9.5 million increase in current income taxes, which reflects the different geographical breakdown of our business in 2011 with more activities in countries with higher tax rates.

	Year ended December 31, 2010 (restated) ⁽¹⁾	Year ended December 31, 2011	Change
	(€ in million)		
Current income taxes ⁽²⁾	(29.6)	(39.1)	(9.5)
Deferred income taxes ⁽²⁾	(3.6)	(4.4)	(0.8)
Current tax IRAP	(6.9)	(7.9)	(1.0)
Deferred tax IRAP	(0.5)	(0.5)	—
Substitute and other tax	(1.7)	(1.6)	0.1
Total	(39.0)	(53.5)	(14.5)

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Tax expense.”

(2) Tax expense relates to the Italian income tax for corporate entities (IRES) and equivalent income taxes applicable in foreign jurisdictions where we operate.

Profit for the period.

As a result of the above, our net profit for the year ended December 31, 2011, increased to €71.9 million from €63.5 million for the previous year.

See “—Year ended December 31, 2011 compared to year ended December 31, 2010 (restated)—Consolidated Income Statement.”

Liquidity and Capital Resources

Liquidity

Our cash requirements

Our cash requirements consist mainly of:

- operating activities, including our net working capital requirements;

- construction capital expenditures (*i.e.*, technical investments required for our construction activities);
- investments in concessions and other operating subsidiaries;
- servicing our indebtedness and the indebtedness of our subsidiaries;
- funding acquisitions; and
- paying taxes.

Liquidity before the Offering

Our principal sources of liquidity are:

- Cash generated from our operating activities;
- Borrowings under our existing committed and uncommitted credit facilities.

Cash generated from our operations mostly includes the EBITDA generated in the period as well as cash flow generated from working capital, mainly through the use of non-recourse factoring and, where permissible under applicable law and contractual arrangements, advance payments from customers related to construction works. We also utilize a combination of committed and uncommitted, short-term and long-term credit facilities to finance our cash needs and the growth of our business. See “—*Net Working Capital*” for a description of our factoring arrangements. See “*Business—Project Phases—Financing*” for a description of the manner in which we finance our Construction and Concessions operations through borrowing.

As of September 30, 2013, our Net Financial Position amounted to €895.7 million compared to €668.1 million as of September 30, 2012. We define Net Financial Position as our total net financial indebtedness (*i.e.*, our total bank loans and borrowings, bonds and other financial debt (excluding the fair value of hedging derivatives), net of cash and cash equivalents, securities held for trading and current financial receivables), less the amount of non-current financial receivables, subordinated loans, receivables from concessions activities and treasury stock.

As of September 30, 2013, we had cash and cash equivalents of €306.3 million compared to €400.2 million as of September 30, 2012, securities held for trading of €1.4 million, substantially in the same amount as those as of September 30, 2012, and current financial receivables of €37.9 million compared to €17.5 million as of September 30, 2012. As of September 30, 2013, we had also €200.9 million of undrawn committed lines, as well as €262.8 million of available uncommitted lines.

The Offering

We intend to use the net proceeds of the Offering to repay existing financial indebtedness. See “*Use of Proceeds*” and “*Capitalization*.”

Liquidity following the Offering

Following the completion of the Offering, our primary sources of liquidity will consist of the following:

- Cash generated from our operating activities;
- Borrowings under the Forward Start Facility;
- Borrowings under our existing credit facilities and committed and uncommitted credit lines.

Following the Offering the following bank loans and facilities will remain in place:

- The undrawn portion of the Forward Start Facility, to the extent freed up through repayment of the drawn amount with the proceeds of the Note offered hereby;
- Our other committed and uncommitted bank loans and facilities, to the extent freed up through repayment of the drawn amount with the proceeds of the Note offered hereby.

See “*Use of Proceeds*,” “*Capitalization*” and “*Description of Other Indebtedness*” for additional information regarding our existing indebtedness following the Offering.

Cash flow

The following table summarizes our consolidated cash flow statements for the years ended December 31, 2012, 2011 and 2010 (restated) and for the nine months ended September 30, 2013 and 2012.

	Year ended December 31,			Nine months ended September 30,	
	2010 (restated) ⁽³⁾	2011	2012	2012	2013
	(€ in million)				
Cash and cash equivalents at start of the period	468.9	415.3	456.2	456.2	400.2
Net result for the period	63.5	71.9	73.9	60.2	65.7
Adjustments to reconcile consolidated after-tax profit to net cash generated by operating activities	64.3	67.5	59.7	108.2	119.9
Changes in working capital	(58.2)	(5.0)	(90.5)	(140.9)	(224.8)
Net interest paid⁽¹⁾	0.0	0.0	0.0	(47.8)	(63.4)
Net taxes paid⁽²⁾	0.0	0.0	0.0	(36.0)	(31.2)
Net cash flow generated by/(used in) operating activities	69.6	134.4	43.2	(56.3)	(133.7)
Cash flow generated/(used in) investing activities	(64.5)	(252.0)	(264.1)	(205.8)	(112.7)
Of which					
Total Construction Capital Expenditures	(27.0)	(47.5)	(92.9)	(67.0)	(14.8)
Other cash flows generated/(used in) construction investing activities	(2.3)	(1.3)	(9.7)	21.0	7.1
Concessions	(35.2)	(203.2)	(161.5)	(175.0)	(100.5)
Net cash flow generated by/(used in) financing activities	(58.7)	158.6	164.9	178.1	152.5
Net increase/(decrease) in cash and cash equivalents	(53.7)	40.9	(56.0)	(84.0)	(93.9)
Cash and cash equivalents at the end of the period	415.3	456.2	400.2	372.2	306.3

(1) Net interest paid during the years ended December 31, 2010 (restated) (€27.4 million), 2011 (€62.8 million) and 2012 (€49.9 million) are included in the line items above, which comprise net cash generated by/(used in) operating activities.

(2) Net taxes paid during the years ended December 31, 2010 (restated) (€24.2 million), 2011 (€43.5 million) and 2012 (€39.4 million) are included in the line items above, which comprise net cash generated by/(used in) operating activities.

(3) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Cash Flows.”

Cash flow from/(used in) operating activities

For the nine months ended September 30, 2013, our operating activities absorbed cash equal to €133.7 million while in the nine months ended September 30, 2012 absorbed cash for €56.3 million, representing a €77.4 million increase. Such change was primarily driven by a significant increase in our working capital requirements, largely as a result of the continuing advancement of our projects in a macroeconomic environment that created delays in payments from customers and, therefore, financial pressure on our subcontractors.

For the year ended December 31, 2012, cash flow generated by operating activities decreased by €91.2 million to €43.2 million from €134.4 million for the year ended December 31, 2011. This decrease was mainly attributable to an increase in our net working capital requirements, which were primarily driven by the settlement of trade payables with our subcontractors, particularly in Romania and Turkey and the payment of contract advances to certain key subcontractors in connection with the commencement of new projects in Russia and Turkey. This decrease in trade payables was compounded by growth in trade receivables arising out of our operations in the Americas and in Italy.

For the year ended December 31, 2011, cash flow generated by operating activities increased by €64.8 million to €134.4 million from €69.6 million for the year ended December 31, 2010 (restated). The increase was mainly attributable to a net decrease in our net working capital requirements, primarily driven by an increase in operating leverage for our construction operations in Italy, Europe and Africa as a result of the application of back-to-back payment provisions in our arrangements with subcontractors and suppliers, and by the collection of advance payments on contracts, particularly those relating to new projects in Russia.

Cash flow from (used in) investing activities

For the nine months ended September 30, 2013, cash flow used in investing activities decreased to €112.7 million from €205.8 million for the nine months ended September 30, 2012. The decreases in both construction capital expenditures and investments in concessions were determined by lower capital spending requirements of the construction phase of our main ongoing projects.

For the year ended December 31, 2012, cash flow used in investing activities slightly increased to €264.1 million from €252.0 million for the year ended December 31, 2011. This increase was primarily due to additional capital expenditures for technical equipment in the Construction business line, in connection with the advancement of construction projects in progress in Chile, Peru, Russia and Poland, almost entirely offset by a reduction in investments in the Concessions business line, which was consistent with our investment plan.

For the year ended December 31, 2011, cash flow used in investing activities increased to €252.0 million from €64.5 million for the year ended December 31, 2010. The variation was primarily due to our significant investments in our Concessions business line with the acquisition, in 2011, of a 9.12% stake in the company A4 Holding S.p.A. (formerly Autostrada Brescia Verona Vicenza Padova S.p.A.), the concessionaire of the Serenissima Motorway in Northeastern Italy, and of the advancement of works at Milas-Bodrum International Airport in Turkey as well as, in small part, by slightly larger capital expenditures for our Construction business line attributable to the purchase of property, plant and equipment in connection with increased construction volumes.

Cash flow from/(used in) financing activities

For the nine months ended September 30, 2013, cash flow from financing activities decreased to €152.5 million from €178.1 million for the nine months ended September 30, 2012, primarily due to the recognition, in the same period of 2012, of the cash deriving from the equity contribution by us and our partners in A.I.2 S.r.l., the fully consolidated acquisition vehicle for A4 Holding, partly offset by an increase in our indebtedness, incurred to finance our working capital requirements and investments program.

For the year ended December 31, 2012, cash flow from financing activities slightly increased to €164.9 million, from €158.6 million for the year ended December 31, 2011, primarily as a result of changes in the scope of consolidation derived from the increase of our non-controlling interest in A4 Holding occurred in 2012, as well as the proceeds of new long-term financing arrangements entered into to support our international construction activities, as well as our concessions, especially in Turkey, which determined a relative decrease in the use of short-term borrowing.

For the year ended December 31, 2011, financing activities generated cash for €158.6 million whereas financing activities absorbed cash flow of €58.7 million for the year ended December 31, 2010. This change was mainly due to an increase in both long-term and short-term borrowing, largely associated with the significant investments in the Concessions business line and funding of our working capital requirements.

Net working capital

Our business operations are generally working capital intensive and variations in our net working capital are generally connected to the development of our Construction business. We experience significant changes in net working capital from period to period mainly due to the significant fluctuations in (i) trade receivables and trade payables as a result of various factors, including the growth in our portfolio of our works in progress, the construction phase of each individual project, with projects nearing completion normally experiencing large reductions in both receivables and payables, the opportunity to support our sub-contractors in order to avoid slow-down in production in times of budgetary constraints as well as

the time of the year, given the common practice by customers, particularly PSE customers, of paying invoices towards year-end, (ii) payments on account from customers, as a result of variations in the volume in fixed price (*à forfait*) contracts, with respect to which advance payments by customers are typical, and (iii) inventory, the amount of which typically depends on the construction phase of each project, which varies in the course of the life of the works and is used and not replaced as the works approach completion.

	For the year ended December 31,			For the nine months ended September 30,	
	2010 (restated)	2011	2012	2012	2013
	(€ in million)				
Inventories	93.6	93.4	84.3	79.4	65.5
Contract work in progress	845.9	1,010.4	1,058.0	1,068.1	1,181.9
Trade receivables	624.4	821	835.1	838.9	1,045.3
Other assets	213.7	205.5	209.8	228.3	176.8
Tax assets	101.5	117.0	143.0	138.6	100.6
Payments due to customers	(338.5)	(472.1)	(479.4)	(373.3)	(539.7)
Subtotal	1,540.6	1,775.0	1,851.0	1,980.0	2,030.4
Trade payables and payables due to suppliers	826.6	1,015.3	961.0	1,060.0	942.9
Other liabilities	203.2	241.6	314.8	292.8	281.7
Subtotal	1,029.8	1,256.9	1,275.8	1,352.8	1,224.6
Net working capital	510.8	518.2	575.2	627.2	805.8

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for the Year Ended December 31, 2010—Net Working Capital.”

As of September 30, 2013, our net working capital increased to €805.8 million from €627.2 million as of December 31, 2012, representing a €178.6 million increase for the period. This increase was due to the combined effect of (i) the advancement of our construction works, particularly the Pulkovo International Airport in St. Petersburg, Russia, the Third Bosphorus Bridge and the Northern Marmara Highway in Turkey as well as projects in Italy, Canada and Poland, resulting in increased contract work in progress, only partially offset by increased payments on account from customers, and (ii) a significant increase in trade receivables, imputable to our policy of supporting our subcontractors in the present macroeconomic environment, especially Italy (Milan Subway Line 5), Algeria and Romania, through a less rigorous application of back-to-back provisions in our agreements with them, to ensure smooth execution of our construction projects at a time when our PSE customers have stretched their payment cycles.

As of December 31, 2012, our net working capital increased to €575.2 million from €518.2 million as of December 31, 2011, representing a €57.0 million increase for the period. This increase related mainly to significant increases in both contract work in progress (€47.6 million) and other liabilities (€73.2 million, to a significant extent referable to tax obligations) due to the higher production volumes recorded in the year in relation to works in the Transport Infrastructures business line, particularly for the construction of the Saida-Moulay Slissen Railway in Algeria and a motorway section in Oman and, in Italy, Lot DG 21 of the Jonica National Road and the Bologna Centrale High Speed Station. This increase was compounded by a €14.1 million growth in trade receivables primarily attributable to the completion of several construction projects during the course of 2012, and a €54.3 million decrease in trade payables derived from our decision to support our subcontractors in connection with the advancement of our construction activities, only partially offset by a €9.1 million reduction in inventory. These movements were all attributable to numerous projects approaching completion, when inventory is used and not replaced, final invoices to customers are issued and invoices from subcontractors are settled.

As of December 31, 2011, our net working capital slightly increased to €518.2 million from €510.8 million as of December 31, 2010, representing a €7.4 million increase for the period. This increase was due to the combined effect of: (i) a €164.5 million increase in contract work in progress; (ii) a €196.6 million increase in trade receivables, almost entirely offset by a corresponding €188.6 million increase in trade payables, both determined by the application of back-to-back payment provisions with our subcontractors and (iii) a €133.6 million increase in payments on account from customers primarily attributable to an increase of contract advances and advances from customers relating to works on to

the extension of Line 5 in Milan, the construction of the High Speed Railway Station in Bologna and projects in Russia, and (iv), while inventories remained substantially stable throughout the period. These changes were all attributable to increased volumes of activity across all our geographies, particularly Italy (Line 5 in Milan, Line C in Rome, the Turin railway hub), in the rest of Europe (Medgidia-Costanta Motorway in Romania), as well as in Africa (SMS Railway in Algeria).

Factoring

We maintain a number of non-recourse factoring arrangements. We enter into these factoring agreements with twelve, predominantly Italian, financial institutions by selling our credit rights in certain commercial contracts. The factoring agreements are entered into on a non-recourse basis, meaning that the financial institutions undertake the credit risk associated with our customers. We are responsible exclusively for the existence and legitimacy of the credit rights being sold to the financial institutions. Non-recourse factoring allows us to collect on invoices as soon as they are certified by our customers, and to derecognize the corresponding receivable from our balance sheet pursuant to IAS 39. Our non-recourse factoring arrangements are off-balance sheet arrangements and do not form part of the calculation of our indebtedness. At September 30, 2013 and at December 31, 2012, respectively, approximately €137.3 million and €225.4 million were factored and derecognized. We use non-recourse factoring to normalize our net working capital by aligning collections on our trade receivables to the settlement of our trade payables. Also as a result of the creditworthiness of our customers, which in large proportion are PSEs, we have historically been able to access and renew our factoring arrangements. We plan to maintain these arrangements in place following the Offering and to continue to use them according to prior practice.

Net financial position

We define Net Financial Position as our total net financial indebtedness (*i.e.*, our total bank loans and borrowings, bonds and other financial debt (excluding the fair value of hedging derivatives), net of cash and cash equivalents, securities held for trading and current financial receivables), less the amount of non-current financial receivables, subordinated loans, receivables from concessions activities and treasury stock. Net financial position is presented as additional information because we understand that certain investors believe that netting cash against debt provides a clearer picture of the financial liability exposure. However, other companies may present net financial position differently than we do. Net financial position is not a measure of financial performance under IFRS and should not be considered as an alternative to any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of the net financial position to financing items of the balance sheet as of December 31, 2010, 2011 and 2012 and September 30, 2013 and 2012:

	Year ended December 31,			Nine months ended September 30,	
	2010 (restated) ⁽¹⁾	2011	2012	2012	2013
	(€ in million)				
Cash and cash equivalents ⁽²⁾	(415.3)	(456.2)	(400.2)	(372.2)	(306.3)
Securities held for trading	(5.0)	(1.9)	(1.3)	(1.4)	(1.4)
Liquid Assets	(420.2)	(458.1)	(401.6)	(373.6)	(307.7)
Short-term financial receivables	(20.4)	(0.9)	(3.4)	(2.5)	(21.8)
Current share of rights to receivables arising from concessions ⁽³⁾	(1.9)	(2.9)	(16.3)	(15.1)	(16.1)
Current financial receivables	(22.3)	(3.7)	(19.7)	(17.5)	(37.9)
Current bank loans and borrowings	226.1	315.1	460.5	408.6	439.6
Current portion of bonds ⁽⁴⁾	—	—	—	—	0.5
Current share of non-current debt	93.5	114.6	51.0	83.3	60.1
Other current financial payables	11.3	13.6	16.1	8.2	11.5
Current financial debt	330.9	443.5	527.6	500.1	511.6
Net current financial debt	(111.6)	(18.4)	106.4	109.0	166.0
Non-current bank loans and borrowings	588.8	649.5	696.4	755.9	695.6
Bonds ⁽⁵⁾	—	—	—	—	127.1
Other non-current payables	3.4	4.7	9.6	10	17.3
Non-current financial debt	592.2	654.2	706.0	765.8	840.0
Net financial debt—continuing operations	480.6	635.8	812.4	874.8	1,006
Non-current financial receivables	(16.1)	(15.0)	(50.9)	0.0	(25.1)
Of which with related parties ⁽⁶⁾	(14.4)	(14.9)	(43.2)	0.0	0.0
Subordinated loans	—	—	—	(52.1)	(28.7)
Of which with related parties ⁽⁶⁾	—	—	—	(52.1)	(28.7)
Non-current share of rights to receivables arising from concessions ⁽³⁾	(97.9)	(138.1)	(135.4)	(151.5)	(19.3)
Non-current financial receivables⁽⁷⁾	(114.0)	(153.1)	(186.4)	(203.6)	(73.1)
Net financial debt of assets held for sale	—	—	—	—	(34.5)
Total financial debt⁽⁸⁾	366.6	482.7	626.0	671.2	898.4
Treasury shares	(4.2)	(3.0)	(3.0)	(3.0)	(2.7)
Net Financial Position	362.3	479.7	623.0	668.2	895.7

(1) See “—Key Factors Affecting the Comparability of Our Results of Operations—Restatement of Comparative Figures as of and for December 31, 2010—Net Financial Position.”

(2) Cash and cash equivalents consist of cash, bank and post office deposits.

(3) The current share of receivables arising from concessions includes the portion of the minimum guaranteed amounts deriving from our concessions which are due within 12 months from the reporting date, while the non-current share of receivables arising from consolidated concessions includes the discounted portion of the minimum guaranteed amounts deriving from our consolidated concessions which are due after 12 months from the reporting date. See “—Critical Accounting Policies—Agreements for Concession Activities.”

(4) Represents the accrual of interests related to the Equity Linked Notes.

(5) Represents the amount outstanding under the Equity Linked Notes, net of the amount of amortized costs through September 30, 2013.

(6) Reflects the portion attributable to consortia, consortium companies and special purposes companies through which we operate our construction activities. Although we hold an interest in these projects, and therefore transactions with the corresponding consortia, consortium companies and special purposes companies may be deemed related-party

transactions, we do not consider them as such, given that they represent a manner in which projects are typically conducted in our business.

- (7) Non-current financial receivables are not contemplated in the standard definition of net financial position provided by the ESMA (formerly CESR) recommendation of February 10, 2005. However, we present them as part of our Net Financial Position because we believe they provide useful additional information in understanding the specificities of our business and the equilibrium between our non-current assets and liabilities, given the strict correlation between our long-term indebtedness related to concessions and the cash flow related to guaranteed concession fees, represented by our non-current financial assets.
- (8) The reported total financial debt does not include the valuation of the hedging derivatives which do not represent financial values.

Our net financial position increased by €227.6 million to €895.7 million in the nine months ended September 30, 2013 from €668.1 million in the 9-month period ended September 30, 2012. This increase was mainly attributable to (i) increased working capital requirements during the period, resulting in a €65.9 million decrease in cash and cash equivalents, as well as (ii) the deconsolidation of the Mestre Hospital, and the effects of derecognition of the financial receivables relating to our five car park concessions in anticipation of their disposition which are recorded as net financial debt of assets held for sale in our Unaudited Condensed Interim Consolidated Financial Statements resulting in a €130.4 million decrease in certain receivables arising from concessions. In the first half 2013 we issued our Equity Linked Notes (see “*Description of Other Indebtedness—€130,000,000 4.50% Equity Linked Notes due January 31, 2019*”), which allowed us to extend the average maturity of our indebtedness (total current financial indebtedness remained substantially unchanged despite the increase in current bank loans and borrowings and non-current indebtedness) and to diversify our sources of funding (non-current bank borrowings decreased by €60.3 million, also as a consequence of the deconsolidation of €30.8 million of long-term debt deriving from the deconsolidation of the Mestre Hospital).

Our net financial position increased by €143.3 million to €623.0 million in the year ended December 31, 2012 from €479.7 million in the year ended December 31, 2011. This increase related mainly to an increase in current bank loans and borrowings by €145.4 million as well as an increase in non-current bank payables by €47.0 million, compounded by a €56.0 million reduction in cash and cash equivalents, primarily due to the investments made in concessions in Italy and Turkey in connection with the increase in our stake in A4 Holding, Italy and the Gebze–Orhangazi–Izmir Motorway in Turkey. A €16.0 million increase in current financial receivables, primarily related to the rights to receivables arising from concessions, particularly from the Milas-Bodrum International Airport partially offset the increase mentioned above.

Our net financial position increased by €117.3 million to €479.7 million in the year ended December 31, 2011 from €362.4 million in the year ended December 31, 2010. This increase related mainly to an €89.0 million increase in current bank loans and borrowings, as well as by a €60.7 million increase in non-current bank loans and borrowings, primarily due to the investments made in the Concessions business line, especially the projects in Italy (particularly the acquisition of a non-controlling interest in A4 Holding S.p.A.) and Turkey. The increase was partially offset by a €41 million increase in cash and cash equivalents mainly resulting from the increase in cash flow from operating activities and financing activities (as a result of an improved trend in contract cash flow thanks to our improved ability to transform profit into cash), as offset by the cash used in investing activities and a €40.2 million increase in the non-current portion of receivables arising from concessions, following our investments in the Milas-Bodrum International Airport.

Contractual Obligations and Commercial Commitments

Contractual Obligations

The following table summarizes certain contractual obligations and principal payments we were obliged to make as of September 30, 2013 (as adjusted to give effect to the Offering and the use of proceeds therefrom), under our debt instruments and other agreements. It does not include the non-recourse

project-financing debt incurred by various special purpose vehicles in which we have non-controlling interests and that therefore we do not consolidate.

	As of September 30, 2013 Payment Due by Period						Total
	2013	2014	2015	2016	2017	After 2017	
	(€ in million)						
Notes offered hereby	—	—	—	—	—	500.0	500.0
Equity Linked Notes	—	—	—	—	—	130.0	130.0
Existing bank debt (committed and uncommitted debt)	376.4	143.8	121.5	75.3	32.2	3.9	753.1
Total	376.4⁽¹⁾	143.8	121.5	75.3	32.2	633.9	1,383.1⁽²⁾

(1) Includes (i) €346.3 million of short term uncommitted facilities and (ii) €30.1 million representing the current portion of long term debt and other committed lines maturing within the year.

(2) Does not include (i) €23.0 million of amortized costs and (ii) €5.0 million of accrued portion of interest. See “Capitalization”.

We have additional contractual obligations arising under our project contracts and our many agreements with subcontractors, suppliers and other third parties with whom we have contractual relationships in the normal course of our business. In addition, we have additional contractual obligations under our equity commitments for our concessions in which we invest. See “—Concessions Investments in Our Backlog and Orders Pipeline”. Because of the large number of such agreements across our entire Group, we are not currently able to provide consolidated figures for these contractual relations by payment due period for our whole Group.

Finance Leases

As of the year ended December 31, 2012, the Group has signed finance leases totaling €21.9 million with an average duration of 12/60 months. These leases involve durable goods in the categories of specific and generic plant, excavators, mechanical loaders, formwork and sheet piles, buildings for industrial use, heavy trucks and cars; these contracts contain a redemption clause.

The following table shows the amount of future installments deriving from finance leases and the current amount of the installments:

	As of December 31, 2012 Payment Due by Period			
	Less than 1 year	1-5 years	More than 5 years	Total
	(€ in million)			
Installments	12.9	8.8	0.9	22.7
Financial charges	—	—	—	1.8
Current amount	11.3	8.9	0.7	20.8

Finance lease payables increased compared to the previous year by €12.0 million, mainly as a result of the activities carried out in Chile, Romania and Poland.

Concessions Investments in Our Backlog and Orders Pipeline

As of September 30, 2013, the total committed amount of equity and quasi-equity investments was approximately €733.7 million, of which approximately €265.6 million relates to projects that have been awarded and financed and are reflected in our backlog, approximately €372.1 million relates to orders in pipeline that have been awarded to us and that we are committed to execute, but for which financing is still pending, and are reflected in our orders in pipeline and approximately €96.0 million relates to projects reflected in our orders in pipeline in which official award is pending.

Of the €265.6 million relating to projects that have been awarded to us and financed and that are reflected in our backlog, approximately €113.8 million are due in 2014, approximately €151.8 million between 2015 and 2018, and none thereafter.

Of the €366.8 million related to orders in pipeline that have been awarded to us and that we are committed to execute, but for which financing is still pending, approximately €30.6 million are due in 2014, approximately €212.2 million between 2015 and 2018 and approximately €129.3 million thereafter.

Of the €96.0 million related to projects reflected in our orders in pipeline in which official award is pending, approximately €0.5 million is due in 2014, approximately €78.9 million between 2015 and 2018 and approximately €16.6 million thereafter.

See “*Business—Backlog*”. See also “—*Concessions Investments*” for a more detailed description of our existing equity investments. We intend to finance our concessions investments through cash flows from our operating activities, disposal of mature assets and our credit facilities.

Our forecasted equity commitments reflect numerous estimates and assumptions made by us with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to our businesses, all of which are difficult or impossible to predict and many of which are beyond our control. As such, these estimates constitute forward-looking information and are subject to risks and uncertainties that could cause our actual equity investments to differ materially from the estimates made here, including, but not limited to, our performance, industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in this Offering Memorandum. See “*Forward-Looking Statements*”.

Our equity commitment agreements provide that we and our partners have an obligation to inject equity into the relevant project company at pre-determined dates and pro-rata to our participation in the company. Certain equity commitment agreements also provide that such equity injection obligation, within the limits of the amounts pre-agreed in the relevant agreement, arise upon the occurrence of certain events such as, among others a debt-to-equity ratio higher than the threshold indicated in the project finance agreement, the occurrence of overrun costs not included in the relevant base case, or a termination value paid by the awarding entity lower than the outstanding debt towards the lenders.

Construction Capital Expenditures

Our Construction business has significant capital expenditures requirements. Our capital expenditures requirements consist mainly of technical investments in property, plant and equipment required to start-up construction activities, such as logistical infrastructure at the construction site, machinery and equipment. We also consider construction of capital expenditures the amounts we spend to acquire the goodwill and contractual rights associated with businesses that we may acquire control of and consolidate, including concessionaires that we consolidate, fully or proportionally. We finance our construction capital expenditures through cash generated from our operating activities, borrowings under our existing credit facilities and committed and uncommitted credit lines.

The table below sets forth our capital expenditures for the years ended December 31, 2012, and 2011 and for the nine months period ended September 30, 2013:

	For the year ended December 31,			For the nine months ended September 30,	
	2010 ⁽¹⁾ (restated)	2011	2012	2012	2013
		(€ in million)			
Net Investment in intangible assets	0.3	8.2	22.6	10.3	(2.9)
Investment in property, plant and equipment	26.7	39.3	70.3	56.7	17.7
Total construction capital expenditures	27.0	47.5	92.9	67.0	14.8

For the nine months ended September 30, 2013, our construction capital expenditures amounted to €14.8 million (approximately 0.9% of total revenue for the period), and was used primarily to start-up construction activities of the Third Bosphorus Bridge in Turkey.

For the period ended December 31, 2012, our construction capital expenditures amounted to €92.9 million (approximately 3.8% of revenue). This expenditure was incurred mainly for the purchase of machinery and equipment necessary for our construction activities, particularly those in progress in Chile, Peru, Poland and Russia, and for the acquisition of the Busi Impianti (now nBI S.r.l.) business and T.E.Q. Construction Enterprise Inc. in Canada.

For the period ended December 31, 2011, our construction capital expenditures amounted to approximately €47.5 million (approximately 1.9% of revenue), and primarily was used for the acquisition of machinery and equipment for our activities related to ongoing construction projects in Italy, Poland

and Romania, as well as for the acquisition of an additional interest from one of our partners in an existing project.

We expect our construction capital expenditures to be in the range of 2% of our revenue, we expect to finance our construction capital expenditures from our operating activities, borrowings under existing committed and uncommitted credit lines (including leasing).

Concessions Investments

We make significant investments in our Concessions business, and define Concession investments as contributions through the equity and subordinated loans and other quasi-equity instruments that we make into our concessionaires that we do not consolidate fully or proportionally. We typically make, and expect to continue to make, significant minority investments in the concessionaire companies of our projects, granting us meaningful influence in the management of these companies, but not a controlling position. See “—Key Factors Affecting the Comparability of our Results of Operations—Introduction of IFRS 11—Joint Arrangements” for a discussion of the possible future accounting treatment of certain concessionaires that we do not control and “Risk Factors—Risk Related to the Notes—We are able to designate certain entities in which we hold a minority interest as “Restricted Subsidiary” for purposes of the covenants under the Indenture” for a description of our ability under the terms of the Notes offered hereby to designate minority-owned investments as Restricted Subsidiaries for purposes of the covenants under the Indenture. We anticipate that the concession component of the projects in which we are currently involved will begin to contribute meaningfully to our financial results beginning in 2017, when construction will have been completed and the projects will be in operation and generating fees. See “Risk Factors—Risks Related to Our Concessions Business”.

	For the year ended December 31,			For the nine months ended September 30,	
	2010 (restated)	2011	2012	2012	2013
	(€ in million)				
Total Concessions Investments	35.2	203.2	161.5	175.0	100.5

For the nine-month period ended September 30, 2013, we made aggregate concession investments of approximately €100.5 million, of which €59.9 million for the increase in our minority interest in motorway concessionaire A4 Holding S.p.A. and other equity investments in minority-owned concession projects in Turkey (particularly the Gebze-Izmir Motorway and the Third Bosphorus Bridge), and €17.8 million in Chile. As at September 30, 2013, concessions investments totaled €544.8 million, of which €98.2 million recorded on our balance sheet as financial receivables (calculated as the net present value of future guaranteed fees from fully consolidated concession entities, as provided by IFRIC-12), €74.6 million recorded as intangible assets (calculated as the difference, if any, between the amount of the initial investment and the financial receivable recorded to reflect guaranteed fees) and €318.1 million recorded among equity investments (representing our pro-quota share in minority-owned concession entities, which also contain guaranteed fees provisions).

For the period ended December 31, 2012, we made aggregate concession investment of €161.5 million, of which approximately €92.1 million in the form of a combination of equity and quasi-equity instruments of our minority-owned concession projects in Italy, Turkey and Chile, and €58.6 million in the construction of the Milas-Bodrum International Airport in Turkey, which we fully consolidate. As at December 31, 2012, concessions investments totaled €495.7 million, of which €151.7 million recorded on our balance sheet as financial receivables, €84.1 million recorded as intangible assets and €234 million recorded among equity investments.

For the period ended December 31, 2011, we made aggregate concession investments of approximately €203.2 million, of which €122.3 million for the acquisition of a minority interest in motorway concessionaire A4 Holding S.p.A. and other equity investments in minority-owned concession projects in Italy and Turkey, and €73.5 million in the construction of the Milas-Bodrum International Airport in Turkey. As at December 31, 2011, concession investments totaled €387 million, of which €140.5 million of which recorded on our balance sheet as financial receivables, €165.0 million recorded as intangible assets and €39.9 million recorded among equity investments.

Off-Balance Sheet Arrangements

Guarantees

As part of our construction activities, we are generally required to post performance bonds, primarily to guarantee our performance under such agreements. We also provide sureties in connection with the opening of credit lines in favor of our associates and other investees. As of September 30, 2013, the overall amount of these provided is equal to an aggregate of €3,000.1 million and refers to the following items:

- Sureties for works, issued for various purposes by banks and insurance companies in the interest of the Group, in favor of the bodies contracting the works, on our own account and that of other associates and other investees, for a total amount of €2,809.6 million;
- Sureties for opening credit lines with the purpose of ensuring the regular cash flow of the individual contracts, issued by us in the interest of subsidiaries and other investees, set up for this purpose under the laws in force, for a total amount of €127.4 million;
- Other sureties issued for various purposes for a total amount of €63.1 million.

While in the past we have not been subject to claims under performance bonds, these bonds present an on-going potential for substantial cash out-flows. See also *“Risk Factors—We may be unable to acquire or maintain the commercial guarantees necessary to complete our ongoing projects or to obtain new contracts.”*

Third party sureties

As of September 30, 2013, third party sureties in favor of the Group amount in the aggregate to €253.9 million and relate to guarantees issued by banks and insurance companies in the interest of Italian and foreign suppliers and subcontractors, in relation to contract obligations undertaken by the latter with the Group.

Qualitative and Quantitative Disclosure About Market Risk

Interest rate risk

In order to support and develop our own business activities, we use external sources of financing in euro and foreign currencies and certain of such financing arrangements bear a floating interest rate. Changes in interest rates affect the market value of financial assets and liabilities of the Group and the level of net financial charges. As of September 30, 2013, the percentage of fixed rate hedging of gross debt, including the Equity Linked Notes, is approximately 40%. We assess exposure to the risk of changes in interest rates taking into account contract obligations, and manage these risks through the use of non-speculative derivatives, in order to pursue a cash flow hedge strategy. The Group's hedging policy, governed by a specific interest rate risk management policy, involves the definition of an ideal mix between fixed rate and floating rate borrowing (mainly Euribor) in the borrowing structure in order to reduce borrowing costs and their volatility; the Group therefore carries out hedging transactions through simple derivatives (“plain vanilla”), on a cash flow hedge basis, in order to convert the floating rate into a fixed rate (Interest Rate Swap), or to allow a limited interest rate fluctuation within a predefined range (Collar 3), and in any event guaranteeing a maximum risk exposure level (Cap). These instruments are generally at zero cost.

The percentage of fixed rate hedging of gross debt, including financing bearing fixed rate, is approximately 45%. See Note 32 of the Audited Consolidated Financial Statements for the year ended December 31, 2012 for further details.

Currency risk

We operate in an international context where transactions are performed in various currencies. We are, therefore, exposed to fluctuations in the exchange rates between the Euro and the other currencies of the countries in which we operate. As a result, the Group performs hedge accounting for specific foreign orders, in order to mitigate the effect of exchange rate fluctuations on the related costs or revenue in terms of foreign currency.

The Group policy is aimed at hedging a percentage of exposure to currency risk, depending on the characteristics of the business and the particular volatility of certain currencies, for the entire duration of

the works regarding specific contracts, and when this is not possible, for a period of 12 months. Also in this case hedging is performed by the use of forward plain vanilla derivatives, zero cost cylinders and cross currency interest rate swaps. When, in connection with specific foreign currencies, especially those of emerging countries, financial markets do not allow for mitigation of the currency risk through derivatives, we tend to protect the imbalance in local currency between trade receivables and payables through financial indebtedness in the same currency (the so-called “natural hedge”).

As at December 31, 2012 the notional value of existing currency risk hedges amounted to a total counter-value of €54 million.

Liquidity risk

The Group might not be able to generate sufficient cash flows from its operations to meet its financial commitments deriving from contracts and, more generally, from its short-term financial commitments. The main factors determining the Group’s liquidity risk are, on one hand, the financial resources generated by or used in Group operating and investing activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.

The Group aims at maintaining a sufficient cash margin to allow for coverage of financial requirements with the availability of committed and uncommitted credit lines. Cash flows, the need for financing and the liquidity held by Group companies are monitored on an ongoing basis and are managed by the Group with the aim of guaranteeing effective and efficient management of financial resources.

The Group has adopted a series of policies and processes aimed at maximizing the management of sources of financing and reducing the liquidity risk, including:

- 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;
- Maintenance of a suitable level of available liquidity;
- Existence of an investment portfolio 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 is exposed to potential losses deriving from the failure by our counterparts to fulfill the commitments they have undertaken. The Group’s credit risk is limited by the solvency characteristics of the customers served. The portfolio of credit items maturing is constantly monitored by the appropriate departments. The type of Group customers is basically government and public bodies, which are generally solvent (though payments may experience significant delays). Therefore, the credit risk, represented by the possible default of customers, is generally considered of limited significance, also considering the insurance coverage that can be obtained by insurance companies. In addition, with respect to certain countries, collection times may go beyond the usual terms.

As of September 30, 2013, our Management determined that a group of five of our large customers might not pay obligations which were budgeted to be collected in 2013 to amount to approximately €230 million. Importantly, due to our revenue recognition rules, the revenue relating to the contracts has already been recognized in our income statement. Management believes that these payments will be made in the future but has permitted extended payment terms in light of their relationship with the customers and the economically adverse conditions. As a result, we have not made any provision or other financial charge to our income statement with respect to these delayed customer payment obligations. In large part due to the delay in these customer payment obligations and also as a result of the current financial conditions, we requested, and obtained from our lenders, an amendment of certain of the financial covenants of our principal financing agreements for the purposes of the period ending December 31, 2013. See “*Risk Factors—Risk Factors relating to our business and industry—General Risks—We are exposed to counterparty risks and may incur losses because of such exposure which may*

adversely affect our business, financial condition and results of operation” and “Description of Other Indebtedness.”

In addition, we have a number of projects in Venezuela, the largest of which is known as Puerto Cabello-La Encrucijada. We have been affected by the Venezuelan government’s delay in payments and the customer is late in its payment obligations. The amount of outstanding trade receivables towards the Venezuelan Government was €303 million (net of €18 million of contract advances) as of September 30, 2013, which have been certified by our customer. Although this means that the works, and the relevant payment obligations, have been approved and recognized by the customer, such certification is not an assurance for the actual payment. We determined at the end of 2012 to slow down the progress in these projects. Management believes that these payments will be made in the future and, as a result, we have not made any provision or recorded other financial charge to our income statement with respect to these delayed customer payment obligations. See *“Risk Factors—Risk Factors relating to our business and industry—General Risks—Our international operations expose us to risks inherent to international business, any of which could affect our results of operations.”*

As at December 31, 2012, the percentage of overdue trade receivables was 26% of which 17% were overdue by more than twelve months. However, the analysis of credit risk exposure according to maturity is not particularly meaningful, since the receivables are measured in relation to the other items of working capital and in particular the payables to subcontractors and suppliers (as typical in the sector), whose due dates tend to be aligned to the collection time by customers in the management of operational leverage (back to back arrangement).

BUSINESS

Business Overview

We are an international construction group with a strong presence and a leading position in Italy. We construct large and technologically complex infrastructures, acting primarily as EPC contractor. We also have concessions operations, where we manage and operate infrastructure assets that we typically build. We have over 90 years of experience in the construction industry, both in Italy, where in the twelve months ended September 30, 2013, we generated approximately 39.1% of our revenue, and internationally, where in the same period, we generated approximately 60.9% of our revenue. We have completed projects in over 40 countries and we are currently working on approximately 100 projects in 15 countries on five continents. Our core business is Construction, where we specialize in tunneling, excavating, constructing viaducts and other techniques that require technical expertise. Since 2005, we have strengthened our focus on our Concessions business and have developed a dual integrated construction-concession model to complement and expand our Construction business and capitalize our international presence in order to position us to more competitively bid for high-margin projects.

We have successfully grown our business over the past ten years, despite the global economic crises which have affected the markets in which we operate. During the ten years ended December 31, 2012, our revenue and EBITDA grew consistently every year, recording a compounded annual growth rate of 11.6% for revenue and of 11.5% for EBITDA. For the twelve months ended September 30, 2013, we generated €2,285.9 million of revenue and €298.3 million of EBITDA. As of September 30, 2013, our total backlog amounted to €12.7 billion (see “—Backlog”). For the period ended September 30, 2013, we had an average of 9,705 employees, with 1,364 employees in Italy and 8,341 internationally.

We operate in the following businesses: (i) Construction, which in turn is subdivided into several business lines, and (ii) Concessions.

Construction. We operate through the following business lines:

- *Transportation Infrastructures.* We act as EPC contractor through the following sub-lines: Railways and Undergrounds, Roads and Motorways, Ports and Airports.
- *Water and Energy Production Plants.* We design, construct and maintain renewable energy plants, including hydroelectric power plants and waste-to-energy plants, as well as dams, aqueducts and wastewater treatment plants.
- *Civil and Industrial Buildings.* We act as EPC contractor for civil and industrial buildings, including healthcare facilities, administrative and educational facilities, industrial plants and car parks.
- *Plant Design and Maintenance.* We design, fabricate, install, maintain and manage engineering, electrical, HVAC and other systems for projects constructed in our Transportation Infrastructures, Water and Energy Production Plants and Civil and Industrial Buildings business lines; as such this business line is complementary to our other Construction business lines.

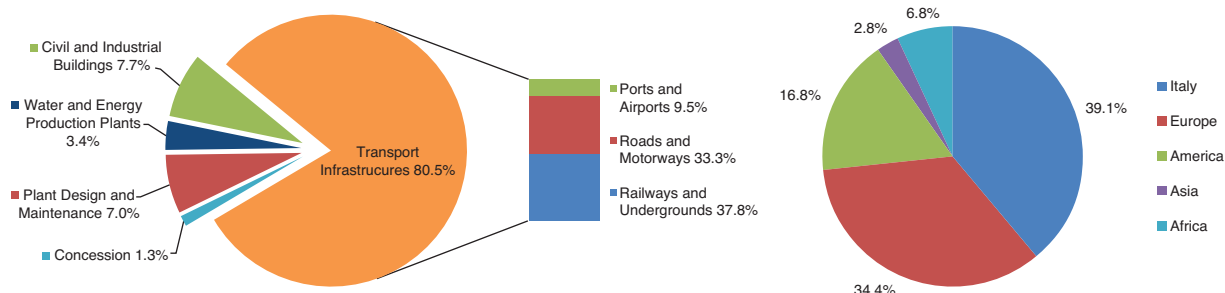
Examples of our completed landmark construction projects include, among others: the “Direttissima” Rome-Florence Railway (considered to be the first “high-speed” railway in Europe); the Rome-Naples High-Speed Railway (the first high-speed railway in the world using the technologically advanced European Train Control Level 2 safety-system); the New Milan Expo Fair (the third-largest trade fair exhibition center in the world); the Pont Ventoux Hydroelectric Power Plant (the largest mountain-excavated hydroelectric power plant in Italy), the Inga Hydroelectric Power Plant (the largest dam in Africa), the Anatolian motorway in Turkey and the Large Electron Positron Collider in Geneva.

We are ranked, by revenue, among the top 25 European contractors (*Source: Engineering News Record—2013 Top 250 Global Contractors Lists*) and among the top international contractors in certain of the business lines in which we specialize. In Transportation Infrastructures, we are ranked 8th in subways and airports, 9th in mass transit and rail, 13th in highways, and, in Water and Energy Production Plants, we are ranked 8th in hydroelectric power plants (*Source: Engineering News Record—2012 Global Sourcebook*).

Concessions. We manage and operate a wide range of infrastructure assets, generally through long-term concession agreements. Our concessions include highways, airports, railways, healthcare facilities and other industrial projects that we typically build. This business line is complementary to our Construction business. We pursue publicly funded projects, as well as projects where guaranteed

minimum fees are granted to the concessionaire. Examples of our landmark concessions projects include the New Hospital in Venice-Mestre in Italy, the Milas-Bodrum International Airport in Turkey, and the Chacayes Hydroelectric Power Plant in Chile.

The following charts present our revenue by business line and by business segment (geographical area), for the twelve months ended September 30, 2013:



We have grown and diversified our international operations over the years. In 2012, 60.7% of our revenue derived from international operations, as compared to 54.7% of our revenue in 2010 (restated). We currently operate in the following geographic areas, which also correspond to our business reporting segments: Italy, Europe (Poland, Romania, Russia and Turkey), the Americas (Canada, the United States, Costa Rica, Honduras, El Salvador, Nicaragua, Chile, Peru and Venezuela), Africa (Algeria) and Asia (Saudi Arabia). We select the countries in which we operate based on an in-depth analysis of their political, macroeconomic and legal framework and the potential for future infrastructure investments (see “—Project Phases—Selection”).

We are currently listed on the *Mercato Telematico Azionario* of the Italian Stock Exchange (*Borsa Italiana*) and as of November 15, 2013, had a market capitalization of approximately €716.5 million.

Competitive Strengths

We believe that the following strengths characterize our business and will help us realize our strategic goals and reinforce our competitive position:

Strategic geographic diversification of operations with a leading position in Italy.

We are an international construction group with a leading position in Italy and geographically diverse operations worldwide. We are the second largest construction company in Italy by revenue, and are one of only 19 qualified general contractors that can bid on contracts over €700 million in Italy. We have completed projects in over 40 countries and are currently working on approximately 100 projects in 15 countries. We have been operating in Turkey, the United States, Venezuela, Algeria and Romania for 20 years or longer, and have significantly expanded our international activities over the past five years to operations in Chile, Peru, Poland, Russia and Canada. For the twelve months ended September 30, 2013, our international activities generated 60.9% and 52.8% of our revenue and our operating profit, respectively, and as of September 30, 2013, represented 69.3% of our backlog.

Through our long-standing global presence, we have developed an extensive network of relationships with key lenders, suppliers and other partners and built a strong reputation which we believe is a competitive advantage when bidding for projects. The geographical diversification of our revenue sources reduces the risks related to operating in a single market and enabled us to grow, despite the global economic and financial crises. Our rigorous risk-management policy allows us to constantly monitor the risks to which we are exposed when pursuing business internationally. Our extensive international presence allows us to more easily expand into countries in which we already operate and to selectively develop operations in new countries, which we do based on specific criteria and careful market analysis.

Extensive expertise and experience and strong track record of project execution.

We have developed our project-related skills and abilities primarily in Italy, where we have operated for over 90 years and whose terrain presents significant engineering and logistical challenges to the construction of major infrastructure projects. We have also successfully completed large and technologically complex projects worldwide, in diverse and challenging environments. For example, in

the last ten years we have constructed approximately 367 kilometers of railways and undergrounds, 1,833 kilometers of highways, four airports, eight dams, five hydroelectric power plants, 18 aqueducts wastewater treatment plants, over 70 kilometers of hydraulic tunnels and eight hospitals. The combination of our technical, financial and managerial expertise, our experience in specialized construction techniques, such as subterranean works, ground freezing and mechanized driving tunneling and the ability of our engineers to efficiently employ specialized equipment allow us to competitively bid for and execute large, technologically complex infrastructures.

We believe that our extensive expertise and experience has consistently allowed us to complete large, technologically complex, award-winning, landmark projects on time and within our budget. We further believe that customers recognize our extensive expertise, experience and strong track record and that this gives us a competitive advantage when bidding on projects.

Dual integrated construction-concession model.

We operate a dual integrated construction-concession model in which we offer complementary and comprehensive services from initial design, construction, and engineering to operation and maintenance of infrastructure assets. We are able to use the technical expertise we gain operating a concession to better plan, design and manage our construction projects. Our dual integrated model also allows us to simultaneously participate in tenders in more than one capacity (e.g., as general contractor, designer, subcontractor for electrical and other systems and/or concessionaire), which results in greater operational synergies and increased revenue and margins. In particular, we believe that such dual-integrated projects offer higher than average margins due to the limited competition at the bidding level, since only a few of our primary competitors are able to offer integrated construction-concession services. Furthermore, concessions typically have longer duration and consequently require technological expertise and financial strengths. Therefore, concession projects are awarded on the basis of a broader number of factors, and not exclusively, or principally, on the price offered, but also on the timing and quality of the works to be performed.

In addition, our dual integrated model allows us to efficiently manage our cash flows and use the free cash-flows generated by our construction business to partially support and finance our concession investments. In turn, our concession investments have allowed us to bid on large, technologically complex projects which, typically, are more profitable and cash flow generating.

Significant order backlog provides high visibility on our revenue and margins.

As of September 30, 2013, we had backlog of €12.7 billion, of which €6.9 billion was attributable to our Construction activities, equating to approximately 3 times the revenue achieved by our Construction business in the previous 12 months, and €5.8 billion attributable to our Concessions activities. Based on our ability to win new orders, we have been able to consistently increase our backlog. Our construction backlog is composed of multi-year contracts with an average life of approximately four years for Italy and three years for international contracts. Our concessions projects generally provide for a minimum guaranteed term, with some running for as many as 80 years or even in perpetuity, with the tariffs adjusted for inflation. In addition, our concession contracts contain minimum guaranteed payment provisions, which cover approximately 70% of the expected payments from operation of these concessions. According to our calculation policy, we include in the backlog only projects that are either awarded or in execution and that are ready to begin. This means projects for which contracts have been signed and the customer has secured the funding or, in the case of concessions projects, the financial close has been reached. Due to this conservative backlog calculation policy, until all of these criteria are met, we prudentially record the contract among our orders in pipeline. As of September 30, 2013, we had orders in pipeline of €9.1 billion, of which €4.2 billion was attributable to our Construction activities and €4.9 billion attributable to our Concessions activities. We believe that our backlog provides useful trend information and visibility of our revenue and results of operations and represents a helpful indicator of the future growth of our construction and concessions business. Further, the size of our projects and the strict selection criteria that determine the bids which we choose to pursue make our portfolio more focused and, therefore, easier to handle from an operational standpoint.

Highly qualified and experienced senior management team and project managers.

Our senior management team has an average of 27 years of experience in the construction industry, with a strong track record of executing large and technologically complex international construction projects

and an average of 19 years of experience in the Concessions business. We believe that our management team has extensive experience in adapting internationally recognized construction and concessions concepts and practices to local conditions in the markets in which we operate. We have low turnover among the senior management and project managers, which enables us to effectively plan and successfully implement our long-term strategies. We believe such low turnover is due to our continued ability to attract, motivate and retain knowledgeable and experienced personnel. In addition, we have a stable shareholding structure that has not significantly changed since our 2002 IPO, which has facilitated continuity in corporate strategy. Our qualified and experienced management team and our project managers together contributed to our revenue and margin growth, including through the recent financial crises and have positioned us to successfully implement our business strategy.

Strong capital structure and access to several funding sources.

We have significantly grown our business while seeking to impose a strict financial discipline in order to develop a solid capital structure and to maintain a strong liquidity. As a listed company, we have access to the public equity markets, while still enjoying the stability deriving from our control shareholder. We have developed a strong network of relationships with a large number of international and local financial institutions that consistently provide us with the long- and short-term resources to finance our business plan, and grant us the liquidity to fund our working capital needs, including by way of consistently renewing short-term uncommitted lines. In January 2013, we successfully tapped the capital markets by raising funding through the issuance of an equity-linked bond, which further diversified our funding sources. As a result, we benefit from a more balanced mix of funding sources, including significant cash and committed and uncommitted financing, which we expect will further increase after application of the proceeds from the Notes offered hereby. After giving effect to the application of the proceeds from the Notes offered hereby, we will have €306.3 million of cash on balance sheet, €375.9 million of undrawn committed lines as well as €324.3 million of available uncommitted lines. In addition, we maintain a sound management strategy of determining adequate liquidity levels for each project company, in terms of each project's cash or credit line's needs. We concentrate our liquidity at the level of Astaldi, while allowing our project companies to maintain their liquidity independence and safeguard their financial autonomy. We believe our financial discipline, capital structure and liquidity management policies have supported the resilience of our results, including in times of global financial crisis and credit crunch, and results in us being regarded as a financially reliable counterparty with our customers and partners.

Business Strategy

The key components of our strategy are to:

Enhance our international footprint and maintain our leading position in Italy.

We intend to enhance our international footprint by bolstering operations in the countries in which we operate and selectively expanding our business to new markets. We will continue to pursue large and technologically complex infrastructure projects in Italy and internationally by leveraging the depth and breadth of our presence and experience in the Italian and international markets and our local knowledge and commercial networks. We also plan to continue to pursue key roles in large EPC contracts in Italy and internationally, where we believe our technical, technological and management expertise and experience give us a competitive advantage over and limit our competitors. We plan to continue to selectively pursue expansion opportunities, in new and attractive markets, as we recently did in Russia and Canada, where governments have well-developed and financially sustainable infrastructure spending programs. We intend to pursue such international expansion either independently or with certain of our business partners, and after careful consideration of the macroeconomic, political, regulatory and legal environment of the relevant country.

Selectively grow our concessions business to enhance our construction business and diversify our sources of profit.

Construction is our core business and Concessions is a growing complementary business that enhances our competitiveness when bidding for EPC projects that contain a concession element. We intend to focus on significant minority investments in concessions that are critical to secure or support profitable construction projects and generally provide for a large portion of minimum guaranteed fees or, in Italy, public contribution. We plan to manage our concession portfolio by constantly reviewing its life cycle in order to capture opportunities to monetize it, pursuing refinancing options to extract equity,

strategic or financial partnerships or outright sales of assets. We believe that this strategy will further diversify the sources and enhance visibility of our profits and generate cash flows that we can then use to invest in new projects. As of September 30, 2013, we have invested €545 million in concession projects in virtually all of which we are also acting as EPC contractor and have done so in the past, and we have committed approximately an additional forecasted €590 million over the next 5-year period, which we intend to finance through cash flows from our operating activities, disposal of mature assets and our credit facilities.

Maintain a prudent financial policy focusing on liquidity, cash flow generation, and diversification of funding sources.

We believe that we have benefited from our prudent financial management throughout our history, and in particular during the recent global financial crises and economic downturns. We will continue to pursue our investment strategy while maintaining a prudent financial policy with a focus on cash flow generation, strong liquidity and continued diversification of funding sources. We also intend to continue supporting our investment plan in new concessions through a combination of cash flow generated from our construction business, strict control of our working capital, growth in markets with “advance payment” practices, sales of mature concession assets and access to diversified sources of funding. We intend to exploit further the potential of our business to generate strong cash flows through increased focus on high-margin projects in our construction business and further development of our concession business. At the same time, we intend to continue diversifying our sources of funding, extending our debt maturity profile and increasing our access to the capital markets. We believe our growth strategy and our strict financial policy will enable us to reduce our ratio of Net Financial Debt to EBITDA in the medium to long term.

History

In 1922, Mr. Sante Astaldi, a civil engineer, established “Ing. Sante Astaldi,” a construction company focused on large-scale public works projects in Italy and its African colonies. This entity was incorporated as Astaldi Costruzioni e Lavori Pubblici S.p.A. in 1929. Since then, we have expanded throughout the years and become an international construction group, while maintaining our identity, tied to the Astaldi family, which has reached its third generation in the management of the Group.

In particular, from the 1930s until the immediate post-World War II period (during which we completed the Rome-Naples and the Bologna-Florence fast railway lines), we continued to expand our Italian and international activities (primarily in Ethiopia, where we built the trunk road from Addis Ababa to Ethiopia’s Great Lakes). Between the late 1950s and the 1970s, we increased in size and project complexity, consolidating our positioning. Projects completed during this period include the Rome-Bologna stretch of the “Autostrada del Sole” and the Rome-Florence fast railway in Italy. In the same period, we further expanded into Africa and undertook new projects in Europe, the Middle East, Central America and Asia. During the 1990s, we expanded our global footprint to North Africa (Algeria and Morocco), Eastern Europe (Romania) and the United States, and entered the concessions business in Italy and Honduras. During this period, we acquired two leading Italian construction groups (Italstrade and Dipenta). In June 2002, we completed our initial public offering and our shares were admitted to listing on the Italian Stock Exchange, where we are currently listed on the Mercato Telematico Azionario. From 1996, we continued focusing on our construction business and consolidated our Group’s competitive position and international presence, while strengthening our concessions operation through the incorporation of Astaldi Concessioni S.r.l. in 2010, for carrying out the Group’s activity in the concession business. Between 2011 and 2012, we completed the acquisition of the Busi Impianti business (now nBI S.r.l.) and Sartori Tecnologie Industriali S.r.l., which together broadened the scope of our integrated construction and operation services and formed the core of our Plants Design and Maintenance business line. In 2012, we acquired T.E.Q. Construction Enterprise Inc., a Canadian company, through which we have entered the Canadian market.

Recent Developments

In October 2013, through our wholly-owned subsidiary Astaldi Canada, we have been selected as contractor for the construction of major civil works for the Muskrat Falls hydroelectric power plant project on the Lower Churchill River (NL, Canada). This is one of the largest projects to be realized by Astaldi on a stand-alone basis and our first major commercial success in Canada. The formalization of this contract is expected by the end of 2013. The project entails the construction of an intake, powerhouse, gated

spillway and transition dams. The Muskrat Falls generating station will have a capacity of 820 MW with an annual energy production of 4.9 terawatt hours. The contract value amounts to CAD 1 billion and the works are planned to start before the end of 2013 and to last for approximately four years thereafter. Such project is part of a larger plan to develop the Lower Churchill River. Our customer is Nalcor Energy, a corporation owned by the Government of Newfoundland and Labrador, in charge of the development of energy resources in Newfoundland and Labrador, Canada.

Business Lines

While our financial statements do not provide segment reporting for each of our business lines, for purposes of this Offering Memorandum, in line with the manner in which financial data are presented in our directors' report to the financial statements, we provide a breakdown of our revenue (not including "other operating revenue") by our business lines, which we believe provides additional information useful to the reader in understanding the range of our business and its trends. The following table presents our Group's revenue by business line for the period set forth below:

	Year ended December 31,						Nine months ended September 30,				Twelve months ended September 30,	
	2010 (restated)		2011		2012		2012 (restated)		2013		2013	
	% of Revenue		% of Revenue		% of Revenue		% of Revenue		% of Revenue		% of Revenue	
	(€ in million)											
Construction	1,912	99.0%	2,242	99.0%	2,295	98.7%	1,674	98.6%	1,636	98.6%	2,257	98.7%
Transport Infrastructures	1,542	79.8%	1,907	84.2%	1,970	84.7%	1,463	86.2%	1,334	80.4%	1,841	80.5%
<i>Railways and Undergrounds</i>	1,072	55.5%	1,090	48.1%	1,039	44.7%	774	45.6%	599	36.1%	864	37.8%
<i>Roads and Motorways</i>	410	21.2%	627	27.7%	685	29.5%	490	28.9%	566	34.1%	761	33.3%
<i>Ports and Airports</i>	60	3.1%	190	8.4%	246	10.6%	199	11.7%	169	10.2%	216	9.5%
Water and Energy Production Plants	263	13.6%	137	6.0%	85	3.7%	65	3.8%	58	3.5%	78	3.4%
Civil and Industrial Buildings	107	5.5%	180	7.9%	140	6.0%	87	5.1%	124	7.5%	177	7.7%
Plants Design and Maintenance	—	—	18	0.8%	100	4.3%	59	3.5%	120	7.2%	161	7.0%
Concessions	20	1.0%	23	1.0%	30	1.3%	24	1.4%	23	1.4%	29	1.3%
Revenue ⁽¹⁾	1,932	100%	2,265	100%	2,325	100%	1,698	100.0%	1,659	100%	2,286	100%

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Year Ended December 31, 2011 compared to year ended December 31, 2010 (restated)—Revenue—Geographic breakdown of our revenue."

Construction

Set out below is a chart of our primary construction projects as of September 30, 2013.

Country	Project	Contract value ⁽¹⁾ (€ in million)	Completion Percentage ⁽²⁾	Backlog ⁽³⁾ (€ in million)	Ending year ⁽⁴⁾
Transport Infrastructures <i>(Railways and Undergrounds)</i>					
Italy	Rome Subway, Line C—Phase 1 ⁽⁵⁾	558.8	96%	21.1	2013
Italy	Rome Subway, Line C—Section T-3 ⁽⁵⁾	223.9	5%	213.2	> 2015
Italy	Rome Subway, Line C—Section T-2 ⁽⁵⁾	218.7	0%	218.7	> 2015
Italy	Milan Subway Line 4	450.0	6%	424.7	> 2015
Italy	Milan Subway Line 5 Phase 1 <i>(construction)</i> ⁽⁶⁾	263.8	98%	4.2	2013
Italy	Milan Subway Line 5 Phase 2 <i>(construction)</i> ⁽⁶⁾	446.3	70%	134.6	2015
Italy	Bologna High Speed Railway Station	504.9	91%	47.4	2014
Italy	Parma-La Spezia Railway	192.0	82%	34.7	2014
Italy	Turin Railway Hub	572.2	99%	4.3	2013
Italy	Infratlegrea Project in Naples	140.7	78%	30.8	2015
Algeria	Saida—Mulay Slissen Railway	756.4	54%	347.1	2015
Algeria	Saida—Tiaret Railway	266.4	22%	206.7	2015
Poland	Warsaw Subway Line 2	361.6	66%	122.9	2014
Poland	Warsaw Railway Project	136.1	19%	110.4	2015
Romania	Bucharest Subway Line 5	104.4	25%	77.8	2015
Romania	Bucharest Subway Line 4	41.5	1%	41.1	2015
Venezuela	Puerto Cabello-La Encrucijada Railway	1,678.0	60%	663.6	> 2015
Venezuela	San Juan de Los Morros-San Fernando de Apure Railway	670.7	43%	384.1	> 2015

Country	Project	Contract value ⁽¹⁾ (€ in million)	Completion Percentage ⁽²⁾	Backlog ⁽³⁾ (€ in million)	Ending year ⁽⁴⁾
Venezuela	Chaguaramas-Cabruta Railway	308.0	54%	140.9	> 2015
Transport Infrastructures (Roads and Motorways)					
Italy	Jonica National Road Lot DG41	474.5	1%	470.4	> 2015
Italy	Pedemontana Lombarda Motorway	211.9	76%	51.8	2014
Turkey	Gebze-Orhangazi-Izmir Motorway Phase 1 (construction)	313.9	38%	194.0	> 2015
Turkey	Third Bosphorus Bridge and the Northern Marmara Highway (construction)	619.6	5%	589.0	> 2015
Russia	Western High-Speed Diameter in St. Petersburg	1,094.9	6%	1,024.0	> 2015
Transport Infrastructures (Ports and Airports)					
Russia	Pulkovo International Airport in St. Petersburg	355.0	85%	54.6	2014
Poland	Kracow-Balice International Airport	72.0	3%	69.8	2015
Water and Energy Production Plants					
Peru	Cerro del Aguila Hydroelectric Project	268.6	19%	218.2	> 2015
Chile	Chuquicamata Mining Project—Contract No. 1	137.0	35%	89.5	2015
Chile	Chuquicamata Mining Project—Contract No. 2	116.7	12%	103.0	> 2015
Civil and Industrial Buildings					
Italy	Four Hospitals in Tuscany (construction)	184.2	92%	14.2	2014
Italy	School for Police Officers in Florence	161.2	72%	44.7	2014
Italy	New Hospital in Naples	140.6	6%	132.9	2015

(1) Represents our Group's share of the construction contract value, unless fully consolidated in our financials, based on our interest in the relevant project company.

(2) Represents the percentage of the work executed during the contract term, calculated by applying the cost-to-cost method pursuant to IAS 11.

(3) Represents the part of the Group's share of the contract value that remains to be executed.

(4) Reflects the delivery date as set forth under the relevant contract, taking into consideration any amendment agreed upon with the relevant customer.

(5) The Rome Subway Line C project is divided into three different functional subdivisions in order to represent the effective stage of completion of the contract, namely (i) Phase 1, referring to Monte Compatri/Pantano Station-San Giovanni Station stretch (T-4, T-5, T-6a, T-7 sections) and Warehouse, (ii) Section T-3, referring to San Giovanni-Fori Imperiali Station subdivision, and (iii) Section T-2, referring to Fori Imperiali-Clodio/Mazzini subdivision.

(6) The Milan Subway Line 5 project is divided in two different functional subdivisions, namely (i) Phase 1, referring to the Garibaldi Station-Bignami section, and (ii) Phase 2, referring to the Bignami-San Siro Stadium section.

Transport Infrastructures

We provide engineering, procurement and construction services through the following sub-lines: (i) Railways and Undergrounds, (ii) Roads and Motorways, and (iii) Ports and Airports. In the last 10 years we have completed approximately 367 kilometers of railways and undergrounds, 1,833 kilometers of highways and roads, and 4 airports.

Railways and Undergrounds

Our activities in Railways and Undergrounds typically include tunneling, excavation, structural concrete construction and paving. Railways and Undergrounds completed projects include the Rome-Naples high speed railway line in Italy (the first high-speed railway line in the world using the technologically advanced European Train Control Level 2 safety-system in rail operation), the award-winning Copenhagen subway line in Denmark (the first subway to introduce driverless technology at a global level, judged the “best in the world” at the 2008 MetroRail Conference), the award-winning Toledo Station of Naples Subway Line 1 (awarded the LEAF Award in 2013 for the category “Public Building of the Year—Transport Infrastructures”). We have also constructed several sections of the subways in Rome, Naples, Milan, Brescia, and Genoa in Italy; Caracas, Venezuela; Lima, Peru; Copenhagen, Denmark; and Istanbul, Turkey.

For the twelve-month period ended September 30, 2013, revenue from the construction of railways and undergrounds amounted to €864 million, representing 46.9% of the revenue generated by the Transport Infrastructures business line and 37.8% of our total revenue. As of September 30, 2013, our Railways and Undergrounds projects represented 27% of our total backlog.

Below is a brief description of our most notable Railways and Undergrounds ongoing projects. The projects which are also described in the Concessions section below are included in the following tables with respect to our involvement in the relevant construction phase, and accordingly the total contract values below refer to the amount under the applicable construction contracts with respect to the relevant project.

PROJECT	Rome Subway Line C
Country	Italy
Project Description	EPC and commissioning for a new line of the Rome subway. The complete planned route will comprise 25.4 kilometers and 29 stations served by trains controlled by a remote integral automation system
Customer	Roma Metropolitana, a company controlled by the Municipality of Rome
Contractor	Metro C S.c.p.A., a consortium among Astaldi (34.5%) Vianini Lavori S.p.A. (34.5%), Consorzio Cooperative Costruzioni (7%), CMB Cooperativa Muratori e Braccianti di Carpi (10.0%), Ansaldo STS S.p.A. (14%), which operates as general contractor
Total Contract Value	Approximately €2.9 billion, of which approximately €1 billion represents the Group's share

PROJECT	Milan Subway Line 5 (construction)
Country	Italy
Project Description	EPC related to the concession contract ^(*) for the new section of the Milan subway. The project includes two different sections for a total of 13 kilometers and 19 stations
Customer	Phase 1: Metro 5 S.p.A. ^(*) , joint stock company held by Astaldi (38.7%), Ansaldo STS (24.6%), Ansaldo Breda (7.3%), Alstom Ferroviaria S.p.A. (9.4%) and ATM S.p.A. (20%) Phase 2: Metro 5 Lilla S.r.l., limited liability company entirely owned by Metro 5 S.p.A.
Contractor	Phase 1: TJA among Astaldi, Ansaldo STS, Ansaldo Breda, Alstom Ferroviaria S.p.A. and ATM S.p.A. ^(**) Phase 2: TJA among Astaldi, Ansaldo STS, Ansaldo Breda, Alstom Ferroviaria S.p.A. and ATM S.p.A. ^(***)
Total Contract Value	Approximately €710 million

(*) The concession for Phase 1 was awarded by the Municipality of Milan to the concessionaire Metro 5 S.p.A., while the concession for Phase 2 was awarded by the Municipality of Milan to the concessionaire Metro 5 Lilla S.r.l. (100% owned by Metro 5 S.p.A.) See “—Business Lines—Concessions.”

(**) The TJA for Phase 1 has subcontracted the civil construction works to another TJA, of which Astaldi currently owns 100%.

(***) Part of the Phase 2 EPC price (to be covered by private funds to be procured by the Customer) has not been paid yet, because the financial close project finance relating to Phase 2 will be executed only following the execution of the single concession agreement (still under negotiation with the Municipality of Milan). Therefore, the TJA is bearing the costs of the financing in advance. The TJA for Phase 2 has subcontracted the construction works to Astaldi.

PROJECT		Bologna High-Speed Railway Station
Country		Italy
Project Description		Construction of a station to be built entirely under ground, below the historic central station in Bologna for the transit of high-speed trains. The project is part of the high-speed Milan-Naples railway line
Customer		RFI Rete Ferrovie Italiana S.p.A., a company of the Ferrovie dello Stato Group, responsible for managing the Italian national railway infrastructure
Contractor		Astaldi
Total Contract Value		Approximately €504.9 million
PROJECT		Turin Railway Hub
Country		Italy
Project Description		Design and build works to improve and double a one-kilometer section of the underground railway line in Turin. The project is part of the upgrade of the Milan-Turin high-speed railway line
Customer		Italferr S.p.A. (the Italian State Railways Group engineering firm, operating in the name and on behalf of RFI Rete Ferroviaria Italiana S.p.A.)
Contractor		Società Passante Torino S.c.r.l., a consortium among Astaldi (74%), Vianini Lavori S.p.A. (17%), Imato S.r.l. in Liquidazione (previously known as Impresa Costruzione Rosso S.p.A., (8.5%), and Di Vincenzo Dino & C. S.p.A. (0.5%)
Total Contract Value		Approximately €595.9 million of which approximately €572.2 million represents the Group's share
PROJECT		Bucharest Subway Line 5
Country		Romania
Project Description		Design and build of structural works for the new Line 5 of the Bucharest subway, which will be 4.5 kilometers long and comprise 9 stations. The project is a part of a broader plan to expand Bucharest's subway network and is funded by the European Investment Bank and the Romanian State
Customer		S.C. Metrorex SA, a company that is responsible for managing the Municipality of Bucharest's subway network, which reports to the Romanian Ministry of Transport and Infrastructures
Contractor		A joint venture among Astaldi (39%), FCC S.A. (39%), Delta ACM (16%) and AB Construct (6%)
Total Contract Value		Approximately €276.8 million, of which approximately €104.4 million represents the Group's share
PROJECT		Warsaw Subway Line 2
Country		Poland
Project Description		EPC for a central section of Line 2 of the Warsaw subway. The complete planned route will comprise 6 kilometers, 7 stations, 6 ventilation shafts and approximately 10 kilometers of single-track tunnel, as well as 3 buildings for train deposits. The route will include a passage under the river Vistula
Customer		Municipality of Warsaw
Contractor		AGP Metro Polska, a joint venture among Astaldi (45%), Gulermark (45%) and PBDIM Sp. z o.o. (10%)
Total Contract Value		Approximately €803.5 million, of which approximately €361.6 million represents the Group's share

PROJECT	Saida-Moulay Slissen Railway Line
Country	Algeria
Project Description	Design and build of a railway line in Algeria from Saida to Moulay Slissen. The project involves the construction of 120 kilometers of a single-track railway line with 19 viaducts, 17 overpasses and 31 underpasses, as well as 4 main stations and 1 freight station
Customer	ANESRIF (<i>Agence Nationale d'Etudes et du Suivi de la Réalisation des Investissements Ferroviaries</i>)
Contractor	Astaldi
Total Contract Value	Approximately €756.4 million
PROJECT	Saida-Tiaret Railway Line
Country	Algeria
Project Description	Design and build of railway line in Algeria from Saida to Tiaret. The project involves the construction of 153 kilometers of a single-track railway line with 39 railway bridges, 36 road overpasses, as well as 4 main stations and 9 interchange stations.
Customer	ANESRIF (<i>Agence Nationale d'Etudes et du Suivi de la Réalisation des Investissements Ferroviaries</i>)
Contractor	Groupe Astaldi-Cosider TP, a joint venture between Astaldi (60.0%) and Cosider (40.0%)
Total Contract Value	Approximately €411.4 million, of which approximately €266.4 million represents the Group's share
PROJECT	Puerto Cabello—La Encrucijada Railway Line
Country	Venezuela
Project Description	EPC for the construction of a double-track railway line running along the Puerto Cabello-La Encrucijada section for 128 kilometers, with 33 kilometers of tunnels, 23 kilometers of viaducts and 10 stations. The new railway section under construction will link the line with Puerto Cabello port
Customer	<i>Instituto de Ferrocarriles del Estado</i> , the independent organization responsible for managing Venezuela's railways infrastructures
Contractor	Grupo Contuy, a consortium among Astaldi (33.3%), Impregilo (33.33%), and Ghella (33.33%)
Total Contract Value	Approximately €5 billion, of which approximately €1.7 billion represents the Group's share

Roads and Motorways

Our activities in Roads and Motorways typically include extensive excavation and landfill works, construction of bridges, viaducts, overpasses and underpasses, as well as excavation of large-diameter road tunnels, with lighting and ventilation systems. Roads and Motorways completed projects include, *inter alia*, the two sections of the Jonica National Road in Italy and the Gümüşova-Gerede part of the Anatolian Highway in Turkey (which connects Istanbul to Ankara and is the main junction of the Turkish roads network).

For the twelve-month period ended September 30, 2013, revenue from the construction of roads and motorways amounted to €761 million, representing 41.3% of the revenue generated by the Transport Infrastructures business line and 33.3% of our revenue. As of September 30, 2013, our Roads and Motorways projects represented 20.4% of our total backlog.

Below is a brief description of our most notable Roads and Motorways ongoing projects.

PROJECT	Jonica National Road Lot DG-41
Country	Italy
Project Description	EPC relating to the upgrade of a significant section of the Jonica National Road (NR106) in the South of Italy. The section included in the project runs along approximately 38 kilometers; the project involves several complex elements, such as 7 kilometers of twin-tube tunnels, 14 viaducts, 6 flyover junctions, separate carriageway bridges and bored and cut-and-cover tunnels
Customer	ANAS S.p.A., the manager of the Italian highway system, a joint stock company wholly owned by the Italian Ministry of Economy
Contractor	Sirjo S.c.p.A., a consortium between Astaldi (60%) and Impregilo S.p.A. (40%), which operates as general contractor
Total Contract Value	Approximately €790.9 million in aggregate, of which approximately €474.5 million represents the Group's share

PROJECT	Gebze-Orhangazi-Izmir Motorway Phase 1 (construction)
Country	Turkey
Project Description	EPC related to a concession contract ^(*) for a section of a motorway in Turkey connecting Gebze to Izmir. The overall project involves the construction of approximately 384 kilometers of motorway, 48 kilometers of link roads, 140 kilometers of access roads, and 29 kilometers of national roads to be upgraded, 3 tunnels, 29 viaducts, 84 bridges, 330 minor hydraulic works, 25 intersections, 20 motorway toll gates, 10 maintenance centers and 16 service areas. Phase 1 refers to the first 53 kilometers, including the bridge over the Izmit Bay
Customer	Otoyol Yatirim ve Isletme A.S. (GOI) ^(*) , a joint stock company held by Astaldi (17.5%), Nurol Insaat ve Ticaret A.S. (25.2%), Mak-yol Insaat Sanayi Turizm ve Ticaret A.S. (25.2%), Ozaltin Insaat Ticaret ve Sanayi A.S. (25.1%), and Gocay Insaat Taahhut ve Ticaret A.S. (7%)
Contractor	Gebze-Izmir Otoyolu Insaati (NOMAYG) Adi Ortakligi, a joint venture among Astaldi (18.6%), Nurol Insaat ve Ticaret A.S. (18.6%), Mak-yol Insaat Sanayi Turizm ve Ticaret A.S. (18.6%), Ozaltin Insaat Ticaret ve Sanayi A.S. (18.6%), Yuksel Insaat A.S. (18.6%) and Gocay Insaat Taahhut ve Ticaret A.S. (7%)
Total Contract Value	Approximately €1.7 billion, of which approximately €313.9 million represents the Group's share

(*) The concession was awarded by the General Directorate of Highways (affiliated with the Turkish Ministry of Transport, Maritime Affairs and Communication) to the concessionaire Otoyol Yatirim Ve Isletme A.s. (GOI). See “—Business Lines—Concessions.”

PROJECT	Western High Speed Diameter Motorway
Country	Russia
Project Description	Design and build of 12 kilometers of motorway which closes the ring road along Saint Petersburg's seafront
Customer	NCH LLC, comprising VTB Capital and Gazprombank, the second and the third leading banks in Russia, respectively
Contractor	ICA ASTALDI-IC ICTAS WHSD Insaat A.S., a joint stock company between Ic Ictas Insaat Sanayi ve Ticaret A.S. (50%) and Astaldi (50%)
Total Contract Value	Approximately €2.2 billion, of which approximately €1.1 billion represents the Group's share

PROJECT	Third Bosphorus Bridge and the Northern Marmara Highway
Country	Turkey
Project Description	EPC related to a concession contract ^(*) for the Odayeri-Pasakoy section of North Marmara motorway (including the Third Bosphorus Bridge)
Customer	ICA Ictas-Astaldi Ucuncu Bogaz Koprusu ve Kuzey Marmara Otoyolu Yatirim ve Isletme A.S., a project company held by Astaldi (33.3%) and Ictas Insaat Sanayi ve Ticaret A.S. (66.7%)
Contractor	ICA Ictas-Astaldi Adi Ortakligi
Operation End Date	June 2023
Total Contract Value	Approximately €1.9 billion, of which approximately €619.6 million represents the Group's share

(*) The concession was awarded by the General Directorate of Highways (affiliated with the Ministry of Transport, Maritime Affairs and Communication). See “—Business Lines—Concessions.”

Ports and Airports

Our activities for ports include the construction of dams, spur dikes, wharves, docks, dredging and other port infrastructure elements. Our activities for airports include the construction of passenger and loading terminals, control towers and landing runways. Ports and Airports completed projects include the ports of Naples and Gioia Tauro, Italy, and Bosaso, Somalia, and airports in Rome and Naples, Italy, Milas-Bodrum, Turkey and Fort Myers, Florida.

For the twelve-month period ended on September 30, 2013, revenue from the construction of ports and airports amounted to €216 million, representing 11.7% of the revenue generated by the transport infrastructures business line and 9.5% of our total revenue. As of September 30, 2013, our Ports and Airports projects represented 1.1% of our total backlog.

Below is a brief description of our most notable ongoing Ports and Airports projects.

PROJECT	Pulkovo International Airport
Country	Russia
Project Description	EPC for a new international terminal as well as renovation of the existing terminal (Pulkovo 1). In particular, the new terminal will be composed of a main building with 85 check-in desks, boarding gates and links with car parks, as well as an office district, a four-star hotel and all other ancillary facilities, such as commercial and storage areas
Customer	Northern Capital Gateway, an international consortium
Contractor	Ictas-Astaldi Insaat A.S., a joint stock company held by Astaldi (50%) and Ictas Insaat Sanayi ve Ticaret A.S. (50%)
Total Contract Value	Approximately €709.9 million, of which approximately €355.0 million represents the Group's share

Water and Energy Production Plants

Our Water and Energy Production Plants activities include the construction of dams, hydroelectric power plants, aqueducts, pipelines, and water treatment plants. We specialize in the construction of hydroelectric power plants, where we use different structural types of dams and ancillary works, such as water intake structures, abduction canals and junction tunnels, surface-based and underground power plants and pumping systems. In the last 10 years we have completed 8 dams, 5 hydroelectric power plants totalling 382MW, 18 aqueducts/wastewater treatment plants and more than 70 kilometers of hydraulic tunnels approximately.

Water and Energy Production Plants completed projects include the Chacayes Hydroelectric Power Plant in Chile (the first eco-friendly plant built in Chile, awarded in 2012 as Best Hydro Project of the Year within the POWER-GEN International Project of the Year), the Pont Ventoux Hydroelectric Power Plant in Italy (the largest mountain-excavated hydroelectric power plant in Italy with a 100% underground power house station), the Inga Hydroelectric Project in the Democratic Republic of the Congo (the largest dam in Africa, according to the Ingersoll-Rand Italia).

For the twelve-month period ended September 30, 2013, revenue from the construction of water and energy production plants amounted to €78 million, representing 3.4% of our revenue. As of September 30, 2013, our Water and Energy Production Plants projects represented 2.1% of our total backlog.

Below is a brief description of our most notable Water and Energy Production Plants ongoing projects.

PROJECT	Bydgoszcz-Torun Plant
Country	Poland
Project Description	Construction of a waste-to-energy plant that produces energy through the transformation of urban solid waste. The relevant works include the design and performance of the plant's civil and electromechanical works comprising two incineration facilities with a total nominal potential of 180,000 tons/year of processed waste
Customer	Międzygminny Kompleks Unieszkodliwiania Odpadów ProNatura Sp.z o.o, the company established by the Municipality of Bydgoszcz to manage urban waste
Contractor	Aster S.C., a joint venture between Astaldi (51%) and T.M.E. S.p.A. Termomeccanica Ecologia (49%)
Total Contract Value	Approximately €95 million, of which approximately €46 million represents the Group's share

PROJECT	Cerro del Àguila Hydroelectric Power Plant
Country	Peru
Project Description	Design and construction of a hydroelectric power plant. Construction of this plant will involve, <i>inter alia</i> , the construction of 70 kilometers of access roads, a gravity dam of 340,000 cubic meters of concrete, a 6 kilometer tunnel, a 140 meter-tall surge tank, the underground hydroelectric power plant and 5 kilometers of discharge tunnels
Customer	KALLPA Generación SA
Contractor	Consorcio Cerro del Àguila, a joint venture between Astaldi (50%) and Grana y Montero S.A. (50%)
Total Contract Value	Approximately €537.3 million, of which approximately €268.6 million represents the Group's share

Civil and Industrial Buildings

Our Civil and Industrial Buildings activities include the construction of healthcare facilities, administrative buildings, educational facilities, car parks and industrial plants. In the last 10 years we have completed approximately 8 hospitals (with a total of 1,298 beds) and more than 9,400 parking spaces.

Civil and Industrial Buildings completed projects include a state-of-the-art hospital in Venice-Mestre (*Ospedale dell'Angelo*) (awarded the best project finance in the healthcare sector in Europe at the 2005 PFI Awards) and the New Milan Expo Fair in Milan-Rho Pero in Italy, the third largest trade fair and exhibition center in the world (awarded the 2006 ULI Global Award and the 2007 International Architecture Award).

For the twelve-month period ended September 30, 2013, revenue from the construction of civil and industrial buildings amounted to €177 million, representing 7.7% of our revenue. As of September 30, 2013, our Civil and Industrial Buildings projects represented 1.5% of our total backlog.

Below is a brief description of our most notable Civil and Industrial Buildings ongoing projects. The projects which are also described in the Concessions section below are included in the following tables with respect to our involvement in the relevant construction phase.

PROJECT	Tuscany Healthcare Facilities (construction)
Country	Italy
Project Description	Design and construction of an integrated system of four new healthcare facilities in Tuscany related to four concession contracts ^(*) . The new facilities will occupy a total surface area of over 200,000 square meters for a total of 2,019 beds and 4,500 parking spaces
Customer	SA. T S.p.A. ^(*) , a special purpose company held by Astaldi (35.0%), Pizzarotti & C. S.p.A. (30.0%) and Technint CTI S.p.A. (35.0%)
Contractor	CO.SAT S.c.r.l., a consortium between Astaldi (50%) and Impresa Pizzarotti & C. S.p.A. (50%), which has been incorporated by the TJA between Astaldi (50%) and Impresa Pizzarotti & C. (50%) to carry out the works
Total Contract Value	Approximately €368.4 million, of which approximately €184.2 million represents the Group's share

(*) The concessions were awarded by the local health authorities of Massa Carrara, Lucca, Pistoia and Prato to the concessionaire SA. T S.p.A. See “—Business Lines—Concessions.”

PROJECT	Police Officers Academy in Florence
Country	Florence (Italy)
Project Description	Construction of the new Police Officers Academy in Florence. The works include construction of four facilities: (i) the sports center comprising a football and athletics stadium, covered swimming pool, tennis courts and gym; (ii) a student housing center made of 9 buildings with a total capacity to accommodate 2,000 students; (iii) a logistics center which comprises, <i>inter alia</i> , an auditorium, classrooms, canteen and kitchens, clubs, infirmary, administration offices, and housing; (iv) a functional center to be used to house academy workers and their families
Customer	Italian Ministry of Infrastructures
Contractor	S.CAR. S.c.r.l., a consortium among Astaldi (61.40%), Imato S.r.l. in Liquidazione (15%), Carlo Gavazzi Impianti S.p.A. (15%) and S.I.R.I. Società di Ingegneria e Realizzazioni Internazionali S.p.A. (8.60%)
Total Contract Value	Approximately €262.6 million, of which approximately €161.2 million represents the Group's share

Plants Design and Maintenance

Our Plants Design and Maintenance activities include: (i) the design, fabrication, installation and maintenance of electrical, mechanical, heating, ventilation and air conditioning (“HVAC”) and other technical systems in construction projects in the healthcare, industrial, transport infrastructures and pharmaceutical sectors; (ii) facility management services involving ordinary and extraordinary maintenance, management and operation of civil and industrial buildings; and (iii) the design, planning, project and site management of renewable energy plants. The services offered throughout this business line are complementary to the services offered in our other Construction business lines and form part of our integrated service offerings, which allows us to increase our cross-selling opportunities.

Plants Design and Maintenance completed projects include the data center of the office of Poste Italiane in Turin, Italy, the first data center in Italy to adopt the new Tier IV security system, a new Policlinico San Matteo Hospital in Pavia, Italy (a project that included the connection of general power, electrical plants, water, sanitary plants and HVAC, and water supply systems) and a wind park in Buddusò, Sardinia (the largest wind park in Italy and one of the largest in Europe).

For the twelve-month period ended September 30, 2013, revenue from our Plants Design and Maintenance activities amounted to €161 million, representing 7.0% of our revenue. As of September 30, 2013, our Plants Design and Maintenance projects represented 1.9% of our total backlog.

Below is a brief description of our most notable Plants Design and Maintenance ongoing projects.

Line 5, Milan Subway, Italy. Design, fabrication, installation and commissioning of all mechanical and electrical plants for Line 5 of the Milan subway. The total contract value amounts to approximately €11.6 million.

Milas-Bodrum International Airport, Turkey. Facility management and the energy management systems of the international terminal of the Milas-Bodrum International Airport. The total contract value amounts to approximately €10.8 million.

Lucca and Massa Carrara Hospitals, in Tuscany, Italy. Design, fabrication, installation and commissioning of all electrical, mechanical, specialist and technological plants of the healthcare facilities. The total contract value amounts to approximately €19.0 million.

New hospital in Naples (Ospedale del Mare), Italy. Design, fabrication, installation, commissioning and testing of electrical, specialist, mechanical and technological plants. The hospital is the largest healthcare facility in the south of Italy. The total contract value amounts to approximately €19.2 million.

Concessions

In our concessions operations, we manage a wide range of infrastructure assets, generally through long-term concession agreements. Our concessions include highways, airports, railways, healthcare facilities and other industrial projects that we typically build. Although we have been active in the concession industry since the early 1990s, since 2005 we have strengthened our focus on concessions, and in 2010 we incorporated Astaldi Concessioni S.r.l. to hold and operate our concession assets. Our Concessions activities are complementary to our Construction business.

Concessions generally consist of Build, Operate and Transfer (“**BOT**”) projects providing for (i) an initial stage for the construction of certain public works, in which we provide the works and services (ii) the management of the resulting infrastructure under concession for a number of years, and (iii) the transfer of the infrastructure to the grantor of the concession at the end of the concession period. Generally the projects are financed on a non-recourse basis through equity contributions, project debt, medium-term bridge loans, and later by project finance (see “—Project Phases—Financing—Concessions”).

We are currently involved in concession projects in (i) civil and healthcare construction for a total of 6,180 hospital beds and 5,470 parking spaces, (ii) underground and motorway transport infrastructures, for a total of 900 kilometers of motorway, 28 kilometers of underground lines and 40 stations, (iii) airports capable of handling up to 5 million passengers per year in the aggregate, (iv) car parks offering a total of 3,675 parking spaces, (v) water and energy with a 111 MW hydroelectric power plant able to produce 557 GW per year, (vi) mining sector infrastructures.

Concessions projects include (i) *projects already in operation*, such as 5 car parks, a first functional stretch of Milan Subway Line 5, two hospitals in Tuscany and the New Hospital in Venice-Mestre in Italy, the Milas-Bodrum International Airport in Turkey, and the Chacayes Hydroelectric Power Plant in Chile, (ii) *projects in construction phase*, such as, *inter alia*, a first functional stretch of the Gebze-Orhangazi-Izmir Motorway in Turkey and a second stretch of the Milan Subway Line 5 in Italy, the Third Bosphorus Bridge and the Northern Marmara Highway, and (iii) *projects still to be financed*, such as, *inter alia*, the Etlik Healthcare Campus in Turkey, a second phase of the Gebze-Orhangazi-Izmir Motorway in Turkey and Ancona Port Highway Network and Nogara-Mare Highway in Italy. With respect to the second phase of the Milan Subway Line 5, the execution of the project financing is awaiting the execution of a single consolidated concession agreement, replacing the two current concession agreements between the Municipality of Milan and, respectively, Metro 5 S.p.A. and Metro 5 Lilla S.r.l.

Our Concessions business line provides earnings or revenue to our Group via the management and operation of the relevant facilities (e.g., motorway tolls, car parks fees). We pursue publicly funded projects, as well as projects where guaranteed minimum fees are granted to the concessionaire. We generally carry out our concession activities through project companies (special purpose companies) in which we hold only a minority interest. As a consequence, the revenue of the company through which the concession is operated is not consolidated in our financial statements and the financial effects of our

investment are accounted for in our financial statements under the item “Effects of equity accounting” in the form of *pro rata* dividends or other distributions or as gains or losses on investments upon disposition of the relevant asset. As such, they depend on the non-controlled entities generating distributable profits and actually determining to distribute them, or on the asset actually being sold. See “—Project Phases—Financing.” The governing and financing documents of many of our concession entities provide that dividend and other distributions and payments to shareholders may only be made if certain conditions are satisfied. See “Risk Factors—Risks Relating to the Notes and the Structure”.

Pursuant to these concession projects, we are required to make certain equity commitments. As of September 30, 2013, the total committed amount of equity and quasi equity investments was approximately €733.7 million, of which approximately €265.6 million relates to projects that have been awarded and financed and are reflected in our backlog, approximately €372.1 million relates to orders in pipeline that have been awarded to us and that we are committed to execute, but for which financing is still pending, and are reflected in our orders in pipeline and approximately €96.0 million relates to projects reflected in our orders in pipeline in which official award is pending.

For the twelve-month period ended September 30, 2013, revenue from our Concessions activities amounted to €29 million, representing 1.3% of our revenue and the financial effects from our Concessions activities operated through our minority-held companies, amounted to €4.8 million. As of September 30, 2013, projects relating to Concessions represented 46% of our total backlog (see “—Backlog”). For a description of certain risks relating to our Concessions business, see “Risk Factors—Risks related to our Concessions Business—Our concession agreements are subject to termination, amendment or expropriation.”

Below is a brief description of our main ongoing projects in the Concessions business line. Some of the projects are also mentioned in prior sections with respect to our involvement in the relevant construction phase, and accordingly the total contract values below refer to the amount under the applicable concession contracts with respect to the relevant project.

Projects already in operation⁽¹⁾

PROJECT	5 Car Parks^(*)
Country	Italy
Project Description	BOT Concession agreement for 5 parking facilities: Corso Stati Uniti and Porta Palazzo in Turin, Piazza Cittadella in Verona and Piazza VIII Agosto and Riva Reno in Bologna, for a total of 3,675 parking spaces
Grantor	Municipality of Turin, Verona and Bologna, respectively
Concessionaire	TJA between Astaldi Concessioni S.r.l. and APCOA Parking Italia
Operation Start Date	Starting from 1999
Operation End Date	Riva Reno: December 2040; Piazza Cittadella: June 2048; Piazza VIII Agosto: July 2058; Porta Palazzo: August 2076; and Corso Stati Uniti: February 2079
Total Contract Value	Approximately €255 million
Total Equity Commitments of Astaldi	n.a.
Public Grant	€21.8 million
Minimum Guaranteed	67% of aggregate projected revenue

(1) Amount of Total Equity Commitments of Astaldi reflect amounts already funded, unless otherwise indicated.

(*) As of September 30, 2013, our 5 Car Parks projects (see “—Business Lines—Concessions”) have been classified as assets held for sale. In July, 2013, together with the loans that we entered into in connection with such projects, they have been contributed, into special purpose vehicles set up for their sale. We will remain guarantors under such loans until the completion of the sale of such assets. See “Description of Other Indebtedness—Financing Related to Assets held for Sale”.

PROJECT	New Hospital in Venice-Mestre
Country	Italy
Project Description	Concession for design, build, finance, operation and maintenance for the New Hospital in Venice-Mestre, awarded under a PPP, for a total of 680 beds and 1,092 parking spaces
Grantor	Regional Health Authority
Concessionaire	Veneta Sanitaria Finanza di Progetto S.p.A., a special purpose company held by Astaldi (31%), Impresa Mantovani (23.5%), Sinergie (17.5%), CONSTA (2.5%), Gemmo Impianti (17.5%), Astaldi Concessioni S.r.l. (6%) and Studio Altieri (2.0%)
Operation Start Date	April 2008
Operation End Date	November 2032
Total Contract Value	Approximately €1,120 million, of which approximately €387 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €7.6 million of equity and €2.9 million of shareholders' loan
Public Grant	€122.7 million
Minimum Guaranteed	96% of aggregate projected revenue
PROJECT	Milas-Bodrum International Airport
Country	Turkey
Project Description	BOT concession agreement for an international terminal in an airport in south-western Turkey, for a total of 5 million passengers per year
Grantor	Turkish Ministry of Transport, Maritime Affairs and Communication
Concessionaire	Mondial Milas-Bodrum, a special purpose company held by Astaldi Concessioni S.r.l. (100%)
Operation Start Date	May 2012
Operation End Date	2015
Total Contract Value	Approximately €154 million
Total Equity Commitments of Astaldi	Approximately €17.3 million of equity and approximately €24.8 million of shareholders' loan
Minimum Guaranteed	32% of aggregate projected revenue
PROJECT	Chacayes Hydroelectric Power Plant
Country	Chile
Project Description	BOO (build, own, operate) concession agreement for a hydroelectric power plant in Cachapoal river valley, with 111MW of installed power and 557GWh output per year
Grantor	Codelco, El Teniente division (Corporación Nacional del Cobre de Chile)
Concessionaire	Pacific Hydro Chacayes S.A., a project company held by Astaldi Concessioni S.r.l. (27.3%) and Inversiones Pacific Hydro Cachapoal Limitada (72.7%)
Operation Start Date	October 2011
Operation End Date	Perpetual
Total Contract Value	Approximately €2,418 million, of which approximately €660 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €27.6 million of equity
Minimum Guaranteed	60% of aggregate projected revenue

PROJECT	Relaves Mining Plant
Country	Chile
Project Description	BOT concession agreement for a copper and molybdenum treatment and recovery plant, with a total of 4,000 tonnes of copper and 85 tonnes of molybdenum recovered every year
Grantor	Codelco Andean division (<i>Corporación Nacional del cobre de Chile</i>)
Concessionaire	Valle Aconcagua S.A., a special purpose company held by Astaldi (55.0%), Vito Ingeniería (20.0%), Cerro Alto (20.0%) and AJG (5.0%)
Operation Start Date	August 2013
Operation End Date	2032
Total Contract Value	Approximately €340 million, of which approximately €187 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €4.2 million of equity and approximately €1.1 million of shareholders' loan
Minimum Guaranteed	90% of aggregate projected revenue

Projects in construction phase

PROJECT	Milan Subway Line 5
Country	Italy
Project Description	Phase 1: BOT concession agreement for the Line 5 of the Milan subway, awarded under PPP regime, for a total of 13.2 kilometers of subway line, 19 subway stations and a total capacity of 26,000 passengers per hour for each direction Phase 2: BOT concession agreement for the extension of Line 5 of the Milan subway, awarded under PPP Regime
Grantor	Municipality of Milan
Concessionaire	Phase 1: Metro 5 S.p.A., joint stock company held by Astaldi (38.7%), Ansaldo STS (24.6%), Ansaldo Breda (7.3%), Alstom Ferroviaria S.p.A. (9.4%) and ATM S.p.A. (20%) Phase 2: Metro 5 Lilla S.r.l. ^(*) , limited liability company wholly owned by Metro 5 S.p.A.
Operation Start Date	Phase 1: March, 2013. Phase 2: May, 2015
Operation End Date	Phase 1: March 2038. Phase 2: December 2040
Total Contract Value	Approximately €1,984 million of which approximately €768 million represent the Group's share
Total Equity Commitments of Astaldi	Approximately €27.7 million of equity and approximately €32.8 million of shareholders' loan of which approximately €30 million remaining to be paid
Public Grant	Phase 1: €360 million. Phase 2: €485.6 million
Minimum Guaranteed	98% of aggregate projected revenue

(*) Metro 5 Lilla S.r.l. is currently entirely owned by Metro 5 S.p.A. It is expected that the two concessions agreements for Metro 5 S.p.A. and for Metro 5 Lilla S.r.l. will be replaced by a single concession agreement and that Metro 5 Lilla S.r.l. will be merged into Metro 5 S.p.A.

PROJECT	Four Hospitals in Tuscany ^(*)
Country	Italy
Project Description	BOT concession agreements for four hospitals in Massa, Lucca, Pistoia and Prato, in Tuscany, for a total of 2,019 beds and 4,500 parking spaces
Grantor	Regional health authorities
Concessionaire	SA. T. S.p.A., a special purpose company held by Astaldi (35.0%), Pizzarotti & C. S.p.A. (30.0%) and Technint CTI S.p.A. (35.0%)
Operation Start Date	Prato Hospital: September 26, 2013; Pistoia Hospital: July 26, 2013; Lucca: Hospital January 26, 2014; Massa Hospital: July 31, 2014
Operation End Date	July 2033
Total Contract Value	Approximately €1,108 million, of which approximately €388 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €6.7 million of equity and approximately €7.2 million of shareholders' loan of which approximately €7 million remaining to be paid
Public Grant	€242 million
Minimum Guaranteed	95% of aggregate projected revenue

(*) The hospitals of Pistoia and Prato became operational in July 2013 and September 2013, respectively.

PROJECT	Gebze-Orhangazi-Izmir Motorway Concession ^(*)
Country	Turkey
Project Description	BOT concession agreement for the motorway connecting Gebze to Izmir and the landmark long-span suspension bridge over the Izmit Bay
Grantor	Turkish General Directorate of Highways (affiliated with the Ministry of Transportation and Communication)
Concessionaire	Otoyol Yatirim ve Isletme A.S. (GOI), a joint stock company held by Astaldi (18.86%), Nurol Insaat ve Ticaret A.S. (26.98%), Mak-yol Insaat Sanayi Turizm ve Ticaret A.S. (26.98%), Ozaltin Insaat Ticaret ve Sanayi A.S. (26.98%), Gocay Insaat Taahhut ve Ticaret A.S. (0.2%)
Operation Start Date	Phase 1: last quarter of 2016; Phase 2: last quarter of 2020
Operation End Date	2034
Total Contract Value	Phase 1: approximately €8,462 million, of which approximately €1,596 million represents the Group's share. Phase 2: €5,748 million, of which €1,084 represents the Group share
Total Equity Commitments of Astaldi	Approximately €335 million of equity of which approximately €235 million remaining to be paid
Minimum Guaranteed	52% of aggregate projected revenue

(*) Phase 2, which accounts for approximately €140 million of the total equity commitment, is still to be financed.

PROJECT	Third Bosphorus Bridge and the Northern Marmara Highway
Country	Turkey
Project Description	BOT concession agreement for the toll road and the Third Bosphorus Bridge
Grantor	Turkish General Directorate of Highways (affiliated with the Ministry of Transport, Maritime Affairs and Communication)
Concessionaire	ICA Ic Ictas-Astaldi Ucuncu Bogaz Koprusu ve Kuzey Marmara Otoyolu Yatirim ve Isletme A.S., a project company held by Astaldi Concessioni S.r.l. (33.3%) and Ic Ictas Sanayi ve Ticaret A.S. (66.7%)
Operation Start Date	June 2016
Operation End Date	February 2024
Total Contract Value	Approximately €3,480 million, of which approximately €1,160 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €46 million of equity and approximately €98 million of shareholders' loan of which approximately €134 million remaining to be paid
Minimum Guaranteed	99.8% of aggregate projected revenue

Projects still to be financed⁽¹⁾

PROJECT	Etlik Healthcare Campus ^(*)
Country	Turkey
Project Description	BOT concession agreement for the Etlik Healthcare Campus in Ankara.
Grantor	Turkish Ministry of Health
Concessionaire	Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S., a special purpose company held by Astaldi (51.0%) and Turkerler group (49.0%)
Operation Start Date	42 months after delivery of the areas, expected for the first quarter of 2014
Operation End Date	2042
Total Contract Value	Approximately €2,211 million, of which approximately €1,128 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €57 million of equity and approximately €57 million of shareholders' loan
Minimum Guaranteed	98% of aggregate projected revenue

(1) We would remain responsible for our equity commitments with respect to a project where we are unable to obtain financing. See "Risk Factors—Risks Relating to our Concessions—Our concession agreements are subject to termination, amendment or expropriation."

(*) We started construction of a first functional phase in October 2013.

PROJECT	Milan Subway Line 4
Country	Italy
Project Description	BOT concession agreement for the new Line 4 of the Milan subway, awarded under PPP regime, for a total of 15.2 kilometers of subway line and 21 subway stations
Grantor	Municipality of Milan
Concessionaire	SPV Linea M 4 S.p.A., a special purpose company held by Astaldi (9.7%), Impregilo (9.7%), Ansaldo (5.3%), AnsaldoBreda (5.3%), ATM (2.3%), Sirti (1.0%) and Public Partner (66.7%)
Operation Start Date	2017
Operation End Date	2040
Total Contract Value	Approximately €2,110 million, of which approximately €205 million represents the Group's share
Total Equity Commitments of Astaldi	€5.8 million of equity, €17.5 million of convertible loan, €23.6 million of shareholders' loan
Public Grant	€904.7 million
Minimum Guaranteed	97% of aggregate projected revenue
PROJECT	Ancona Port Highway Network(*)
Country	Italy
Project Description	BOT concession agreement for the highway to the Ancona port, for a total of 10.7 kilometers of highway
Grantor	ANAS S.p.A., the manager of the Italian highway system, a joint stock company wholly owned by the Italian Ministry of Economy
Concessionaire	A TJA among Astaldi (24.0%), Impregilo S.p.A. (47.0%), Pizzarotti S.p.A. (18.0%), Itinera S.p.A. (11.0%)
Operation Start Date	July 2018
Operation End Date	June 2048
Total Contract Value	Approximately €2,500 million, of which approximately €600 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €28 million
Minimum Guaranteed	As per ANAS S.p.A. regulation

(*) Official award is still pending.

PROJECT	Nogara-Mare Adriatico Highway
Country	Italy
Project Description	BOT concession agreement for the new Nogara-Mare Adriatico highway, for a total of 105 kilometers funded also through a €50 million public grant
Grantor	Veneto Region
Concessionaire	Astaldi group (23%) and other (77%)
Operation Start Date	January 2018
Operation End Date	December 2057
Total Contract Value	Approximately €7,143 million, of which approximately €1,643 million represents the Group's share
Total Equity Commitments of Astaldi	Approximately €6.9 million of equity and approximately €64.9 million of shareholders' loan
Public Grant	€50 million
Minimum Guaranteed	n.a.

PROJECT	Municipality of Rome(*)
Country	Italy
Project Description	BOT concession agreement for the new seat of the municipality of Rome
Grantor	Municipality of Rome
Concessionaire	Astaldi Concessioni (100%)
Operation Start Date	2018
Operation End Date	2043
Total Contract Value	Approximately €370 million
Total Equity Commitments of Astaldi	Approximately €44 million of equity and approximately €24 million of shareholders' loan
Minimum Guaranteed	100% of aggregate projected revenue

(*) Official award is still pending.

Project Phases

Selection

We have defined procedures for the selection of projects for which we intend to bid for, which vary depending on whether the project is to be carried out in Italy or internationally.

Italy. Internal departments serving our general management division decide to bid for a project in conjunction with our risk management department by taking into consideration the following key factors: the project's costs, the equipment, machinery and the operating systems required to participate in the bidding phase, any works to be subcontracted, the availability of required resources and technology and potential technical, legal and contractual issues which may give rise to disputes.

Internationally. We carry out selection analysis through local executives (if any) or our foreign business development department, which looks for foreign business opportunities in line with the directives of our Board of Directors and together with our foreign general managers. The selection follows a risk analysis which considers the following key factors: our experience in the country and relationship with the relevant public and private sector customers, the country's political and economic stability, the existence of a well-developed legal system, the existence of effective public investment plans, the absence of significant barriers to entry, the country's credit rating, and the availability of adequate insurance coverage. Furthermore, we generally tend to select projects in markets where well-developed, financially sustainable infrastructure spending programs exist and in the fields which have priority according to the local governments' policies and plans for future developments. We also tend to identify initiatives, in particular for concessions, which have an intrinsic low risk profile due to the availability of a significant public grant or contribution or a minimum guaranteed revenue arrangement.

Sometimes, we may carry out our activities with local partners, in order to, among other things, share costs and risks or because it may be required by applicable law, as the contract will not be awarded to a

foreign company without one. In such cases, our analysis also considers which partner(s) would be best suitable for the project given their geographic location and market position, available resources, experience, specialized skills, financial and technical capability and past performance on similarly executed projects with us.

Awarding Criteria and Process

We are awarded contracts for new projects primarily through competitive bidding processes which typically include solicitations by PSEs, public announcements by private-sector entities, invitations when short-listed for private projects and, to a lesser extent, through direct negotiation. The volume of work generally available in the market at the time of the bid, the size of our backlog at the time, the location and complexity of the project to be executed and the level of competition for the project are all factors that may affect our competitiveness in a particular bidding process.

Public Sector. In the public sector, contracts are generally awarded through tenders. In some instances, participation in the bidding process is only permitted following a prequalification procedure, where the bidder's eligibility to carry out the project is examined on the basis of certain parameters such as financial capability, experience, personnel and equipment. Due to our size, experience and engineering capabilities, we are generally able to satisfy pre-qualification requirements for the most complex infrastructure projects. Public customers are bound by domestic and—within the EU—European public procurement laws. Bidders tendering for a contract in the public sector are subject to longer and more complex tendering procedures than in the private sector and face the risk that competitors will challenge the invitation to tender for the award. In the public sector, procurement laws typically require that contracts are awarded on the basis of price and technical quality. In projects to be constructed on a turnkey (fixed-price) basis with financing arranged by the parties participating in the construction of the project, bids are frequently submitted by consortia, due to the increased complexity of these projects. Our ability to win these bids is affected by the ability of the consortium in which we participate to obtain sufficient financing. Client relationships are of lower relevance due to statutory procurement law requiring predefined and objective award criteria.

Private Sector. In the private sector, although contracts are normally awarded by means of limited invitations to tender and subsequent contract negotiations, through brand recognition and client relationships are also important. Contracts for private-sector projects tend to be awarded not only on bid prices and relevant experience, but also based on relationships with the client. If the pre-contract phase takes the form of a direct negotiation between us and the customer without other competitors, the time to award the contract diminishes significantly.

Bidding and Execution

Construction. With respect to construction projects in Italy, when bidding in conjunction with partners we generally establish a temporary joint association (*associazione temporanea di imprese*, “TJA”). Under a TJA, the associating entities can jointly bid and commit themselves to jointly execute the works for their contracting party, while remaining independent entities from a legal standpoint. The TJA structure provides for the appointment of a leader entrusted with the power to liaise with the contracting party on behalf of the other associated entities. Depending on our role within the TJA, we classify projects as:

- directly “managed”, in which, in our capacity as leader of the TJA, we directly manage the project from a technical and administrative standpoint and carry out, on behalf of the other partners, all the necessary actions required for the award, the management and the execution of the works;
- indirectly “managed”, in which we execute our share of the works and we have monitoring powers over the activity of the leader with respect to the technical and administrative management of the project.

If the bid is won by the TJA, their associated entities operate generally through either a (i) consortium or (ii) a special purpose company. When a consortium is formed, the execution of the works is carried out directly by the individual members of the consortium, who therefore directly collect the fees relating to the activities performed. Costs relating to the projects (such as workers, lenders, subcontractors and suppliers) are, on the contrary, borne by the consortium, which in turn passes any such costs to each of its members by invoicing the costs on a back-to-back basis. When a special purpose company is established, it is such legal entity that is bound to perform the works for the contracting party, although it can sub-contract part of the works directly to its shareholders; if any indebtedness is necessary, it is

incurred by the special purpose company, with a *pro rata* guarantee by shareholders and security on current accounts or other limited assets.

With respect to international construction projects, in countries where we have not done business or do not operate on a regular basis we generally partner with local businesses. When we bid in conjunction with partners in such cases, we generally set up a local special purpose company to act as general contractor. Depending on our role, we either act as leaders, by directing and coordinating the works pursuant to decisions agreed with the other partners, or as partners, by supervising the activity of the leader with respect to the technical and administrative management of the project. Upon completion of the works, such local special purpose company is liquidated.

Concessions. For concessions projects, both in Italy and internationally, we generally bid for the concession in conjunction with other partners, and jointly invest in a concession special purpose company. If the bid is won, such special purpose company holds the concession and we and our concessionaire partners engage an EPC contractor, typically constituted as a consortium or a joint venture, through which construction works and services related to the concession project are carried out. The consortium or joint venture typically includes one or more, and in certain cases all, of the partners in the concessionaire. The concessionaire incurs non-recourse debt to finance the construction works and the EPC contractor invoices the concessionaire which in turn is paid by the public entity granting the concession.

See also “—*Financing*,” below.

Financing

Construction. With respect to construction activities, local law concerns have a substantial impact on the structure of the financing for the project and the relevant cash requirements. Where allowed by applicable law, projects are initially financed through advances on the contract price, which support the beginning of the works. After such initial phase, the works are then financed through cash flows generated from our operating activities, borrowings under our credit facilities and committed and uncommitted credit lines (see “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Construction Capital Expenditures.*”) In certain countries, such as Algeria and Russia, the client advances a percentage of the contract price (typically between 5% and 10%), and, in Russia, the cost of the works of the raw materials for the entire works. In some other countries, such as Italy and Poland, advances are not permitted by law and, as a result, the relevant projects start generating cash for the contractor only after the construction phase, subsequent to the mobilization, begins. In these cases, we, as the contractor, must take larger amounts of direct financing to fund the projects. In certain limited circumstances, the construction project is financed through dedicated funds released by international funding institutions directly to the government or public entity involved in the relevant project.

In the ordinary course of our Construction business, and as customary, we are required to provide customers with commercial guarantees (including advance bonds, performance bonds, tender bonds, retention money bonds or others) in order to participate in competitive tenders, enter into contracts with clients or guarantee our performance thereunder. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Off-Balance Sheet Arrangements—Guarantees.*”

Concessions. Our concessions business is capital intensive, and assets are typically highly leveraged to optimize our capital structure and maximize our return as shareholder. We choose the financing structure for concessions in light of expected return and the cash flow projections that we model for that concession. Our concessions’ financing costs tend to be high during the early years of the relevant concession, especially while the underlying assets are in the construction or development phases. During these phases, the assets support a significant amount of debt in relation to relatively low revenue. However, we may have opportunities to refinance such debt as such concessions mature and their revenue, cash flows and debt coverage ratios improve. Concession projects in Italy tend to be less onerous than concession projects internationally, as generally 50% of the cost is financed by the state through public contribution. Of the remaining 50% to still be financed, generally 70% is financed through debt and 30% through equity contributions in the special-purpose company, where we generally hold minority interests. Internationally, PSEs do not usually grant public contributions for concessions and, as a result, we are required to invest greater amounts to fund the equity portion of the project and assume more debt. The equity injections into the concessionaire from us and our co-investors are governed by terms typically set forth in the shareholders agreements, equity contribution agreements or shareholders loans relating to such companies. For a more detailed description of our equity injection commitments, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commercial Commitments—Equity Commitments.*”

We also generally finance our concessions through non-recourse project finance and, occasionally, through project debt and short-term bridge loans (in certain cases also to cover preliminary activities until financial closing of the project finance is reached). Generally, project finance funding is structured through agreements and related documents that require the loans to be repaid solely from the revenue of the project being financed and provide that the repayment of the loans (and interest thereon) is secured solely by the shares, physical assets, contracts and cash flow of that project company. The basis of the agreement between the project company and the lender is the assignment of cash flows generated by the project to service the debt and interest (including an exclusion or quantified allowance for all other assets) in such a way that investment payback for the lender will take place solely through the project cash flows. In certain limited cases, when the specific circumstances of a project so warrant, we may use short-term bridge loans to cover preliminary activities until financial closing is reached, or use project debt, *i.e.*, dedicated recourse debt relating to projects that in themselves provide enough to support the financing. We have used project debt only occasionally, for example when the size of the project was too small to justify a complex financing structure, or when we owned 100% of the concessionaire.

Customers and Contracts

Customers

Our customers consist of PSEs and private companies. As customary in our industry, a substantial part of our activities are carried out for PSEs, including ministries of infrastructures, ministries of transportation, regional and local health authorities, municipalities, other local entities, and public authorities. Our private customers include infrastructure operators, as well as PPPs. For the nine-month period ended September 30, 2013, PSEs and private sector customers accounted for approximately 80.2% and 19.8% of our revenue, respectively, as compared to 90.5% and 9.5%, respectively, for the year ended December 31, 2012. For the year ended December 31, 2012, approximately 55% of our revenue was generated by agreements with our top ten clients. However, for the past three (3) years, none of these clients individually accounted for greater than 16% of our revenue.

Contracts

General provisions in our contracts tend to be similar, other than with respect to project-specific terms. Services to be provided under our contracts generally include performance of general and executive design, as well as construction works. Almost all of our ongoing works are based on fixed-price contracts where we agree to perform all the works required to complete the project for a pre-determined amount, subject to certain adjustments in limited circumstances. We review budgets periodically to identify any differences between actual and budgeted costs. If we find any differences attributable directly or indirectly to our client, we generally attempt to negotiate higher contract prices, or indemnities or reimbursements to recover related cost variations. Such requests are generally referred to as “claims”. Quantification and recognition of such claims involve complex procedures, which may require legal actions before a court or an arbitral panel, and the amounts and timing for their liquidation are uncertain. Notwithstanding the foregoing, we believe that we have put in place internal processes which enable us to both effectively manage procedures for the identification and liquidation of any claim and estimate the amount of claims that will be eventually paid to us. Review of prices in contracts with Italian PSEs are generally limited to extraordinary variations in the cost of raw materials. See “*Regulatory Matters.*” Contracts with foreign PSEs typically include certain automatic adjustment mechanisms that allow us to pass on changes in construction costs, such as changes in the compensation base of workers and costs of raw materials, especially when caused by currency fluctuations or inflation.

As of September 30, 2013, approximately 68% of our contracts provided for payment on a unit price basis. A unit price contract establishes a price per unit of work for each constituent element of the project, such as per cubic meter of earth or rock excavated or per cubic meter of concrete poured. Contracts include estimated volumes for each unit price element, and our bid price reflects our estimate of the costs that we expect to incur in respect of each work unit. In these contracts, we are generally, however, entitled to payment based on actual volumes required to perform the work to contractual specifications. The contracting authority therefore assumes the risk that the volume of units required for the project will exceed the volume estimated in the contract (that is, that the number of units of work exceeds estimates). We, on the other hand, assume the risk that our actual cost per unit of work may exceed the estimates we used to calculate our bid pricing (see “*Risk Factors—Events beyond our control*”).

may affect our estimated timing and costs”). Unit prices are generally subject to periodic adjustments for inflation or for changes in price for a particular unit of work.

Upon completion of a project or of a phase thereof, the contracting party typically provides us with a provisional receipt acknowledging completion. During the 60 to 180 days that follow, works completed are tested, and we may be required, if necessary, to make repairs or alterations necessary to bring the works into compliance with contract specifications. When the counterparty is satisfied with this process, it issues a definitive certificate that acknowledges its acceptance of the completed project. We generally are required to guarantee our workmanship for a certain period after definitive acceptance of the project. Italian law provides that the construction company remains responsible for any serious defect in the project for a ten-year period following definitive acceptance of the works. Outside Italy, our contracts generally provide for a 1 to 3 year warranty period following completion and testing.

In general, payment under contracts is made either following acceptance of the completed project or periodically upon meeting certain pre-agreed milestones usually on a percentage-of-completion basis. Our engineering and construction contracts also frequently contain advance payment provisions (which are a risk mitigation measure). A down payment bond is usually provided against such advances.

In addition, a further bond or guarantee for the exact and timely execution of the works, as well as potential labor claims, is required. Generally, the level of this guaranty varies from 10% to 30% of the total contract value for Italy and from 5% to 15% for international contracts. Such guarantees are generally released upon completion of the works once a favorable inspection certificate has been issued. In certain instances, the performance bond is substituted with a guarantee bond for a lower amount to guarantee the proper functioning of the installation until all contractual obligations have expired. Some contracts stipulate, instead of or in addition to the performance bond, that an amount be withheld on payments for invoices issued on a percentage-of-completion basis, which may vary, on average, between 5% and 10% of the value of the work. This amount may be released in exchange for the issuance of a retention bond for an equivalent amount.

When we participate in contracts as members of a consortium, TJA, or joint venture, guarantees given to the customer by the consortium, TJA or joint venture are generally counter-guaranteed by each member of the consortium on a pro rata basis.

In connection with transactions entered under the concession regime, we generally entered into BOT contracts. Pursuant to such contractual scheme, concessionaires build an infrastructure project and are allowed to commercially operate it for a fixed period, after which the project is to be transferred to the entity granting the concession without further compensation. Almost all of our BOT contracts provide for some form of guaranteed return, in terms of minimum fee guarantee or an obligation of the customer to pay for the products or to pay a penalty. See also “*—Business Lines Concessions*”.

Subcontractors

As is customary for construction companies, we rely on subcontractors to undertake parts of the works on some of our construction projects. We have a consolidated network of relationships with several subcontractors in order to avoid dependence on any one of them and ensure our flexibility.

The selection of such subcontractors is based on a number of factors, including, among others, their financial strength and management capacity, their technical qualifications and their experience in similar projects, their position in the local market and the opportunity to save costs by limiting investments in human resources and equipment.

We rate our subcontractors after every project according to rules and procedures set forth in our total quality management guidelines and we carry out periodic checks and verifications on, among other things, subcontractors’ credit and financial situation, degree of compliance with contractual terms, involvement in litigations and the quality of their past performance. We also maintain a preferred subcontractors list for each type of construction project. When a subcontractor is chosen for specific aspects of a project, we require that such subcontractor agree to the same responsibilities and liabilities that we undertake.

See “*Risk Factors—Risks Relating to Our Business and Industry—General Risks—We depend on subcontractors, suppliers and other third parties for the operations of our business.*”

As of September 30, 2013, subcontracting costs accounted for 41.1% of our total costs.

Energy, Raw Materials and Suppliers

Gasoline and oil are the main consumable energy sources in our construction activities since most of our construction equipment consumes significant amount of gasoline and oil and, where electricity is not available, certain types of fuel are used to power generators on construction sites.

The primary raw materials we use in our projects are stone and sand aggregate, bitumen, cement, reinforcing bars, steel, stainless steel, iron and copper. These products and components are subject to raw material availability (such as aluminum, copper, nickel and iron) and commodity price fluctuations, which we monitor on a regular basis. As customary for construction companies, we enter into agreements for the provision of raw materials directly with local and international suppliers. Availability of these products, components and raw materials, however, may vary significantly from year to year due to factors such as customer demand, producer capacity, market conditions and specific material shortages. We maintain a preferred suppliers list and we have access to numerous global supply sources and do not foresee any supply constraints in the near term.

We include cost estimates for energy and raw materials in the overall estimate provided during the tender process. As of September 30, 2013, our suppliers' costs accounted for 18.0% of our total costs.

Backlog

Our backlog represents the estimated future results from our Construction and Concessions business. We define backlog to include projects for which contracts have been signed or awarded, depending on the characteristics of the tender process, and for which the customer has secured the funding or, in case of concessions projects, the financial close has been reached.

In particular, with respect to our Construction activities, when we include the amount of expected revenue from a construction contract in our backlog, we assume that each party will satisfy all of its respective obligations under the construction contract and payments to us under the contract will be made on a timely basis consistent with historical experience. For contracts that are not for a fixed price, we estimate and update the related backlog based upon the estimated amount of work to be completed through periodic consultation with our customer. For projects in which we act as project manager, we only include our scope of work in connection with each project in calculating our backlog. For projects related to unconsolidated joint ventures, we only include our percentage ownership of the joint venture's backlog.

With respect to our Concessions activities, we include the net present value on the reference date of the forecasted revenue deriving from each relevant project. In order to ensure an adequate presentation of our concession backlog, when including a concession contract in our backlog, we assume a customary duration of the relevant concession period rather than the specific duration set forth in each of our contracts. Our Concessions backlog is related to projects where we operate through unconsolidated minority-held special-purpose companies. Therefore, it is inherently not indicative of our expected revenue, because the financial results of such companies are accounted for in our financial statements in the form of (i) *pro rata* dividends, (ii) other distributions, or (iii) as gains or losses on these investments upon disposition of the relevant asset. As such, they depend on the unconsolidated minority-held special-purpose companies generating distributable profits and actually determining to distribute them, or on the asset itself actually being disposed, which are processes the outcome of which we cannot entirely control.

We do not include in our total order backlog figures our orders in pipeline, *i.e.*, the backlog relating to projects for which signing of the contracts and/or funding is still pending, or for which conditions precedent are still pending but for which significant investments have already been made; as of September 30, 2013, the total amount of such projects was approximately €9.1 billion, of which approximately €4.2 billion was attributable to construction (of which €2.7 million is in Italy and €1.5 million internationally) and €4.9 billion to concessions.

We believe that our backlog is a helpful indicator of the growth of our construction and concessions business and provides useful trend information and visibility on our financial results. Backlog is not an IFRS measure. Although our internal accounting systems update our backlog data on a consolidated basis monthly, backlog is not necessarily indicative of our future operating results, as backlog figures are subject to substantial fluctuations. See “*Risk Factors—Risks Relating to Our Business and Industry—General Risks—Our backlog is not necessarily indicative of our future revenue or results of operations.*”

As of September 30, 2013, our backlog included projects for approximately €12.7 billion, as compared to €10.2 billion as of December 31, 2012, representing a 24.5% increase. New orders secured during the first nine months of 2013 amounted to €4.2 billion, mainly attributable to the inclusion in the backlog of the Third Bosphorus Bridge and Phase 1 of the Gebze-Orhangazi-Izmir Motorway in Turkey.

The following tables set forth our backlog for each of our business lines and business segments, for the periods set forth below:

Order Backlog by business line

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013 ⁽¹⁾
	(€ in million)				
Construction	6,254	7,291	7,031	6,441	6,854
<i>Transport Infrastructures</i>	5,511	6,272	6,252	5,566	6,157
<i>Water and Energy Production Plants</i>	244	644	328	359	270
<i>Civil and Industrial Buildings</i>	499	375	255	288	191
<i>Plants Design and Maintenance</i>	—	—	196	228	236
Concessions	2,760	2,721	3,171	3,061	5,845
Total Order Backlog	9,014	10,012	10,202	9,502	12,699

(1) Does not include our orders in pipeline. As of September 30, 2013, our orders in pipeline amounted to €9.1 billion.

Order Backlog by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013 ⁽¹⁾
	(€ in million)				
Italy	4,855	4,164	4,396	4,401	3,903
International	4,159	5,848	5,806	5,101	8,796
<i>Europe (except Italy)</i>	1,251	1,668	2,166	1,273	5,330
<i>America</i>	1,898	3,095	2,772	2,910	2,825
<i>Africa (Algeria)</i>	833	714	644	597	551
<i>Asia (Middle East)</i>	177	371	224	321	90
Total Order Backlog	9,014	10,012	10,202	9,502	12,699

(1) Does not include our orders in pipeline. As of September 30, 2013, our orders in pipeline amounted to €9.1 billion.

The following tables set forth our new orders for each of our business lines and business segments, for the periods set forth below:

New Orders for each period by business line

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(€ in million)				
Construction	1,611	3,279	2,035	824	1,459
<i>Transport Infrastructures</i>	1,327	2,668	1,950	757	1,239
<i>Water and Energy Production Plants</i>	87	555	(10)	1	0
<i>Civil and Industrial Buildings</i>	197	56	20	0	60
<i>Plants Design and Maintenance</i>	—	—	75	66	160
Concessions	291	(16)	480	364	2,697
Total New Orders	1,902	3,263	2,515	1,188	4,156

New Orders by business segment (geographical area)

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(€ in million)				
Italy	1,068	359	1,145	907	158
International	834	2,904	1,370	281	3,998
Europe (except Italy)	58	1,114	1,287	216	3,773
America	195	1,515	32	55	323
Africa (Algeria)	383	44	119	10	0
Asia (Middle East)	198	231	(68)	0	(98)
Total New Orders	1,902	3,263	2,515	1,188	4,156

Risk Management

We have rigorous risk management procedures in place that allow us to manage our main strategic, financial, operating and compliance-related risks.

Our corporate risk management department supports our management in the decision-making process with the aim of minimizing the risks relating to our business, and in particular to the different types of contracts that we enter into, such as “traditional” works contracts, general contracting projects, concessions and project finance initiatives. Our risk management model operates at three different levels, by considering (i) the type of risk (operational, financial, strategic and compliance), (ii) the risk level (corporate, country and contract) and (iii) the project phase (development, performance and management). This model allows our management to allocate activities and responsibilities (identification, assessment, management and monitoring) at different operational levels, based on type and timing of risks, thereby enabling a constant and direct monitoring of the business risk factors.

Our risk management model has a specific focus on reducing the estimated variability of EBIT, optimizing the preparation of bid offers; and analyzing risks and opportunities.

Depending on the different types of risk under analysis, our risk management processes involve several players at different levels of our corporate organization (such as, Industrial Services, Quality & HSE, Internal Control Unit, Project Control and Strategic Planning). Key decisions made about project proposals and during project implementation involve various business units in order to enable a more effective, efficient and integrated flow of information.

Employees

As of September 30, 2013, we carried out our operations in over 24 countries and had an average of 9,705 employees, 14.1% of whom are employed in Italy and the remaining 85.9% overseas.

The table below provides a breakdown of our average number of employees by category in the nine months ended September 30, 2013 and for the year ended December 31, 2012:

	Number of Employees	
	December 31, 2012	September 30, 2013
Senior Executives	207	235
Managers	163	187
Employees	3,114	3,225
Workers	6,479	6,058
Total	9,963	9,705

Our average headcount decreased by 258 employees to an average of 9,705 employees in the nine months ended September 30, 2013 from an average of 9,963 employees for the year ended December 31, 2012.

The use of labor varies in accordance with the project phase and the work plan, which may require the use of direct labor, with the consequent commitment of our Group’s materials and workforce, or reliance

on third parties. It is our policy to hire the labor force necessary for the execution of individual projects and for the time needed to complete those projects. Therefore, the number of Group employees varies according to the nature and volume of work in a given period, as well as the requirements associated with the individual projects.

Staffing on the projects works as follows:

- During the bid phase a first pool of professionals led by a proposal manager is deployed from different departments—such as Tender, Engineering, Procurement—to study the project and elaborate the offer;
- Once we have been awarded the project, we appoint a project manager (who can either be the proposal manager or another qualified professional with specific skills required by the relevant project), chosen among professionals within our organization or even other professionals within the industry. Generally, the team who worked during the tender phase also provides support in the startup of the project.
- The management team of the project (project manager, project engineer, project controller, QHSE manager, administrative manager) is preferably composed of managers who have been working for a significant amount of time with our Group, possibly integrated with newcomers. Managers can be either locals, expatriates from Italy or from third countries.

Our workforce is mainly local and is hired, wherever possible, on a temporary basis related to the duration of the project or to some specific phase of it. In countries like Italy, in which the use of temporary workers is limited by applicable law, we are required to hire on a permanent basis. However, in such circumstances, applicable law generally does allow for the dismissal of workers upon completion of the project, which is considered a common practice in the construction sector.

In our Concessions business, most of the activities are carried out by the corporate division of Astaldi through a services agreement. As such, we have a limited number of Concession employees, who are all hired through Astaldi Concessioni on a permanent basis.

Property, Plant and Equipment

Our Group's corporate headquarters are located in Rome, Italy. We typically lease spaces in various geographic locations to house our construction management support staff, machinery and equipment if adequate space is not available on our project sites. Our management considers our properties to be adequate for our present purposes and, based on its experience, we believe that suitable space for future expansion will be available on satisfactory terms.

The engineering and construction business requires extensive production equipment and specialized machinery. Production equipment we own includes tractors, trucks, cranes, asphalt and concrete production equipment, tunnel-boring machines, drilling tractors and topography equipment. In recent years, we have emphasized the use of multi-purpose equipment, which can be used in multiple projects. Specialized machinery tends to be specifically designed and limited for use in a particular project. Any cost involved in obtaining new machinery or equipment is factored into any bid submitted for a new project. We purchase equipment, lease equipment and enter into sale-and-leaseback arrangements, as we deem appropriate.

Insurance

We maintain the following types of insurance: (i) construction (all risks), (ii) third party insurance, (iii) employer's liability insurance, (iv) plant and equipment insurance and (v) in Italy, insurance covering the Italian statutory constructor's 10-year liability for defects in the works. Our insurance coverage is reviewed on a periodic basis in order to adapt to changing conditions and to ensure appropriate coverage. See *"Risk Factors—Risks Relating to Our Business and Industry—General Risks—We may suffer uninsured losses or material losses in excess of insurance coverage."*

Competition

We consider our direct competitors to be the international construction companies with an integrated dual construction-concession model, such as OHL, Bouygues, Skanska, ACS, Salini-Impregilo. However, we often also participate in joint ventures with such competitors as partners for the same tender.

Legal Proceedings

We are party to various legal proceedings (including tax audits) arising in the ordinary course of business. Although our legal and financial liabilities with respect to such proceedings cannot be estimated with certainty, based on information available as of the date of this Offering Memorandum and taking into account existing provisions, we do not believe that the outcome of these legal proceedings, individually or in the aggregate, will be materially adverse to our business, financial position or results of operations.

INDUSTRY

Introduction

The Business Lines through which we operate reflect the markets in which we compete. See “*Business—Business Overview*” and “*Business—Business Lines*” for more information regarding the Group’s activities.

Construction Market overview

The construction market has proved resilient in developing countries with an increasing demand for infrastructure works, as developing countries are dedicating a large portion of their national income to sustainable and renewable energy infrastructures. Over the last few years, emerging markets registered strong GDP, which resulted in significant investment in energy infrastructures to meet increased demands resulting from the rapid industrialization of these economies. This significant investment is necessary for such developing countries to access higher living standards, such as increased availability of water and sanitation, electricity and roads. Such investments are also strategically driven, as local governments seek to stimulate their economies through infrastructure spending.

On the other hand, in developed markets, the prevailing economic and financial climate is having a mixed impact on construction investments. Stagnant markets have registered significantly slower investments and more robust competition, with customers facing significant difficulties in acquiring funding. However, there have also been indications of increased public spending in infrastructures in the mid-term and growth in renewable energies. In addition, advanced economies face the challenge of maintaining extensive transport, power, water and telecommunications infrastructure networks as well as upgrading and modernizing them.

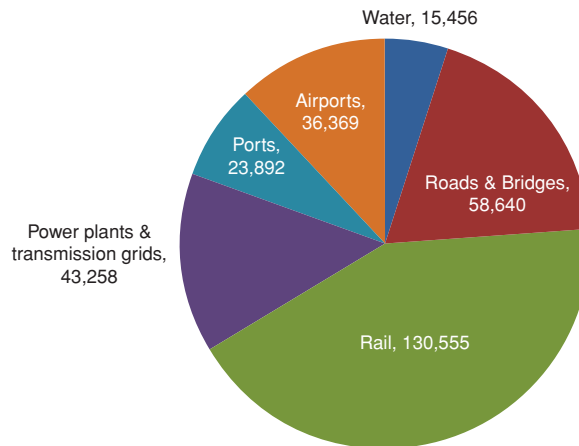
Specifically, in Italy, austerity is resulting in underfunding and delays in government development plans to upgrade deficient infrastructures (e.g., roads, rails, energy, and water), particularly in the historically neglected southern region. The primary government project is the construction of a high-speed rail line from Turin, Italy, to Lyon, France. Other government priorities include building enhanced cross-border passenger and freight rail links to the Netherlands, Sweden, Germany, and England. In Western Europe, the momentum behind infrastructure funding has dissipated, as the region copes with severe government debt problems by slashing budgets and postponing many infrastructure projects.

Turkey, however, is increasingly taking advantage of its strategic crossroads position in energy markets between European consumers and Middle Eastern/Russian gas producers. Specifically, Turkey is undertaking a series of major congestion-reducing projects around Istanbul, including a high-speed rail link between Istanbul and Ankara, completion of a third Istanbul airport, a new tunnel under, and a third bridge over, the Bosphorus Strait, and numerous port and power plant initiatives.

Similarly, Russia is focusing on readying \$50 billion in facilities and public works for the 2014 Sochi Olympics, including airport and railroad terminals and hundreds of miles of new roads. The government plans to redirect \$3.3 billion in overseas investments from the country’s sovereign wealth fund into bonds that would back domestic infrastructure projects, such as building roads, bridges, and ports, as much of Russia’s transport infrastructure dates from the Soviet era and requires overhauling.

Canada, over the past decade, has also made maintaining and upgrading aging infrastructure a top priority. In particular, a recent report of the Canadian Construction Association indicated that half of the nation’s municipal roads require substantial repairs and a quarter of its water treatment plans need upgrading or replacement.

According to BMI, the expected global construction project contracts awarded in 2013, by business lines, are depicted in the following chart (in US\$ billions):



Concessions

The concessions sector currently represents the second most profitable market for operators that, over the years, have developed a medium-to-high level of technical and economic skills and expertise in this sector. This trend is confirmed by European and global general contractors that, backed up by the increase in the PPP project finance market, have succeeded in maximizing synergies between the core business of construction and concessions, achieving sound, significant growth targets.

Governments and the banking market have believed in the opportunities generated by this sector. For example, they have been promoting PPP and project finance transactions to fund the construction of new infrastructures. Limited financial costs, medium-to-long-term investment maturity and suitable levels of attention to the riskiness of the transactions are the characteristics of financing (generally project financing) that have attracted great interest from both public and private (general contractors, banks, other funding bodies) operators.

However, the concessions sector has not managed to remain unaffected by the recent financial crises and unpredictability in the global economy. In particular, the credit crunch and the subsequent collapse of the interbank loan system and the reduction of available public and private funds have made concession investments more difficult. This has resulted in a decrease in the number of concessions operators in the market.

Despite this, according to EPEC, the aggregate value of PPP transactions that reached financial close on the European market (including Turkey and countries of Western Balkans) in the first half of 2013 amounted to €9.0 billion, higher than the same period as for 2012.

During the six months ended June 30, 2013, the transportation market accounted for approximately over three quarters of the overall market value, with seven transactions reaching financial close for an aggregate value of €6.9 billion, followed by the environmental business line for an aggregate value of €1.0 billion and the healthcare business line, which reached an aggregate value of €250 million with four hospital projects that reached financial close.

REGULATORY MATTERS

General

We are subject to comprehensive regulatory provisions under Italian and EU law, as well as in all local jurisdictions where we operate, including zoning laws, public tender laws, health and safety laws, anti-money laundering laws, anti-corruption laws and competition laws.

In particular, the Issuer is subject to Legislative Decree No. 231 of June 8, 2001, as amended (“**Legislative Decree No. 231/2001**”), and has implemented a compliance program based on models prescribed under such decree. Legislative Decree No. 231/2001 provides for the administrative liability of corporate entities for crimes committed in their interest or to their advantage by certain individuals such as employees, directors and representatives. Crimes which could cause a corporate entity’s administrative liability pursuant to Legislative Decree No. 231/2001 include, among others, crimes committed when dealing with public administrations (including bribery, misappropriation of public contributions and fraud to the detriment of the state), corporate crimes, environmental crimes and crimes of manslaughter or serious injury in violation of provisions on health and safety at workplace. Legislative Decree No. 231/2001 compliance programs provide a defense from administrative liability to companies that have implemented such programs, insofar as the individuals or agents who committed crimes which could trigger the corporate entity’s administrative liability acted in furtherance of their own interest or in the interest of third parties not related to the company or the company had effectively implemented a Legislative Decree No. 231/2001 compliance program and had appointed an independent body or officer to supervise the compliance program. To foster best practices, we have implemented compliance programs based on the requirements of Legislative Decree No. 231/2001 also in other operating companies of the Group.

Our Legislative Decree No. 231/2001 compliance programs include risk identification exercises related to Legislative Decree No. 231/2001 crimes, establishing procedures to prevent such acts, creating information reporting channels to the compliance body or officer and establishing a system of disciplinary sanctions for employees or agents found to have violated Legislative Decree No. 231/2001. See “*Risk Factors—Risks Relating to Our Business and Industry—General Risks—We are subject to extensive legal, administrative and regulatory requirements and to changes in regulations*”.

We believe we are currently in material compliance with all regulations that apply to our activities.

Furthermore, we are subject to Legislative Decree No. 59 of September 6, 2011, “*Code of the anti-Mafia laws and measures of prevention in addition to new provisions on anti-Mafia documentation, according to Articles 1 and 2 of law no. 136 of August 13, 2010*”, which provides, *inter alia*, that anti-mafia documentation must be acquired by public authorities, public bodies, state-controlled companies or businesses, public works concessionaires and general contractors before entering into, approving or authorizing certain public contracts and subcontracts relating to works, services and supplies.

Italy

Construction regulatory regime

We generally enter contracts with PSEs pursuant to public tenders which are regulated by *inter alia*, Legislative Decree No. 163 of April 12, 2006 (the “**Italian Code of Public Contracts**”) and its implementing regulations set forth under Presidential Decree No. 207 of October 5, 2010 (the “**Implementing Regulations**”) and, together with the Italian Code of Public Contracts, the “**Italian Public Contracts Laws**”). The Italian Public Contracts Laws include provisions applicable to all public works, both above and below the EC threshold (*i.e.*, €5,000,000) for public works contracts.

The Italian Public Contracts Laws provide for six main procedures to award public contracts:

- the open procedure, in which any party may submit a tender bid as long as the criteria in the tender procedures are satisfied;
- the restricted procedure, in which any economic operator may request to participate and only the parties invited by the relevant PSE may take part in the tendering procedure;
- the negotiated procedure with previous publication of the call for tender, in which the PSEs shall negotiate with tenderers the tenders submitted by them in order to adapt them to the requirements which they have set in the contract notice, the specifications and additional documents, if any, and to seek out the best tender. During the negotiations, the PSEs shall ensure the equal treatment of all

tenderers. Such procedure may be adopted strictly upon the occurrence of the following circumstances: (a) irregular tenders or submission of tenders which are unacceptable in response to an open or restricted procedure or a competitive dialogue insofar as the original terms of the contract are not substantially altered and (b) public works contracts for works which are performed solely for purposes of research, testing or development. The PSEs may provide for the negotiated procedure to take place in successive stages to reduce the number of tenders to be negotiated by applying the award criteria in the contract notice or the specifications;

- the negotiated procedure, in which the PSEs, without previous publication of the call for tender, consult at least three economic operators of their choice, if available on the market, and negotiate the terms of contract with one or more of these. Such procedures may be adopted strictly upon the occurrence of certain conditions (*i.e.*, urgency). Regardless of the above mentioned conditions, in case of public works contracts, such procedure is applicable whenever the value of the contract to be awarded does not exceed €1,000,000. In this case, however, the relevant PSE must invite at least 5 bidders to submit the tender for contracts with values not exceeding €500,000, and at least 10 bidders for contracts between €500,000 and €1,000,000;
- the competitive dialogue (applicable in the case of particularly complex contracts), in which any economic operator may request to participate and whereby the PSEs conduct a dialogue with the candidates admitted to the procedure, with the aim of developing one or more suitable alternatives, on the basis of which the selected candidates are invited to tender; and
- the project financing procedures regulated by Article 153 of the Italian Code of Public Contracts and applicable in case of contracts financed, in whole or in part, with private capitals.

The contract is awarded by the PSEs on the basis of the following award criteria:

- (a) the lowest price;
- (b) the most economically advantageous tender (in such cases, different elements are taken into account by the PSEs, such as, among others, quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost-effectiveness).

Furthermore, we can enter contracts for the planning and realization of public infrastructures acting as general contractor. Pursuant to Articles 162 and 176 of Italian Code of Public Contracts, PSE may award public work to general contractors which are required to meet specific organizational and technical requirements and are responsible for the planning and realization of public strategic infrastructures satisfying the needs of the relevant PSE. The general contractor must finance in advance, in whole or in part, the planning and realization of the work. The responsibility of the general contractor for the realization of the work is qualified as an obligation which requires the achievement of a specific result ("*obbligazione di risultato*").

Any deed of the tender procedures, including the award act, may be challenged before the competent Administrative Regional Court (*Tribunale Amministrativo Regionale*, "**TAR**") in order to obtain the annulment of the challenged deed. The decision of the TAR may be appealed before the Supreme Court for Administrative Matters (*Consiglio di Stato*).

In the executive phase of the contract, the PSEs are generally entitled to terminate a contract should the relevant contractor: (a) fail (or delay) to perform the contract's obligations; (b) fail to maintain the requirements prescribed by the Italian Public Contracts Laws and/or the PSEs; and/or (c) be convicted for certain serious crimes.

In addition, the PSEs are entitled to withdraw at will by paying to the contractor: (i) the works performed or the services supplied and the raw materials placed in the construction site; and (ii) 10% of the non-performed works or services.

Variations to the works in progress may only be made in the following cases:

- a) requirements provided by new legislative and/or regulatory rules;
- b) unforeseen and unforeseeable events/circumstances as set forth in the Implementing Regulations, or due to new materials, products, technologies becoming available which were not available at the time of the signing of the contract, and which can result in an improvement of the quality of the performances without any increase in costs provided that such variations do not substantially alter the project design;

- c) events related to the kind of goods or unforeseen and unforeseeable archeological findings within the worksite, including the subsoil;
- d) geological, hydric or similar events; and
- e) mistakes and/or omissions in the executive project that have adverse effects on the implementation of the works, in whole or in part.

If the amount of any such positive or negative variation does not exceed 20% of the original value of the contract, the PSE is entitled to require the contractor to accept such changes at the same conditions set forth in the contract without additional compensation or indemnity other than the compensation for any additional work to be performed. In the event that the positive variations exceed 20% of the contract value, the contractor is entitled (i) to withdraw; or (ii) negotiate different conditions with the PSE.

In any case, the contractor is liable for the delays or the variations to the works attributable to mistakes and/or omissions in the executive design made by the contractor. If the value of the variations attributable to mistakes and/or omissions in the executive design made by the contractor exceeds 20% of the original value of the contract, the PSE must terminate the contract and call for a new public tender to which the previous contractor must be invited.

As a result of a termination of the contract for such reasons, the PSE is required to pay to the contractor an amount equal to the value of (i) the works executed and services provided up to such termination, and (ii) 10% of the non-performed works up to 80% of the amount of the contract. Variations in the exclusive interest of the PSEs are always permitted when aimed at improving the works and their functionality, provided that such variations (i) do not substantially alter the project and (ii) are caused by unforeseen/unpredictable events. Such variations may not exceed 5% of the original value of the contract.

During the performance of the works, the contractor is obliged to provide the PSE with the following insurances/bonds:

- (i) performance bond;
- (ii) insurance policy for damages to the works;
- (iii) insurance policy for damages to third parties;
- (iv) any other bond which may be requested in relation to specific project requirements.

According to Article 1667 of the Civil Code, Article 141 of the Public Contracts Code and Article 229 of the Regulation, the contractor is liable for defects of the works for two years starting from the issuance of the provisional test certificate. Moreover, the public contracts provide that the contractor has to file an insurance policy for damages to the works and third parties for a ten-year period starting from the provisional test, taking into account that, pursuant to Article 1669 of the Civil Code, the contractor is liable towards the PSEs for possible serious defects or ruin of the works for a ten-year period. In case of discovery of defects during the liability period, the PSEs could request to the contractor to remove and repair the defects.

During the execution of public works, in case of differences between the actual amounts and the provisions set forth by the tender specifications the contractor may raise objections on the accounting of the works. In such instance, the contractor may record provisions (*riserve*) in the accounting register (*registro di contabilità*) held by the director of the works on behalf of the PSEs. Such provisions must be recorded, under forfeiture of right, according to the specific procedures and timing set forth by the Italian Public Contracts Laws.

Italian Law Decree No. 70 of May 13, 2011 (“**Decree 70/2011**”) introduced certain amendments to Article 240-*bis* of the Italian Code of Public Contracts pursuant to which claims (i) cannot exceed 20% of the aggregate value of the contract, and (ii) cannot be made with respect to design aspects which have been subject to the “validation” procedure.

According to Article 112-*bis* of the Italian Code of Public Contracts, for projects exceeding €20 million in value, a preliminary consultation among the interested parties is required with regard to the planning to be awarded. These rules determine a significant limitation to the ability of a contractor to recover claims with respect to contracts entered into after the entry into force of Decree 70/2011. In order to obtain payment of claims for projects already validated, contractors must successfully challenge the validation of a project by proving omissions and/or deficiencies in the validation process.

In June 2013, the Italian government approved Law Decree No. 69 of June 21, 2013 (the “**Decree 69/2013**”, also known as “*Decreto del Fare*”), on urgent measures to re-launch the Italian economy; Decree 69/2013 was subsequently amended and converted into Law No. 98 of August 9, 2013. Decree 69/2013 provides for a number of measures aimed at introducing a series of major changes in respect of, among other things, tenders, infrastructures and town planning in order to re-launch the construction sector.

In respect of infrastructures, Article 18 of Decree 69/2013 establishes a special fund of €2,069 million to be used to finance certain public works currently stalled, identified by the same Decree 69/2013 and to be confirmed by a resolution expected to be taken by CIPE (*Comitato Interministeriale per la Programmazione Economica*) as an implementing measure of the decree.

As long as the Issuer is concerned, the special fund may be used to finance: (i) a portion of Line C of the Rome Subway, (ii) Line M4 of the Milan Subway and (iii) Line 1 of the Naples Subway.

Article 19 of Decree 69/2013 provides for certain tax incentives applicable to (i) the realization of new infrastructures whose value exceeds €200 million, to the extent such new infrastructures are deemed of national strategic importance and the final project is approved by December 31, 2016, and (ii) the so-called project bonds.

Decree 69/2013 also amends several provisions of the Italian Code of Public Contracts. In particular, as to public works:

- the effective date of rules governing the performance bond is postponed to June 30, 2014; and
- in respect of contracts awarded from August 21, 2013 and until December 31, 2014, the contractor is entitled to receive an advance equal to 10% of the relevant overall compensation from the relevant awarding PSE.

Concessions regulatory regime

The Italian Code of Public Contracts also regulates public works concessions defined as contracts related to the realization, or executive design, or final design and realization of public works or of works of public utility, together with their functional and economic management. Unlike construction contracts, concession agreements do not provide for the payment of a consideration for the construction works. Indeed, consideration for the works carried out by the concessionaire consists either solely in the right to exploit the works functionally and economically or in such right together with an availability fee to be paid during the operation of the work.

Pursuant to Article 143 of the Italian Code of Public Contracts, the term of concessions must not generally exceed 30 years, except for cases in which the expected profitability of the investment, the risks and payment by the PSEs for the concession as compared to the value of the project justify a longer duration.

Bids and contracts must contain an economic and financial plan covering the entire term of the concession, with the indication of the funding resources for the investment and the residual value of such investments at the end of the concession.

The regime of the concessions under Article 143 has been amended by recent legislative measures aimed at promoting private capitals in the financing of concessions. In particular:

- (i) the duration of the concessions whose value exceed one billion euro may be fixed up to 50 years;
- (ii) in order to ensure the economic and financial balance of the concession, the PSE may provide for a public contribution or the transfer of the ownership or other real estate rights in favor of the concessionaire as consideration for the concession;
- (iii) upon occurrence of certain events such as variations requested by the PSEs or changes in law the concessionaire is entitled to claim for the revision of the economic and financial plan: the revision of the economic and financial plan is subject to the evaluation made by certain regulatory authorities.

Decree 69/2013 also added Section 144, paragraph 3-*quater*, to the Italian Code of Public Contracts. According to such paragraph, the call for tender is required to state that the concession agreement will include a termination clause in the event that the facility agreement is not executed or the project bond is not issued and subscribed within a term to be set in the concession agreement, (which in any case cannot exceed 24 months from the approval of the definitive design of the project). Without prejudice to

the right of the concessionaire to procure alternative form of financing within the same term, in case of termination of the concession agreement due to the lack of the private funds, the concessionaire is not entitled to recover any costs and expenses borne for the project, including those related to the design activities. The call for the tender may provide that in case the concessionaire obtains only part of the private funds, the concession agreement will be not terminated to the extent that such private funds are sufficient to complete a functional portion of the project.

The Italian Public Contracts Laws provide for the following procedures to award concessions:

- the open procedure in which any party may submit a tender bid as long as the criteria in the tender procedures are satisfied;
- the restricted procedure in which only parties invited by the relevant PSE may take part in the tendering procedure; and
- the project financing procedures regulated by Article 153 the Italian Code of Public Contracts.

Furthermore, under the new regime adopted by Decree 69/2013, (i) the awarding PSE may consult with financial institutions in the preliminary tender stage for the purposes of ascertaining the bankability of the project; and (ii) the tender rules may provide for a bid to be accompanied by a letter of interest of one or more financial institutions and for the subsequent concession contract to be terminated should the relevant loan agreement not be executed or the relevant project bonds remain unsubscribed.

The rules relating to variations, bonds and claims (reserves) described under “*Construction regulatory regime*” are also applicable to concession agreements. With particular reference to the concessions awarded through the project financing scheme, Article 156 of Italian Code of Public Contracts provides that the call for tender must provide that the awardee is entitled, following the award, to set up a special purpose vehicle (“**SPV**”) in the form of a joint-stock or limited liability company, or of a consortium. The SPV replaces the awardee in the concession agreement, without the need of any approval by the PSE. Without prejudice to specific provisions contained in the concession agreement regarding the terms and conditions of the transfer of the participations in the SPV by the shareholders or financial investors, the Italian Code of Public Contracts provides that the shareholders having the qualifications necessary to perform the concession agreement may not transfer their participation in the SPV until the issuance of a test certificate (*collaudo*). In addition, the shareholders are jointly liable with the SPV *vis-à-vis* the PSE for the possible repayment of any public grants paid by PSEs to the SPV, except for the case in which the SPV provides the PSE with bank and insurance guarantees.

Article 158, paragraph 1 of Italian Code of Public Contracts sets forth that in case of early termination of the concession agreement as a consequence of revocation for reasons of public interest or default by the PSE, the concessionaire is entitled to receive by the PSE:

- (i) the value of the works carried out plus additional charges, net of depreciation and amortization or, in the event that the works have not yet been tested, the costs actually borne by the concessionaire;
- (ii) the liquidated damages and other costs borne or to be borne as a result of the early termination;
- (iii) an indemnity, by way of compensation for loss of earnings, equal to 10% of the works value still to be executed or the service still to be operated.

According to Article 158, paragraph 2 of the Italian Code of Public Contracts, the amounts listed under (i), (ii) and (iii) above are to be used primarily for the reimbursement of the lenders’ outstanding debt.

Article 158, paragraph 3 of the Italian Code of Public Contracts provides that the revocation of the concession agreement will be effective, when the amounts listed under (i), (ii) and (iii) above mentioned will be paid to the concessionaires.

Subcontracts

Public works can be subcontracted in accordance with terms and conditions set forth by the Italian Public Contracts Laws, which provides for a restricted and regulated use of subcontractors, as well as the specific rules of the tender procedure. Article 118 of the Italian Public Contracts Laws provides that (i) general and special works constituting the “prevailing category” of the awarded contract, and (ii) highly specialized works can be subcontracted only up to 30% of the work value to be subcontracted. All other categories of works can be subcontracted in full. Some categories of works indicated by the Implementing Regulations require specialized qualification. Therefore, in the event that the contractor is

not provided with such specialized qualification, the latter is obliged to subcontract the relevant works. The Consiglio di Stato, by resolution of June 26, 2013 No. 3014, declared null the provisions of the Implementing Regulations which require specialized qualification: as a consequence of such resolution (which has to be implemented by a following Presidential Decree in order to emend the Implementing Regulations) the contractor qualified for the “prevailing category” will not have any further obligation to subcontract the works relating to the categories which require specialized qualification, since it will be entitled to directly carry out such works. The subcontracts are subjected to prior authorization by the PSEs to be issued within a 30-day term on the basis of a verification of the requirements required to the subcontractor to perform the subcontract.

Limitations do not apply to subcontracts (i) the value of which is lower than (a) 2% of the value of the works awarded in the original contract or (b) €100,000, and (ii) the labor component of the contract cost is lower than 50% of the value of the subcontract. Such subcontracts are exempt from the rules set forth under Article 118 of the Italian Public Contracts Laws and are only subject to the prior notification to the PSEs of the name of the subcontractor, the value of the subcontract and the description of the works, supplies or services to be subcontracted.

In case of subcontracts, the contractor is the only entity liable vis-à-vis the PSEs for any defaults due to the subcontractors. Should this be the case, the contractor would be entitled to claim against the subcontractor for any breach of the subcontract.

Health and Safety Provisions set forth by Legislative Decree 81/2008.

During the performance of public work, both the concessionaire and the contractor are required to comply with the regulations relating to health and safety on worksites. In Italy such sector is governed by Legislative Decree No. 81 of April 9, 2008 (“**Legislative Decree 81/2008**”). In case of breach of the provisions of Legislative Decree No. 81/2008 the following sanctions may apply: (i) suspension of the works; (ii) application of specific pecuniary fines and criminal penalties.

Turkey

Regulations Relating to Public Sector Tender Process

Tendering for public sector construction projects in Turkey involving public expenditure is subject to the Public Procurement Law No. 4734 (“**Law No. 4734**”) and secondary legislation. The Public Procurement Authority, a governmental administrative agency, is in charge of the supervision of the tenders subject to Law No. 4734.

Law No. 4734 mainly establishes the principles and procedures to be applied in tenders held by all PSEs governed by public law or under public control or using public funds in relation to procurement of goods, services and construction works. The main tender methods envisaged by Law No. 4734 are the unrestricted method where all bidders satisfying the minimum required conditions to participate in the tender are allowed to submit their bids; and restricted method where the bidders, who must qualify under a pre-qualification process, submit the bids. Law No. 4734 also provides for a bargaining method as a statutory but rather exceptional tender method.

The Public Tender Contracts Law No. 4735, which entered into force on January 1, 2003, mainly establishes the principles and procedures to be applied to the form of the contracts to be signed with the successful bidders in the tenders issued under Law No. 4734 and aims to provide a form contract to be used in all public tenders.

The Foreign Direct Investment Law No. 4875, which entered into force on June 5, 2003, specifies the principles to encourage foreign direct investments; to protect the rights of foreign investors; to define investment and investor in line with international standards; to establish a notification-based system for foreign direct investments rather than screening and approval; and to increase foreign direct investments through established policies. This Law establishes the treatment to be applied to foreign direct investments. In Article 3th of this Law, Freedom to invest and national treatment have been regulated according to this. Unless there are no international agreements or special legal provisions to the contrary; International investors are free to make direct investments in Turkey and International and Turkish investors are subject to equal treatment. Foreign direct investments, in accordance with current legislation, may not be expropriated or nationalized except for a public purpose upon prompt, adequate as well as effective compensation. Foreign investors may freely acquire of an immovable or have limited

rights in rem through a legal entity incorporated under Turkish Law, that foreign investors may only acquire of an immovable where Turkish citizens have right to acquire of an immovable.

Regulations Relating to Construction Phase

Construction Licenses and Permits

In public procurement contracts, it is common to stipulate that the contractor is obliged to obtain the relevant permits and licenses in relation to the project.

In particular, certain permits and licenses must be obtained for the construction of buildings on land. Plans for a project must be approved by the relevant municipality in accordance with its zoning regulations and other guidelines after which point the construction license is obtained from the municipality. Under the Turkish zoning law (the Zoning Code, Law No. 3194), the developer must start construction within two years and complete the construction within five years from the date the construction license has been granted by the municipality. The municipality monitors compliance with the construction license at different stages of the construction.

In the event that the construction is not started or started but is not completed for any reason whatever within 5 years including commencement period, the construction licenses granted will be deemed as invalid. In this case, licenses should be obtained again. Vested rights are obtained. Fees are not charged during renewal of the license and amendment of the plan. It is obligatory to keep License and its annexes.

A variety of other laws and regulations may also apply depending on the nature of the construction project and the location of the relevant construction works, including the Forestry Code, Settlement Law, Energy Efficiency Law, Coastal Law, Environmental Law, National Parks Law, Code of Protection of Cultural and National Properties, Soil Protection and Land Usage Code and, in relation to electricity generation plants, the Code for Construction of Electric Energy Production Plants Through BOT Model and Regulation on Energy Sale and the Code for Execution of Certain Services and Investments Through BOT Model.

Health and Safety Provisions of the Labor Code

The Turkish Labor Code No. 4857 (the “**Labor Code**”) governs general health and safety obligations for employers in relation to work places. Pursuant to the Labor Code, the Ministry of Employment and Social Security is responsible for issuing the operating certificates in relation to health and safety matters which employers are required to have in place in order to continue their operations.

Besides that, a new code, Occupational Health and Safety Law numbered 6331, has been just entered into force as of 2013. This code regulates the details of the obligations of the Employers and the terms and conditions for holding Health and Safety Specialist in the work places.

Subcontractor Liability

According to the Turkish code of obligations, the primary contractor is liable to the client in respect of the works carried out by subcontractors. According to the Labor Code and regulations on subcontracting, with respect to subcontracted works, the primary contractor is liable together with the subcontractor with respect to any liabilities or obligations owing to the subcontractors’ employees. Under certain circumstances, a primary contractor may be liable for unpaid social security premiums of a subcontractor’s employees.

Post-Construction Phase Liability for Hidden Defects

Pursuant to the Turkish consumer protection laws, a seller and a constructor of immovable property both remain liable for any defects, as described in the law, for a period of five years after the delivery of such property to the seller (in the case of the constructor) and to the customer (in the case of the seller) unless the parties have contractually agreed to extend this liability period.

Pursuant to the Turkish code of obligations, contractors, engineers and architects employed on a development project remain legally liable to the employer for any defects, as described in the law, in their work for a period of five years after the delivery of the property.

Concessions regulatory regime

In Turkey, the government is authorized under the constitution to enter into contracts with private partners to carry out certain public services. Concessions are granted according to a PPP regime diversified into three main categories: the build-operate-transfer model (BOT model); the transfer-of-operating-rights model; the build-lease-transfer model (BLT model).

The tendering process can be conducted through three different methods: sealed bids, open bids and negotiated procedures. The choice depends primarily upon the utilized PPP model and the public authority assuming the initiative. Turkey has had some success in introducing the PPP model in the airport and port sectors, while a track record has not been developed yet for the road and rail sectors. In the road sector, the Gebze-Izmir Highway PPP project, tendered in 2010, and the third Bosphorus bridge PPP project in Istanbul, tendered in 2011, constitute the key PPP projects on the government's agenda.

Concession Contracts

The award process ends with the execution of contract between the government and the relevant contractor (generally a project company). The implementation agreement sets out the various terms ruling the relevant PPP project, among which the duration of the private sector concession and the financial terms of the concession. Turkish private law governs the contract and the dispute resolution mechanism can be either international arbitration or court proceeding.

The term of the concessions can be set for a maximum of 49 years, depending on the specific circumstances of the project, but generally the transfer-of-operating-rights model is the one entailing a longer term.

The provision of the economic terms of the concessions usually involves the determination of payments (up-front, periodic or a combination of the two) to the government for the award of the concession and, for brownfield PPP projects, as well as the obligation of the contractor to offer existing services at controlled tariff rates for specified periods. If expropriation of privately owned land is necessary for the development of a PPP project, costs relating to such expropriation will need to be factored into the project company's costs. Government subsidies, if any, to be provided to the project company may take the form of a demand guarantee (providing the project company with a limited guarantee as to the level of its revenue) or a guarantee of the debts owed to the PPP project's lenders. Currently, the provision of a demand guarantee is more common. When the implementation agreement is signed, the project company will also need to provide a bid bond ranging from 1% to 3% of the total investment amount required to undertake a PPP project. Furthermore, the equity part of the financing that the project company obtains should be not be lower than 20% of the total expected fixed costs of the PPP project.

Legal, regulatory and contractual framework

Throughout the 1990's, the Turkish government implemented several laws and regulations applying to different types of PPP projects. Currently, while greenfield projects are subject primarily to the general build-operate-transfer law for infrastructure projects as integrated by rules relating to the specific kind of project, the brownfield PPP agreements are undertaken pursuant to the privatization law and are subject to the Council of State's opinion. Furthermore, in 2005, the Turkish parliament enacted:

- Law No. 5396 ("**Law No. 5396**") amending the Principal Health Services Law No. 3359 and introducing an alternative PPP model for the construction and renovation of health facilities: the BLT model;
- Law No. 6428 ("**Law No. 6428**") on the Construction and Renovation of Facilities and the Procurement of Services via Public-Private Partnerships by the Ministry of Health and the Amendment of Decrees Having the Force of Law, which entered into force On March 9th, 2013 and repealed the Additional Article No.7 of the Principal Health Services Law No. 3359, which had entered into force with the Law No. 5396, governs the details of this new alternative PPP Model as the maximum term of these projects, governing law of the Project Agreements, dispute resolution alternatives, the applicable and not applicable codes to these kind of PPP Projects.

Under the build-lease-transfer structure, healthcare facilities are built by private companies and leased to the government: in return the contractor will be entitled to rental fees and may be contracted to supply the relevant medical equipment and furnishings. Also the contractor may be awarded with the right to operate some or all of the areas and services other than medical service units and medical services.

Renewal of existing healthcare facilities may also be tendered out to the private sector: in these cases the contractor will be granted the right to provide services other than medical services and to operate some or all of the areas other than medical service units. In these cases, the contractor is paid a service fee but not any rentals.

When undertaking a PPP project, depending on the model used and the specific sector, various permits, clearances and/or opinions from governmental bodies will be required, such as planning permissions, antitrust and environmental clearances (such as, the “environmental impact assessment affirmative” decision of the Ministry of Environment and Urbanization required for the most relevant projects, the approval of the General Staff of the Turkish Military for the development of airport PPP projects). Further, PPP projects may also trigger other specific regulatory issues, which are not necessarily addressed under the Turkish PPP legislative framework, due to specifics of each PPP project. Further permissions could be required if the project company wishes to assign its rights or transfer its obligations under the implementation agreement.

At the end of the term, the PPP project must be transferred back to the government in good working conditions, at nil cost and without any encumbrances. However, if the land is owned by the project company, such transfer is not automatic. In such case, the project company and the government would have to agree upon a price for the sale of the facilities.

Finally, statutory exemptions from value added tax and stamp duty and fees for greenfield and brownfield PPP agreements are provided.

Chile

Public Works Concessions, Legal and Regulatory framework

In Chile, public works concessions constitute a system for the construction, rehabilitation, maintenance, and operation of infrastructure public works that falls within the purview of the Ministry of Public Works (“**MOP**”). The MOP is the Chilean governmental division responsible for all state-owned public works and for the construction, repair, maintenance and operation of public works under the concession system. The General Bureau of Public Works (*Dirección General de Obras Públicas*, or the “**DGOP**”) is a division of the MOP responsible for the direction, coordination and supervision of the management of all public works and infrastructure.

The key provisions of the Chilean concession regime are contained in Decree with force of Law N° 164 of 1991 of the MOP, as amended (the “**Concessions Law**”). Additional key regulations are set forth in the MOP decree N° 956 of 1997 (the “**Concessions Law Regulation**”).

Both the Concessions Law and the Concessions Law Regulation, set forth a system of competitive bidding based on flexible arrangements for awarding concessions, established mutual rights and obligations of concessionaires and the MOP, and established conflict resolution procedures. All the specific terms and conditions of each concession provided in the corresponding concession contract, which is a public procurement contract entered into between the MOP and the concessionaire.

Most recent reforms to the regulatory framework governing Public Works Concessions

Amendments introduced in 1996 through Law No. 19,460 allowed for more flexibility in contractual arrangements and created a special public works concession pledge to be used as security in the financing of concessions. The Chilean government has facilitated the implementation of the Concessions Law by introducing amendments to several regulations. For instance, a traffic law was amended in 2002 to facilitate the implementation of Electronic Toll Collection and require the mandatory use of electronic toll devices, or a supplementary system, for vehicles transiting urban highways operated under concessions.

The last amendment made to the Concessions Law created a Concessions Board, whose main function is to reach an opinion regarding the advisability of approving new investments, modifications to the structural features of the works and the anticipated term of the concession. Likewise, a Technical Panel was created to give its opinion regarding the technical and financial disputes that arise between the parties during the term of the concession agreement.

In addition, the aforementioned amendment changed the rules governing the modification of the originally contracted works, setting out that the concessionaire may request compensation from the

MOP in the event of an unforeseeable act of authority by the public authorities, provided that all of the following requirements are met:

- Such act arises after the awarding of the concession.
- It could not have been foreseen at the time of awarding of the concession.
- It does not take the form of a legal or administrative provision enacted for general purposes reaching beyond the area of business of the industry to which the concession in question has been awarded.
- It significantly alters the payment terms and conditions of the concession agreement.

It was also stipulated that if the value of such additional investments, during the operational stage, exceeds 5% of the official budget for the works or exceeds the amount of one hundred thousand *unidades de fomento* (US\$ 4,000,000), the concessionaire shall bid for the execution of such works.

Furthermore, the President of the Republic was granted powers for the early termination of the Concession Agreement, when a change in circumstances arises implying that the public works or services to be executed or performed in the interest of public needs are no longer necessary, or to request the redesigning thereof or additions thereto, whereby the additional investments required for adapting the works to the new terms and conditions exceed 25% of the official budget for the works. Lastly, the Dispute Resolution Mechanism was amended, changing the members of the Court and the statute of limitation for filing claims, and establishing that the final ruling must be grounded on Chilean law.

Concession Structure

Under Chilean law, a concession may originate in two ways: (1) upon a recommendation from the MOP; or (2) in response to a proposal from a private party (*sistema pro postulación*, or the “**Private Initiatives Program**”). In both cases, the Concessions Law requires that the contract be awarded through a transparent system of competitive bidding. Bilateral “sole-source” agreements between the state and private firms are not permitted.

A concession is formally awarded by a Supreme Decree. The concession agreement (the “**Concession Agreement**”) includes the following: (1) Concessions Law and related regulation; (2) bidding terms and explanatory memoranda (“**Bidding Terms**”); (3) technical and economic proposal of the successful bidder; (4) Supreme Decree issued by the MOP awarding the bid; and (5) supplementary agreements (*convenio complementario*, or the “**Supplementary Agreements**”) modifying the works or services of the Concession Agreement.

The successful bidder is required, within the period specified in the Bidding Terms, to create a new single purpose company dedicated to the development and operation of the concession, which will be party to the Concession Agreement. This company must be incorporated as a corporation (*sociedad anónima*), and therefore the concessionaire will be governed in corporate matters by the provisions of the Chilean Corporations Act (Law N°18,046).

The MOP is responsible for supervising construction and must determine when the project has been completed in accordance with the specifications contained in the bidding terms. The MOP must also determine when penalties should be imposed on the concessionaire. The concessionaire may contest any penalties imposed by the MOP in connection with the Concession Agreement by seeking relief from a three-person conciliation commission (*comisión conciliadora*, or the “**Conciliation Commission**”) established for each concession.

The Concession Agreement is governed by the principle of financial balance by virtue of which the concessionaire assumes the construction, rehabilitation, maintenance, and operation of infrastructure public works in exchange for the right to exploit such work or obtain the agreed fee or toll within the term and in accordance with the conditions contained in said agreement.

The Concession Agreement is a long-term agreement (variable or fixed term) that may be divided into two main stages:

- (1) **The construction phase**, which begins with the publication of the awarding decree in the Chilean official gazette and ends with when the MOP temporarily authorizes the concessionaire to put the works into service.

It must be highlighted that, for the construction of the works, land owned by private parties may be required, and for such purpose the Concessions Law provides a mechanism to acquire the same, either directly by the concessionaire or via expropriation. Under the Concessions Law, property and rights of way needed for the concession may be expropriated by the MOP under Decree Law N°2,186 of 1978, as amended, following a declaration of eminent domain (*declaración de utilidad pública*). The costs of expropriation shall be borne by the concessionaire unless the bidding terms specify otherwise. These costs are incurred as investments toward the execution of the project under the Concession Agreement

- (2) **The exploitation stage**, which starts with the works being put into service provisionally and ends with the termination of the Concession. In the exploitation stage, the concessionaire must provide maintenance and operation services for the public work and will be benefited from the exploitation of said work.

Complementary Works and Supplementary Agreements

The Concessions Law establishes that the characteristics of the works and services contemplated under the Concession Agreement may be modified by the MOP at any time for reasons in the public interest and upon request for complementary works (the “**Complementary Works**”). The term “public interest” has so far been interpreted to refer to Complementary Works that may be required after a Concession Agreement is signed. If such Complementary Works negatively impact the concessionaire, the concessionaire must be compensated through changes in the rate structure, an extension in the concession period, increases in state subsidies or other mechanisms as set forth in the Bidding Terms. The maximum amount of additional investment required from the concessionaire through Complementary Works may not exceed a certain percentage of the initial amount of the project as specified in the bidding terms.

In the event the MOP requests unilateral amendments to the Concession Agreement from the concessionaire for reasons other than in the “public interest,” an appeal may be filed with the Conciliation Commission with respect to such request.

If the work specifications defined in the Concession Agreement are insufficient to render services at the levels and scope intended by the Concession Agreement, the MOP and the concessionaire may enter into a Supplementary Agreement to the Concession Agreement to expand or improve the works, which must be approved by Supreme Decree. Such Supplementary Agreement shall describe the additional works to be undertaken, and include, inter alia, general technical specifications, the reasons why the additional works are required, the estimated construction costs associated therewith, the form and terms of compensation to be paid to the concessionaire and the terms under which they should be completed.

Risks

The Concessions Law specifies that all risks related to the project are borne by the concessionaire, including costs incurred as a result of force majeure.

If force majeure interferes with the operation of the concession, the concession may be suspended by the MOP or by mutual agreement of the parties. Pursuant to the Concessions Law, the concession shall be provisionally suspended under the following conditions:

- war with another country, civil unrest, or force majeure circumstances that prevent the service from being provided;
- partial destruction of the works or components thereof as a result of which they become unusable for a period of time; and
- any other cause set forth in the Bidding Terms.

Upon a suspension of the concession, all the rights and obligations arising from the Concession Agreement for both the concessionaire and the State shall also be suspended. Consequently, an assessment of damages, if any, is made to determine what is necessary to resume the service and how the parties will proceed to make repairs. In the event of a lack of agreement between the parties, the case is submitted to the Conciliation Commission. Compensation due to the concessionaire for damages incurred may be in the form of changes in the rate structure, an extension in the concession period, subsidies or other mechanisms as set forth under the Bidding Terms. Any amendment to the Concession Agreement affecting its economic terms shall be made by a Supreme Decree. If the project is partially or

totally destroyed, the concessionaire is responsible for repair or replacement. Concessionaires seeking relief from responsibility for events of force majeure may appeal to the Conciliation Commission.

Insurance

Concessionaires must insure the projects against damage from force majeure and against liability for injuries to third parties during construction and operation of the concession. The amounts, conditions and other specifications of each insurance policy are set forth under the Bidding Terms. The Bidding Terms may also require additional insurance policies.

Performance Bonds

Once a bid is awarded, the concessionaire must post a construction bond to guarantee the fulfillment of its obligations during the construction stage. Once construction is completed, the construction bond is replaced by a performance bond that guarantees the concessionaire's obligations under the Concession Agreement during the operational phase. The time of delivery of these performance bonds, their extension, amount and due dates, among other details, are set forth in the Bidding Terms. In addition, concessionaires must provide a bond in an amount between 2% to 4% of the project budget two years before the expiration of the concession to guarantee the project will be properly maintained and turned over to the MOP in a state of good repair.

Dispute Resolution

The Concessions Law includes a dispute resolution system in case of disagreement between the concessionaire and the MOP. Each concession has established a three-person Conciliation Commission which includes a person appointed by each of the MOP and the concessionaire and a person appointed by agreement of the two parties. The Conciliation Commission first attempts to mediate the dispute. If the non-binding mediation efforts prove unsuccessful, the concessionaire can decide to seek a binding declaration from the Conciliation Commission acting as an arbitration panel ("**Arbitration Commission**") or the concessionaire may seek relief from the ordinary courts of justice.

Under the New Law, a non-binding technical commission was created to interpret the contracts between the concessionaire and the MOP. This technical commission consists of three persons, two of which are lawyers appointed by the Supreme Court and one of which is appointed by mutual agreement from a list provided by the TDLC. If, however, the concessionaire and the MOP cannot agree on the third person from the list provided, such person shall be appointed by the TDLC.

Fines

Both in the construction and in the exploitation phase, the MOP may impose fines on the concessionaire due to non-compliance with the obligations set forth in the Bidding Terms and other documents. Failure to pay such fines may trigger the collection of guaranties granted by the concessionaire. The most significant fine is UTM5,000 in case of fraud. The second most significant fine is approximately UTM1,000 and is assessed if the concessionaire, for example, fails to deliver certain guaranties under the Concession Agreement. Other fines range from UTM10 to UTM500 (depending on the Concession Agreement) and are assessed either on a per day or per event basis.

Assignment of the Concession

The law requires prior authorization from the MOP to assign the concession contract. To achieve said purpose, the concessionaire must submit to the MOP a request for assignment that typically describes the proposed transferee and the circumstances of the proposed assignment. Prior to the approval of the assignment, the MOP must receive and approve a guarantee from the proposed transferee, and it shall give its authorization, provided that the assignment complies with the requirements set forth in the law (that the assignee meets the requirements to be a tenderer, incorporates a new concessionaire company with the same purpose and that it subscribes and meets the formalities of the decree in which the assignment is authorised) or it must refuse to give the authorization and state the reasons.

However, the MOP must always consent to transfers made when they are the result of the obligations guaranteed by the pledge of concession of public works and in favour of any financial entity subject to the control of the Supervisory Authorities of Banks and Financial Institutions (*Superintendencia de Bancos e Instituciones Financieras*), the Supervisory Authorities of Securities and Insurances

(*Superintendencia de Valores y Seguros*), the Investment Funds or the Pension Fund Managers. The assignment of the concession must be complete, that is, it must include all the rights and obligations of the concession contract.

In addition, amendments of the operating company's bylaws, a transfer of corporate ownership rights that involve a change of control and the disposal or encumbrance of the concession's assets require the prior express approval of the DGOP, which shall decide on the matter by means of a resolution within 60 days after the proper submission of a request.

Term and Termination of the Concession

Pursuant to the Concessions Law, a concession shall be valid during the term set forth in the awarding Supreme Decree, which may not exceed 50 years. The Bidding Terms generally set forth a fixed duration for each concession, although in some projects the MOP has provided for an early termination once the concession has reached an agreed upon return based on a present value calculation. In addition, the grounds for terminating a concession are:

- lapse of the term for which it was granted, with its changes, if appropriate;
- mutual agreement between the MOP and the concessionaire, but the MOP may only accept such agreement if the beneficiaries of the special public works pledge consent to cancel it or previously accept such early termination in writing;
- in the event of a material breach by the concessionaire of the obligations set forth under the Concession Agreement, the MOP may request the Conciliation Commission to declare the termination of the Concession Agreement at any time; and
- those grounds agreed upon in the Bidding Terms.

Upon the expiration of the Concession Agreement, the concessionaire is required to transfer to the MOP the public works without compensation and in a state of good repair. Upon the early termination of the Concession Agreement due to a material breach by the concessionaire of its obligations, compensation may be paid to the concessionaire.

Additionally, in the event of an early termination due to a material breach by the concessionaire of its obligations under the Concession Agreement, and provided it is not detrimental to public interests, the MOP shall use the following procedure before requesting the certificate of termination of the concession:

- (i) The MOP shall notify the concessionaire and the creditors for whose benefit the special public works collateral has been furnished of the material breach of the agreement and all other relevant information.
- (ii) Within a certain time period of such notification as provided under the Concession Agreement, a detailed report including the measures taken to remedy the infringements or preventing them from occurring in the future shall be submitted by the concessionaire to the DGOP. The report shall be approved by the creditors in whose benefit the special public works collateral has been furnished.
- (iii) The report may address, among other things, the following issues: management measures, changes in the administration of the company and voluntary assignment of the concession agreement. It shall also specify a schedule for implementing the proposed actions.
- (iv) Based on the report, the DGOP shall set a timeframe for implementing the measures under the supervision of the Fiscal Inspector (Inspector Fiscal), the MOP representative whose role is to monitor the Concession Agreement.

The MOP may request a certificate of material breach of the Concession Agreement from the Conciliation Commission based on any of the relevant causes set forth in the Bidding Terms. The Conciliation Commission shall resolve the request as an Arbitration Commission.

Within three days of a material breach, the DGOP shall name a receiver who shall only have the powers necessary to ensure fulfillment of the Concession Agreement and shall be required to continue to apply the authorized toll rates, pay the State the revenues derived from the Concession Agreement, and demand from such payments the contributions or amounts to be paid by the MOP.

Regulations Relating to Public Sector Tender Process for Construction Works

Tendering for public sector construction projects in Chile involving public expenditure is subject to the Public Procurement Law No. 19,886 entered into force in July, 2003 ("**Law No. 19,886**") as complemented by the Regulation on Public Procurement contained in Decree No. 250 of the Ministry of Finance dated September 24, 2004 ("**Decree No. 250**"). The Public Procurement and Contracting Bureau, a governmental administrative agency, is the main public organ in charge of the supervision of the tenders subject to Law No. 19,886.

Law No. 19,886 mainly establishes the principles and procedures to be applied to public procurement of goods and services carried out by any public administration entity. This include ministries, regional and local governments, municipalities, the Chilean armed force, including the police, the central bank, and other similar public agencies, and exclude others such state owned companies created by law and other specific cases.

The main tender methods contemplated by Law No. 19,886 are (i) the "public tender", where a public call is made and all prospective bidders satisfying the minimum required conditions to participate in the tender are allowed to submit their bids, (ii) the "private tender", where, on the base of a well-founded resolution, only the bidders invited individually can submit their proposals, and (iii) the "direct hiring", which is used only for specific negotiations that are characterized by peculiar circumstances that must be documented.

While the "public tender" is the generally applicable competitive administrative procedure for contracts exceeding UTM1,000 (approximately U.S.\$78,320), the private tender and direct contracting are typically used in cases predetermined by law. In certain cases, bidders can be required to register in specific registries to execute the definitive agreement. No minimum time periods are set forth in relation to the aforementioned procedures and contracts are awarded only on the basis of the economic advantage.

All contracts are governed by the specific pertinent laws although subject to specific substantial and formal requirements set forth by Law No. 19,886, regardless of whether they are awarded through public tender, private tender or direct contracting.

Guarantees and Amendments of Contracts

Article 11 and the following of Law No. 19,886 states that the procuring entity can require the placement of the guarantees it considers necessary to ensure the seriousness of the bids submitted and the faithful and timely fulfillment of the final contract. Fines and/or other penalties imposed upon the contractors may be paid by execution of said guarantees.

Administrative contracts regulated by Law No. 19,886 may be amended or terminated in advance by the public authority based on the following causes: (i) mutual agreement between the parties; (ii) serious breach of obligations by the contractor; (iii) insolvency of the contractor; (iv) as required by national security of public interest; and (v) other causes prescribed in the corresponding bidding terms or contracts. Said actions must be based on a just cause.

Transferability and Subcontracts

According to Law No. 19,886, the rights and obligations arising from a tender process are non-transferable, unless otherwise provided by special rules. The successful bidder may arrange the partial execution of a contract with third-party subcontractor, while remaining exclusively liable for the fulfillment of the obligations arising from the contract *vis-à-vis* the entity. In certain cases set forth by law or by the tender documentation, subcontracting can be excluded.

Remedies and Enforcement

Law No. 19,886 creates a special court of public procurement. Before this court the entities participating in a public procurement process may challenge any illegal or arbitrary act or omission occurred during said process. After the execution of the contract, generally, the only available remedies are those that the contract itself contemplates and those provided for by contractual and public law.

MANAGEMENT

The following is a summary of certain information concerning the management of the Issuer, certain provisions of the by-laws (*statuto*) of the Issuer and of Italian law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and Italian law.

The Issuer is managed by a Board of Directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or one or more managing directors. The Board of Directors determines the powers of the chief executive officer. In addition, the Italian Civil Code requires the Issuer to have a board of statutory auditors (*Collegio Sindacale*) which functions as a supervisory body.

Board of Directors of the Issuer

There are currently thirteen members on the Board of Directors. Members of the Board of Directors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings for a three year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. All directors were appointed at the shareholders' meeting held on April 23, 2013. The directors will remain in office until approval by the shareholders of the financial statements for the year ended December 31, 2015.

The following table sets forth the names, ages and positions of the members of the Board of Directors of the Issuer (the "**Board of Directors**"). The address of the Board of Directors is Via Giulio Vincenzo Bona, 65, 00156, Rome, Italy.

Name	Age	Position	Independent/ Non-independent
Paolo Astaldi	53	Chairman	—
Ernesto Monti	67	Deputy Chairman	—
Giuseppe Cafiero	69	Deputy Chairman	—
Stefano Cerri	53	Chief Executive Officer	—
Caterina Astaldi	44	Director	—
Luigi G. Cavalchini	79	Director	—
Giorgio Cirla	73	Director	Independent
Paolo Cuccia	60	Director	Independent
Guido Guzzetti	58	Director	Independent
Mario Lupo	79	Director	Independent
Chiara Mancini	41	Director	Independent
Nicoletta Mincato	42	Director	Independent
Eugenio Pinto	54	Director	Independent

The following is biographical information for each of the members of the Board of Directors of the Issuer:

Paolo Astaldi. Mr. Astaldi has served as Chairman of the Board of Directors of Astaldi since 2010, after having held the position as Director and subsequently as Deputy Chairman for a 10-year period. He started his professional career in the Astaldi Group in 1985. From 1991 to 2000, he was Director of SO.GE.SI., the former Holding Company of Astaldi. During the course of his activity, Mr. Astaldi has carried out several financing transactions and he currently holds several positions in Astaldi Group Companies, as well as in trade associations. He is Deputy Chairman of FIEC (European Construction Industry Federation), Member of the Committee of Regency of the Italian Central Bank (Banca d'Italia), Member of the Steering Committee of Assonime and Member of the Confindustria Council. Mr. Astaldi has a bachelor's degree in Economics from Sapienza University of Rome.

Ernesto Monti. Mr. Monti has served as Deputy Chairman of the Board of Directors of Astaldi since 2010. He started his professional career in 1971 at the Italian Central Bank (Banca d'Italia). From 1976 to 1989, he held the position firstly of General Manager in charge of Finance for Italian activities in Imi Group and subsequently of Central Manager in charge for Finance and International activities in Banca Nazionale dell'Agricoltura. He moved to Banco di Santo Spirito as Central Manager in 1989 and in 1992 took on the same position in Banca di Roma, where he was appointed Deputy General Manager in 1996. He became Deputy Chairman of the Board of Directors of Astaldi in 2010, after having held the position of Chairman and subsequently of Honorary Chairman. He currently serves as Chairman of Finanziaria

Tosinvest and PMS as well as Adjunct Professor at LUISS Guido Carli University in Rome. Mr. Monti has a bachelor's degree in Economics from SDA—Bocconi and Cattolica Universities in Milan.

Giuseppe Cafiero. Mr. Cafiero has served as Deputy Chairman of the Board of Directors of Astaldi since 2010. He joined our Group in 1970 as Director of Ferrofir, the consortium incorporated for the construction of the Rome-Florence Fast Railway Line in Italy. From 1975 to 1987, he managed the construction works of the Gioia Tauro Port in Italy, major road and hydraulic works in Africa, as well as the LEP (Large Electron Positron Collider) Project in Switzerland. In 1987 he became Technical Director of Astaldi, where he became General Manager in 1991. From 1994 to 2001, he held the position of General Manager and Member of the Board of Directors in consortia involved in the construction of the Rome-Naples High-Speed Railway Line in Italy. From 2002 to 2010, he served Astaldi first as General Manager in charge of International activities and subsequently as CEO. He became Deputy Chairman of the Board of Directors of Astaldi in 2010. Mr. Cafiero has a bachelor's degree in Civil Engineering from Sapienza University of Rome.

Stefano Cerri. Mr. Cerri has served as CEO of Astaldi since 2005. He joined Astaldi in 1998 as General Manager in charge of Administration and Finance and became a Member of the Board of the Directors in 2000. After a three-year period at Arthur Andersen, he started his professional career in Italstat as Controller of the Group companies in the motorway and construction concession business: for the following ten years he worked as a Senior Manager and subsequently as a Partner in Ernst & Young. Mr. Cerri has a bachelor's degree in Economics from Sapienza University of Rome.

Caterina Astaldi. Mrs. Astaldi has served as Member of the Board of Directors of Astaldi since 2001. She started her professional career in public relations. From 1989 to 1993, she managed conferences and meetings, as well as advertising and marketing for public events. She joined Astaldi in 1993, where she became Director in 2001. She has a bachelor's degree in Science of Communication from University of Macerata.

Luigi Guidobono Cavalchini. Mr. Cavalchini has served as a Member of the Board of Directors of Astaldi since 2008. He began his diplomatic career in 1961. He was a member of the Permanent Italian Delegation at the EC from 1964 to 1969 and subsequently served as Consul in Berne. From 1971 to 1972 he took on the position of Coordinator of the Italian Presidency of the European Council. Until 1977, he held the position of Chief Secretary of the Economic Affairs Head Office of the Italian Ministry of Foreign Affairs. After various positions within the Permanent Delegation at the OECD and Italian Embassy in Paris, he was first an Attaché and subsequently Chef de Cabinet of the Ministry of Foreign Affairs from 1979 to 1989. He was appointed Ambassador in 1987. From 1989 to 1991 he served as Secretary General of the Prime Minister's Office, and in 1991 was appointed Ambassador in Paris. From 1996 to 2000 he was Italian Permanent Representative at the EU, and in 2001 served once again as Chef de Cabinet of the Italian Ministry of Foreign Affairs. From 2002 to 2010, he was Chairman of UniCredit Private Banking. He currently holds the position of Member of the Board of Directors of Astaldi. He has a Bachelor's degree in Law from University of Turin.

Giorgio Cirila. Mr. Cirila has served as Member of the Board of Directors of Astaldi since 2010. From 1960 to 1987, he served firstly as COO and subsequently as Deputy General Manager in Banco di Lariano. In 1987 he was appointed as Chairman of Abk Intermediazioni e Consulenze Finanziarie and subsequently as Managing Director of Arca Merchant, where he worked for the following 10 years. In 1997 he took on the same position in Interbanca and in 2006 became Chairman of Sopaf. He joined Astaldi as Member of the Board of Directors in 2010. He currently holds the position of Chairman of CIPA and Iniziativa Gestione Investimenti SGR and is member of the Board of Gruppo Fabbri Vignola, Immsi, Mantero Finanziaria, Valvitalia Holding, Valvitalia.

Paolo Cuccia. Mr. Cuccia has served as a Member of the Board of Directors of Astaldi since 2010. From 1978 to 1988, he worked first in IRI Italstat and subsequently in Citicorp. In 1988, he founded Europa Investimenti, where he worked as Chief Executive until 1992. In 1992, he moved to Banca di Roma as Senior Executive Vice President. From 1998 to 2003, he was the CEO in ACEA, and in 2003 he moved to ABN AMRO as Corporate Executive Vice President. From 2008 to 2011, he was a Member of the Board of Directors and a Member of the Internal Audit Committee of Bulgari. From 2004 to 2009, he also held the position of Vice Chairman of the Olympic Committee, Chairman of EUR, Vice Chairman and Member of the Executive Committee of Capitalia. He became Member of the Board of Directors of Astaldi in 2010. He currently holds the position of CEO of Gambero Rosso and of Professor at LUISS Guido Carli University in Rome. He has a Bachelor's degree in Engineering from Sapienza University of Rome.

Guido Guzzetti. Mr. Guzzetti has served as a Member of the Board of Directors of Astaldi since April 2013. He started his professional career at IBM Italy. In 1987, he moved to Primegest SGR, where he spent the following 13 years. From 1992 to 1999, he worked as CEO of Unigest SGR, as CEO/CIO of JV Unigest and as CIO of JV Prime Lipper Am and Prime Augusta Vita Assicurazioni. From 2000 to 2005, he was CEO firstly of Prime Merrill Funds SGR and Prime Gest SGR and subsequently of Capitala Investimenti Alternativi and Capitala AM. From 2000 to 2005, he worked in Assogestioni as a Member of the Board, Member of the Corporate Governance Committee and Member of the Executive Committee. In 2005, he was appointed CEO of Capitala Assicurazioni. In 2008, he moved to Pioneer Global AM as Private Equity Project Manager. After a period of consulting activity, in 2013 he became Member of the Board of Directors of Astaldi. He has a Bachelor's degree in Physics from The University of Milan.

Mario Lupo. Mr. Lupo has served as a Member of the Board of Directors of Astaldi since 2003. He started his career at ANCE (Italian Association of Private Construction Companies), where he became General Manager. In 1972, he moved to Montedison, where he was made Managing Director and subsequently CEO. In 1978, he became Chairman of Standa (Montedison Group), and in 1985 was appointed by the Italian Ministry of Industry as Commissioner of the Fabbri Group, which was under extraordinary administration. From 1986 to 1989, he was Chairman and CEO of REL, a state-owned holding company. He became Chairman of Finsider in 1987 and of Ilva in 1989. From 1988 to 1991, he was Chairman of Federacciai, the representative body of the Italian private and public steel industry. From 1992 to 1993, he was Chairman and CEO of Iritecna. After a period of consulting activity, in 1996 he became Chairman and CEO of Vianini Lavori. Since 1999, has served as Chairman of AGI, the trade association of largest Italian general contractors. He has a Bachelor's degree in Law from Sapienza University of Rome.

Chiara Mancini. Mrs. Mancini has been a Member of the Board of Directors of Astaldi since April 2013. She started her professional career as assistant lecturer for the Chair of Civil Law and for the Chair of Banking Law at Sapienza University of Rome. From 1998 to 2012, she worked for the legal department of ABI (Italian Banking Association), as a legal consultant in corporate and banking law at the Legal Department. In 2012, she joined the Italian Ministry of Justice as Head of the ministry's Technical Secretariat. She was appointed Director of Astaldi in April 2013. She has a Bachelor's degree in Law from Sapienza University of Rome.

Nicoletta Mincato. Mrs. Mincato has served as a Member of the Board of Directors of Astaldi since April 2013. She started her professional career in 1997 at Studio Libonati Jager, a law firm based in Rome, where she spent nine years. From 1999 to 2003, she was appointed as Member of the Board of Directors of Astaldi, where she became Member of the Supervisory Body in 2004. From 2006 to 2007, she joined the Studio Ripa di Meana and Associates, another law firm. In 2008, she established Mincato and Russo Associates, a law firm mainly involved in corporate issues. She was appointed once again as Member of the Board of Directors of Astaldi in April 2013. She has a Bachelor's degree in Law from Sapienza University of Rome.

Eugenio Pinto. Mr. Pinto has served as a Member of the Board of Directors of Astaldi since 2010. A Member of the Italian Institute of Chartered Accountants (*Albo dei Dottori Commercialisti*) and of the Institute of Technical Advisors for the Magistrate's Court of Rome (*Albo dei Consulenti Tecnici del Giudice del Tribunale di Roma*), he was appointed Official Auditor in 1995. In addition, he was a former member of various supervisory bodies for banks placed under special administration and compulsory administrative liquidation and former Chairman of the Supervisory Body of Ansaldo STS (Finmeccanica Group) and Member of the Supervisory Body of Telecom Italia Sparkle (Telecom Group), he currently holds the position of Member of the Supervisory Body of Bonifiche Ferraresi. He is a professional consultant in economic and financial matters for public and private companies. He currently holds the position of Member of the Board of Directors and Member of the Control Committee of Astaldi. He has a Bachelor's degree in Economics and Business Administration from Sapienza University of Rome.

Powers and Responsibilities

Pursuant to its by-laws, the management of the Issuer's business is the exclusive responsibility of the directors, who may perform all acts that they consider necessary for the achievement of the Issuers' corporate purpose, except for those actions reserved by law or the by-laws for the shareholders' meeting. In particular, the Board of Directors has the ability to take all actions it deems appropriate to achieve the objectives of the Issuer. Subject to the limitations of applicable Italian law, the board may delegate its powers to an executive committee or one or more directors.

Pursuant to its by-laws, meetings of the Board of Directors require a quorum of the majority of directors. Resolutions are generally adopted by a simple majority of directors present at the meeting.

The chairman of the Board of Directors and, within the limit of the powers granted to them, the executive directors, have the power to bind the Issuer in dealings with third parties and to represent it in court proceedings.

Board of Statutory Auditors

The Issuers' board of statutory auditors is in charge of monitoring compliance with applicable law and with the Issuers' by-laws as well as assessing the adequacy of the internal controls and accounting reporting systems.

There are currently three auditors and two alternate auditors on the board of statutory auditors for the Issuer. Members of the board of statutory auditors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. All members of the board of statutory auditors were appointed at the shareholders' meeting held on April 24, 2012. At least one of the auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry.

The following table sets forth the names, ages and positions of the members of the board of statutory auditors of the Issuer. They will remain in office until approval by the shareholders of the financial statements for the year ended December 31, 2014.

Name	Age	Position
Daria Beatrice Langosco Di Langosco	61	Chairman
Ermanno La Marca	41	Statutory member
Lelio Fornabaio	43	Statutory member
Andrea Lorenzatti	38	Alternate member
Giulia De Martino	35	Alternate member
Francesco Follina	54	Alternate member

The following is biographical information for each of the members of the board of statutory auditors of the Issuer:

Daria Beatrice Langosco di Langosco. Mrs. Langosco di Langosco is a certified public accountant and auditor in Italy and France (*commissaire aux comptes et expert comptable*). She worked for Arthur Andersen Rome, Ernst&Young Paris and Ernst&Young Milan, where she was appointed as a partner responsible for the French desk focusing her activity on financial auditing, M&A consultancy and the listing process on the Paris stock exchange. She is a member of the Board of Directors of the French Commercial Register in Milan (*Chambre française de commerce et d'Industrie en Italie*) and she currently serves on several boards of statutory auditors as well as on several supervisory committees in international companies. Mrs. Langosco di Langosco has a Bachelor's degree in Economics and Business Administration from LUISS Guido Carli University, in Rome.

Ermanno La Marca. Mr. La Marca is a lawyer and a professor in corporate law. Since 2002, Mr. La Marca has been a partner of a major law firm in Rome which he joined in 1995. In 2012, he was admitted to the Special Register to serve before the Italian Supreme Court of Justice. During his career he specialized in corporate and commercial law, public procurement and environmental law and is the author of several publications. Mr. La Marca has a Bachelor's degree in Law from Urbino University.

Lelio Fornabaio. Mr. Fornabaio is a certified public accountant and auditor as well as a technical consultant at the Rome Tribunal. He serves as professor at the *Scuola Superiore di Economia e delle Finanze* and he is the chairman of the Finance Committee of the National Chamber of Public Accountants. He is also a member of the Public Administration Accounting Principles Committee and he has cooperated as a financial advisor for the Municipality of Rome as well as served as an economic counselor for the Cabinet of the Ministry of Economy and Finance. He currently serves as chairman or as member of several boards of statutory auditors as well as a member of certain boards of directors. Mr. Lelio Fornabaio has a Bachelor's degree in Economics and Business Administration from Sapienza University of Rome.

Andrea Lorenzatti. Mr. Lorenzatti is a certified public accountant. Since 2006, he has cooperated with a firm specializing in tax consulting and over the years, has built a major expertise in the analysis of financial statements, in the fiscal discipline of the real estate field as well as in taxation of corporate groups. He currently serves as chairman or as member of certain boards of statutory auditors. Mr. Lorenzatti has a Bachelor's degree in Economics from Sapienza University of Rome.

Giulia De Martino. Mrs. De Martino is a certified public accountant and auditor. She is an effective member of certain boards of statutory auditors and she has served as senior consultant in connection with the preparation of the reorganization and recovery of certain companies. Since 2006, she has been cooperating with the Faculty of Economics of LUISS Guido Carli University, in Rome. She has a PhD in Business Administration from Roma Tre University, in Rome, and she is the author of several publications. Mrs. De Martino has a Bachelor's degree in Economics from LUISS Guido Carli University, in Rome.

Francesco Follina. Mr. Follina is a certified public accountant as well as a technical consultant at the Rome Tribunal of Rome and at the Court of Appeal. He works as professional specialized in consulting activity and tax law and also serves as professor at the *Scuola Praticanti Ordine Dottori Commercialisti e Revisori Contabili di Roma*. He has been appointed as member of certain public committees on direct and indirect taxation. He has cooperated as a fiscal advisor for the Ministry of Environment and served as member of several boards of statutory auditors. Mr. Follina has a Bachelor's degree in Economics from Sapienza University of Rome.

Senior Management^(*)

Name	Age	Position
Paolo Citterio	53	General Manager—Administration and Finance
Luciano De Crecchio	55	General Manager—Italy
Cesare Bernardini	57	General Manager—Rest of Europe and North Africa
Filippo Stinellis	51	General Manager—Turkey
Mario Lanciani	51	General Manager—Americas

(*) For the purposes of this Offering Memorandum, Senior Management includes our Chairman, Deputy Chairmen, Chief Executive Officer and General Managers.

The following is biographical information for each senior manager:

Paolo Citterio. Mr. Citterio has served as General Manager in charge of Administration and Finance of Astaldi since 2006, after having held the position of Deputy General Manager in charge of Administration and Finance for five years. A qualified professional accountant registered with the Roll of Auditors, he joined Astaldi in 1985 in the Administration Department. From 1985 to 2001, he held the position of Head in charge of the Group's Consolidated Financial Statement. He currently also serves as a member of the board of directors of A4 Holding S.p.A. Mr. Citterio has a Bachelor's degree in Economics from Sapienza University of Rome.

Luciano De Crecchio. Mr. De Crecchio has served as General Manager in charge of Domestic Activities of Astaldi since 2010. He joined Astaldi in 1986 where he worked firstly as Director. In 1994, he became Area Manager for the South of Italy. From 1997, he served as Project Manager of the Pont Ventoux Hydroelectric Power Plant and General Manager of Pont Ventoux S.c.r.l., the consortium incorporated for the construction of the plant. From 2001 to 2009, he became firstly Operation Manager in charge of Domestic Activities and subsequently Deputy General Manager in charge of Domestic Activities of Astaldi. In 2010, he became General Manager in charge of Domestic Activities of Astaldi. He currently holds also the position of Industrial Services Manager. He has a Bachelor's degree in Mining Engineering from Sapienza University of Rome.

Cesare Bernardini. Mr. Bernardini is currently the General Manager for the Rest of Europe and North Africa of Astaldi. He began his professional career in 1983 in the construction company Costruzioni Generali Mambrini in the technical department of an infrastructure project for Cassa per il Mezzogiorno (the Fund for the South of Italy); then he followed the construction of two major Infrastructure Projects for Autostrade and Ferrovie dello Stato. In 1990, he moved to Astaldi, where he worked firstly as Technical Director and, subsequently, as Operations Manager in charge of Domestic Activities. He became Deputy General Manager in charge of International Activities and Railway Projects in 2008 and then General

Manager in 2010. Mr. Bernardini has a Bachelor's degree in Civil Engineering from Sapienza University of Rome.

Filippo Stinellis. Mr. Stinellis has served as project manager and General Manager for the Turkish Area since May 2013. He joined Astaldi in 1996 and along the years he has served as site or technical manager for several Italian projects of Astaldi. Between 1992 and 1996, he has worked for another prominent company in the construction business. Mr. Stinellis has a Bachelor's degree in Civil Engineering from L'Aquila University, in L'Aquila.

Mario Lanciani. Mr. Lanciani is currently the General Manager of Astaldi for the Americas. He also serves as member of certain boards of directors of several companies of the Astaldi Group. He has built his entire career in Astaldi, where he started working in 1992, and has served in several roles as manager of the Group. Mr. Lanciani has a Bachelor's degree in Mining and Engineering from Sapienza University of Rome.

The address of the Senior Management is Via Giulio Vincenzo Bona, 65, 00156, Rome, Italy.

Compensation

The aggregate cash compensation to the Group's Board of Directors and senior management of the Issuer amounted to €6.8 million in 2012. Additionally, the Group's CEO and senior management participate in an incentive stock grant plan.

Stock Grant Plan

On August 2, 2013, our Board of Directors (upon authority granted by our shareholders meeting of April 23, 2013) approved the current stock grant plan, for the period going from 2013 to 2015. The plan is addressed to our top management, and to participate therein, the beneficiary must be a managing director or a general director of Astaldi having acted in any such capacity for at least 6 months as of the date in which the shares are assigned.

The total number of shares that can be granted under the plan cannot exceed 300,000 per year and 900,000 shares at the end of the three-year period. The assignment of the shares is subject to the achievement of certain performance goals, as set forth by our Board of Directors for the relevant year. Once assigned the shares are subject to lock-up periods.

Committees

Astaldi's Board of Directors has established a Control and Risk Committee, a Compensation Committee, a Related Parties Committee and a Nomination Committee.

Control and Risk Committee

The Control and Risk Committee includes four members. The functions of the Control and Risk Committee are to assist the Board of Directors by providing proposals and recommendations in its evaluations and decisions regarding internal controls, approval of the annual financial statements and interim financial reports and the relations between Astaldi and the external auditor.

Specifically, the Control and Risk Committee is entrusted with the following tasks:

- (a) to assist the Board of Directors with internal controls and the risk management system;
- (b) to evaluate, together with the manager responsible for preparing the financial statements and the external auditors, the proper use of accounting principles and their uniformity when preparing the annual financial statements;
- (c) to express opinions, at the request of the executive director, on the specific aspects regarding the identification of the main corporate risks, as well as the planning, implementation, and management of the internal control system;
- (d) to examine the reports prepared by the internal audit function, assessing internal controls and the risk management system; and

- (e) to report to the Board of Directors at least once every six months, when the annual and interim financial statements are approved, on the work it has carried out and the adequacy of the internal control system.

The current members are Eugenio Pinto (Chairman), Luigi G. Cavalchini, Guido Guzzetti and Nicoletta Mincato.

Compensation Committee

The compensation of directors and executive officers is established in a manner to attract, retain, and motivate persons with the professional qualities required to successfully manage Astaldi.

In this regard, the Compensation Committee must ensure that a significant portion of the compensation of the directors and executive officers is connected to the economic results achieved by Astaldi, as well as the performance of specific objectives pre-established by the Board of Directors in order to align the interests of the Board of Directors and executive officers with the pursuit of the primary objective of creating value for the shareholders over the medium and long term.

The compensation of non-executive directors is not tied to economic results achieved by Astaldi and the non-executive directors are not beneficiaries of stock-based incentive plans.

The Compensation Committee is comprised of three members. The functions of the Compensation Committee are, *inter alia*, to (i) submit proposals to the Board of Directors regarding the compensation of the executive directors and monitor the implementation of the resolutions adopted by the Board; and (ii) periodically review the criteria adopted for the compensation of executives with strategic responsibilities.

In carrying out its responsibilities, the Compensation Committee will also develop, submit to the Board and monitor the implementation of incentive plans (including stock option plans, if any), which are designed to attract and motivate key management personnel, fostering their sense of belonging and ensuring at the same time that they are driven to create value for the shareholders of Astaldi.

The current members are Ernesto Monti (Chairman), Eugenio Pinto and Giorgio Cirla.

Related Party Transactions Committee

The Related Party Transactions Committee performs the duties assigned to it by the Consob regulation on related parties and the “Group’s Procedures regulating the conduct of related party transactions”, with regards to transactions with related parties of Astaldi.

The Committee expresses a reasoned opinion on the interest of the Company in carrying out the relevant transaction as well as on the suitability and fairness of the related conditions. Such an opinion is binding for transactions of major importance.

The current members are Eugenio Pinto, Giorgio Cirla and Paolo Cuccia.

Nomination Committee

The Nomination Committee includes three members. The functions of the Nomination Committee are to, *inter alia*, provide proposals to the Board of Directors regarding the number and composition of its members as well as to evaluate the competence, know-how and experience of members of the Board of Directors and periodically evaluate the structure, size and composition of the Board of Directors in light of the performance of management. The current members are Eugenio Pinto, Ernesto Monti and Mario Lupo.

Organizational Model

We have also adopted the organizational and management model prescribed by LD 231, which introduced a system with respect to internal management controls, risk management and internal reporting informed by best practices and guidelines prepared by industry groups in consultation with the Italian Ministry of Justice. See “Regulatory Matters—General”.

PRINCIPAL SHAREHOLDERS

As of September 30, 2013, the authorized share capital of the Issuer was €196,849,000 fully paid-in, and divided into 98,424,900 shares of a value of €2.00 each with equal voting and economic rights.

The following table sets forth information regarding the ownership of the Issuer as at November 14, 2013 (applying a threshold of 2% or more of the shares of the Issuer).

Owner	As of November 14, 2013 ⁽¹⁾
	Percent
Fin.Ast S.r.l. ⁽²⁾	52.53
Odin Forvaltning AS	4.91
Pictet Management Ltd.	2.10
Norges Bank	2.15
ING Investment Management Belgium SA	2.08
FMR LLC	2.03
Total	65.8

(1) Publicly available data extracted from the website of CONSOB (*Commissione Nazionale per le Società e la Borsa*, the Italian securities and exchange regulator).

(2) Fin.Ast S.r.l. is a company owned by the Astaldi family. The 52.53% figure includes 40.00% owned by Fin.Ast S.r.l. and 12.53% owned by Finetupar International SA.

Plan for the Re-Purchase and Re-Sale of Treasury Shares

On April 18, 2011, our shareholders meeting approved a plan for the re-purchase and re-sale of treasury shares (the “**Treasury Shares Plan**”), authorizing our Board of Directors to purchase Astaldi shares on the MTA and to use them for the purposes set forth in the plan. On April 23, 2013, our shareholders meeting approved the renewal of the Treasury Shares Plan (expired on May 24, 2013) for a term of twelve months starting from May 27, 2013.

The Treasury Shares Plan authorizes our Board of Directors to purchase up to 9,842,490 of Astaldi shares on the MTA, at a price that cannot be lower than €2.0 per share nor higher than the average price of the shares during the 10 trading days prior to the purchase date, provided that the aggregate purchase price of the shares does not exceed €24.6 million.

As of September 30, 2013, we had 533,242 treasury shares for an aggregate nominal value of €1.1 million.

Equity Linked Notes

On January 31, 2013, the Issuer issued equity linked notes in an aggregate principal amount of €130.0 million due 2019 (the “**Equity Linked Notes**”), pursuant to a private placement transaction. The Equity Linked Notes are listed on the Luxembourg Stock Exchange.

At any time starting from the first anniversary of the issue date (or, if earlier, upon the occurrence of certain change of control events or events of default), the Equity Linked Notes may be converted into existing or newly issued fully paid in shares of the Issuer. The conversion price as of the issue date was equal to €7.3996 and incorporated a conversion premium of 35% as compared to the average price of Astaldi shares traded on the Italian stock exchange on January 14, 2013, subject to certain adjustment mechanisms. The Issuer has the right to regulate any conversion through the delivery of ordinary shares or through the payment of cash or a combination of ordinary shares and cash (cash settlement option). For more details on the Equity Linked Notes, see “*Description of Other Indebtedness—€130,000,000 4.50% Equity Linked Notes due January 31, 2019.*”

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of certain transactions to which we have been a party, and in which any of the Issuer's directors, executive officers or certain holders of the Issuer's share capital had or will have a direct or indirect material interest, other than compensation arrangements which are described under "Management". Management believes that all such transactions have been affected at arm's length and substantially in line with market terms and rates, i.e., in line with conditions that would have applied between non-related parties. You should read this section in conjunction with the Audited Consolidated Financial Statements and accompanying notes elsewhere in this Offering Memorandum and the information contained in "Presentation of Financial and Other Information and Certain Definitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We enter into a number of transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. Related party transactions are conducted at arm's length based on prevailing market conditions. For the nine months ended September 30, 2013, (i) we recorded revenue from related party transactions of €168.7 million, and (ii) incurred costs in related party transactions of €113.9 million, representing 11.3% of our costs for the period. Annexes to the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Statements included in this Offering Memorandum show the details of the amounts of transactions and current balances arising from financial and commercial transactions with related parties.

Although we hold an interest in the consortia, consortium companies and special-purpose companies through which we operate our construction activities and although the corresponding consortia, consortium companies and special-purpose companies may be deemed related-parties, we do not consider them as such, given that they represent a manner in which projects are typically conducted in our business.

In compliance with Italian applicable laws, we have adopted a standard procedure for the management of related party transactions pursuant to which, among other things, certain material related party transactions must be approved by the Board of Directors based on a non-binding opinion of our Related Party Transactions Committee. For more information on our Related Party Transactions Committee, see *"Management—Committees—Related Party Transactions Committee."*

For more information on the details of our transactions with the related party transactions, see the Consolidated Financial Statements included elsewhere in this Offering Memorandum.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements in addition to the Indentures after giving effect to the Transaction. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries and not otherwise defined in this Offering Memorandum have the meanings ascribed to them in their respective agreements.

As of September 30, 2013, the Issuer had outstanding gross financial debt of approximately €1,351.6 million. Set forth below is a description of the Group's main outstanding facilities.

We have recently amended our financial covenants, of our principal indebtedness (for purposes of the period ending December 31, 2013) as a result of the possible delayed payment of our customers in 2013. See *"Risk Factors—Risk Factors relating to our business and industry—General Risks—We are exposed to counterparty risks and may incur losses because of such exposure which may adversely affect our business, financial condition and results of operation."*

Forward Start Facility

On December 2, 2011, the Issuer entered into an unsecured and unguaranteed revolving credit facility with a pool of leading international banks composed of Intesa Sanpaolo S.p.A., Banca Nazionale del Lavoro S.p.A., The Royal Bank of Scotland PLC—Milan Branch, UniCredit S.p.A., Banco Bilbao Vizcaya Argentaria S.A.—Milan Branch, Banca Popolare di Milano S.c.a.r.l., GE Capital S.p.A., ING Bank N.V.—Milan Branch, Natixis S.A.—Succursale di Milano, WestLB AG Milan Branch, Banca Popolare di Vicenza S.c.p.a., Banca Monte dei Paschi di Siena S.p.A., Banco Santander S.A. Milan Branch, Credito Artigiano S.p.A., Crédit Agricole Corporate and Investment Bank Milan Branch and Banco di Sardegna S.p.A. for an aggregate amount equal to €325 million, as amended as of November 18, 2013 (the **"Forward Start Facility"**).

The Forward Start Facility was arranged by Banca Infrastrutture Innovazione e Sviluppo S.p.A. (Intesa Sanpaolo Group), BNP Paribas S.A., The Royal Bank of Scotland plc and UniCredit S.p.A.

Borrowings under the Forward Start Facility will be available to be used for general corporate purposes of the Issuer.

Availability

The Forward Start Facility may be utilized from and including April 19, 2013 to and including the date falling one month before the Repayment Date (falling on December 2, 2016).

Drawdowns under the Forward Start Facility are subject to satisfaction of customary conditions precedent.

In addition, the first drawdown under the Forward Start Facility is also subject to the repayment, at the time of the first advance under the Forward Start Facility, of the outstanding indebtedness under the Existing Facilities (as defined in the Forward Start Facility; *i.e.*, the facilities granted under a multi-tranche facility agreement entered into by the Issuer on July 18, 2006 with, *inter alios*, UniCredit (formerly, *inter alia*, MCC S.p.A.—Capitalia Gruppo Bancario), The Royal Bank of Scotland plc and other financial institutions, as lenders, up to €325 million).

Borrower

The Issuer is the borrower under the Forward Start Facility.

Maturity and repayment requirements

The Forward Start Facility matures on December 2, 2016.

Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against the amounts to be drawn on such date. All outstanding amounts under the Forward Start Facility must be repaid in full on the Repayment Date. Amounts repaid by the Issuer on loans made under the Forward Start Facility may be re-borrowed during the availability period, subject to certain conditions.

Representations and warranties

The Forward Start Facility contains certain customary representations and warranties, applying, as the case may be, to the Issuer only or to the other members of the Group too, subject to certain customary materiality and other qualifications, and with certain representations and warranties being repeated, including (i) status and incorporation; (ii) binding obligations; (iii) non-conflict with constitutional documents, laws or other obligations; (iv) power and authority; (v) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) absence of winding up, liquidation or dissolution; (viii) absence of pending or threatened material legal proceedings; (ix) truthfulness and fairness of most recent financial statements delivered; (x) *pari passu* ranking; (xi) taxation and social security contributions.

Covenants

The Forward Start Facility contains certain affirmative and negative covenants applying, as the case may be, to the Issuer only or to the other members of the Group too. Set forth below is a brief description of such covenants, which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

Affirmative covenants

The affirmative covenants include, among others: (i) providing certain financial and other information, including annual and semi-annual financial statements and compliance certificates; (ii) authorizations; (iii) compliance with laws and regulations; (iv) maintenance of material assets; (v) maintenance of insurance coverage; (vi) payment of taxes and social security contributions.

Negative covenants

The negative covenants include restrictions, among others, with respect to (i) the creation of security interests over the Group's material assets ("*negative pledge*") save for certain permitted encumbrances; (ii) certain reorganizations of the Issuer and/or the Group; (iii) changing the general nature of the business of the Group; (iv) acquisitions and disposal of assets; (v) incurring in additional financial indebtedness; (vi) granting of guarantees and loans; and (vii) voluntary decrease of the Issuer's share capital (unless mandated by the applicable law).

Mandatory prepayment

The Forward Start Facility provides for mandatory prepayment of any outstanding amount thereunder in case of (i) a Change of Control (as defined by the Forward Start Facility); (ii) illegality; and (iii) receipt of proceeds under certain extraordinary financing transactions (*operazioni di finanza straordinaria*) and/or under certain credit facilities (*finanziamenti canalizzati*) backed by canalization of the proceeds deriving from the claims made against principals under construction contracts.

Financial covenants

The Forward Start Facility contains the following financial covenants:

- (i) ratio between the consolidated net financial indebtedness and consolidated net worth: less than or equal to 1.45x at year-end and less or equal to 1.60x at the end of the half-year;
- (ii) ratio between the consolidated net financial indebtedness and consolidated EBITDA: less than or equal to 3.00x at year-end and less or equal to 3.30x at the end of the half-year;
- (iii) the Issuer's standalone EBITDA at the end of the half-year and at the year end shall exceed 65% of the Groups' consolidated EBITDA in respect of such relevant periods.

These ratios were amended, for purposes of the second half of 2013 test, respectively to less than 1.95x with respect to the ratio between the consolidated net financial indebtedness and consolidated net worth, less than 3.95x with respect to the ratio between the consolidated net financial indebtedness and consolidated EBITDA and 50% with respect to the ratio of stand-alone EBITDA in respect of the Group's consolidated EBITDA.

Events of Default

The Forward Start Facility provides for customary events of default, applying, as the case may be, to the Issuer only or to the other members of the Group too, which are subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, including without limitation: (i) commencement or threat of an insolvency proceeding against the Issuer or certain of its subsidiaries; (ii) insolvency; (iii) voluntary liquidation, winding up or dissolution of the Issuer or certain of its subsidiaries; (iv) unlawfulness and invalidity; (v) repudiation and rescission; (vi) failure to pay any principal or interest when due subject to a three business day grace period; (vii) failure to comply with any provisions of the Forward Start Facility or any related finance documents (subject to certain exceptions and to a ten business day grace period); (viii) representation and warranties found to be incorrect or misleading in any material respect when made; (ix) breach of the financial covenants provided under the Forward Start Facility; and (ix) cross-default with any financial indebtedness of the Issuer or any other member of the Group.

Other Financing Arrangements

€110,000,000 Loan Agreement entered into with Banca Popolare di Milano and Centrobanca

On July 16, 2009, the Issuer entered into a term loan agreement with a pool of banks led by Banca Popolare di Milano S.c.a.r.l. (substituted by Centrobanca S.p.A. as from September 17, 2012) and composed of Centrobanca S.p.A., KBC NV (now Industrial and Commercial Bank of China), Credito Artigiano S.p.A. (now Credito Valtellinese S.C.), Banca Carige S.p.A., Banca Popolare dell'Etruria e del Lazio Soc. Coop., Banca Popolare di Sondrio S.c.p.a., Banca Sai S.p.A., Banco di Sardegna S.p.A., Europe Arab Bank, Banca delle Marche S.p.A., Banca Nuova S.p.A. (now Banca Popolare di Vicenza S.c.p.a.) and Banca Popolare Sant'Angelo S.c.p.a. for an aggregate amount of €110 million. Borrowings under the loan were made available to be used for general corporate purposes.

On September 17, 2012, an amendment and restatement agreement was entered into in order to extend the final maturity date of a portion of the track of the loan having a fixed interest rate and accordingly reschedule the relevant repayment. The restated portion of the loan (equal to €35.7 million) has a final maturity on September 30, 2017, while the remaining outstanding loans have a final maturity on June 30, 2014.

The loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements. In addition, the loan provides for financial covenants in line with those agreed in respect of the Forward Start Facility, which we have requested to have amended in line with the Forward Start Facility, as described under "*Forward Start Facility—Financial covenants*" above. The loan also provides for customary events of default, all of which are subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

In addition, on December 23, 2010, a portion of the debt under the loan equal to approximately €13.8 million was assumed by Astaldi Concessioni S.r.l. Such portion of the loan also provides for financial covenants in line with those agreed in respect of the Forward Start Facility, as amended as described under "*Forward Start Facility—Financial covenants*" above.

€45,000,000 Committed Revolving Loan entered into with BNP Paribas

On February 4, 2013, the Issuer entered into a committed revolving loan agreement with BNP Paribas for an aggregate amount equal to €45 million (the "**BNP Loan**"). Borrowings under the BNP Loan are available to be used to cover misalignment between costs and revenue of branches in Venezuela in respect of three specific commissions. The Issuer is the borrower under the BNP Loan. The BNP Loan matures on July 20, 2014.

The BNP Loan is guaranteed by SACE S.p.A. ("**SACE**") for an amount equal to 70% of its aggregate amount. It contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements. In addition, the BNP Loan provides for financial covenants in line with those agreed in respect of the Forward Start Facility, as amended as described under "*Forward Start Facility—Financial covenants*".

The BNP Loan provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€60,000,000 Committed Amortizing Loan entered into with Crédit Agricole Corporate and Investment Bank, Milan Branch and Banco Bilbao Vizcaya Argentaria S.A.

On July 30, 2012, the Issuer entered into a committed term loan agreement with Crédit Agricole Corporate and Investment Bank, Milan Branch and Banco Bilbao Vizcaya Argentaria S.A.—Filiale di Milano (“**BBVA**”) for an aggregate amount equal to €60 million (the “**CACIB-BBVA Loan**”). Borrowings under the CACIB-BBVA Loan are available to be used for supporting foreign capital expenditures plan and/or equity investment facility for a concession project in Turkey. The Issuer is the borrower under the CACIB-BBVA Loan. The CACIB-BBVA Loan matures on July 30, 2017.

The CACIB-BBVA Loan is guaranteed by SACE for an amount equal to 67% of its aggregate amount. It contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements. In addition, the CACIB-BBVA Loan provides for financial covenants in line with those agreed in respect of the Forward Start Facility, as amended as described under “*Forward Start Facility—Financial covenants*” above.

The CACIB-BBVA Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements and certain events of default regarding the SACE guarantee.

€50,000,000 Amortizing Loan entered into with Banco Popolare

On July 14, 2008, the Issuer entered into a committed loan agreement with Efibanca S.p.A., Banca Popolare di Lodi S.p.A. and Credito Bergamasco S.p.A. for an aggregate amount equal to €50 million (the “**Banco Popolare Loan**”). In November 2011 and December 2011, respectively, both Efibanca S.p.A. and Banca Popolare di Lodi S.p.A. were merged into Banco Popolare S.c.p.a. and therefore, the Banco Popolare Loan was restated following such merger. Borrowings under the Banco Popolare Loan are available to be used to cover general corporate purposes.

The Issuer is the borrower under the Banco Popolare Loan, which, following the restatement of December 29, 2011, matures on July 14, 2016.

The Banco Popolare Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements, as well as financial covenants in line with those agreed in respect of the Forward Start Facility, as amended, as described under “*Forward Start Facility—Financial covenants*” above. It also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€35,000,000 Amortizing Loan entered into with ING Bank and Centrobanca

On June 22, 2011, the Issuer entered into a committed term loan agreement with ING Bank N.V.—Milan Branch and Centrobanca—Banca di Credito Finanziario e Mobiliare S.p.A. for an aggregate amount equal to €35 million (the “**ING-Centrobanca 1 Loan**”). Borrowings under the ING-Centrobanca 1 Loan are available to be used to support investments in the sector of motorway concessions. The Issuer is the borrower under the ING-Centrobanca 1 Loan, which matures on June 30, 2016 with two extension options of one year each.

The ING-Centrobanca 1 Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements. In addition, the ING-Centrobanca 1 Loan provides for the following financial covenants:

- ratio between the consolidated net financial indebtedness and consolidated net worth: less than 1.60x at year-end and less than 1.75x at the end of the half-year;
- ratio between the consolidated net financial indebtedness and consolidated EBITDA: less than 3.50x at year-end and less than 3.75x at the end of the half-year.

These ratios were amended, for purposes of the second half of 2013 test, as described under “*Forward Start Facility—Financial covenants*”.

The ING-Centrobanca 1 Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€10,000,000 Amortizing Loan entered into with ING Bank and Centrobanca

On February 2, 2012, the Issuer entered into a committed loan agreement with ING Bank N.V.—Milan Branch and Centrobanca—Banca di Credito Finanziario e Mobiliare S.p.A. for an aggregate amount equal to €10 million (the “**ING-Centrobanca 2 Loan**”). Borrowings under the ING-Centrobanca 2 Loan are available to be used to support investments in the sector of motorway concessions. The Issuer is the borrower under the ING-Centrobanca 2 Loan, which matures on June 30, 2016.

The ING-Centrobanca 2 Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements, as well as financial covenants in line with those agreed in respect of the Forward Start Facility, as amended, as described under “*Forward Start Facility—Financial covenants*” above.

The ING-Centrobanca 2 Loan provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€10,000,000 Amortizing Loan entered into with BBVA

On June 5, 2012, the Issuer entered into a committed term loan agreement with BBVA for an aggregate amount equal to €10 million (the “**BBVA Loan**”). Borrowings under the BBVA Loan are available to be used to cover general corporate purposes. The Issuer is the borrower under the BBVA Loan, which matures on December 4, 2015.

The BBVA Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements. In addition, the BBVA Loan provides for the following yearly financial covenants:

- ratio between the consolidated net financial indebtedness and consolidated net worth: less than 1.60x;
- ratio between the consolidated net financial indebtedness and consolidated EBITDA: less than 3.50x.

The BBVA Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€35,000,000 Committed Revolving Loan entered into with Cariparma

On July 23, 2013, the Issuer entered into a committed term loan agreement with Cassa di Risparmio di Parma e Piacenza S.p.A. for an aggregate amount equal to €35 million (the “**Cariparma Loan**”). Borrowings under the Cariparma Loan are available to be used to cover misalignment between costs and revenue in respect of foreign projects. The Issuer is the borrower under the Cariparma Loan, which matures on January 22, 2015.

The Cariparma Loan is guaranteed by SACE for an amount equal to 70% of its aggregate amount. It contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements, as well as financial covenants in line with those agreed in respect of the Forward Start Facility, as amended, as described under “*Forward Start Facility—Financial covenants*” above.

The Cariparma Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€30,000,000 Amortizing Loan entered into with Banca del Mezzogiorno

On May 17, 2013, the Issuer entered into a committed term loan agreement with Banca del Mezzogiorno—Mediocredito Centrale S.p.A. for an aggregate amount equal to €30 million (the “**Banca del Mezzogiorno Loan**”). Borrowings under the Banca del Mezzogiorno Loan are available to be used

to cover financing needs relating to commissions in the southern regions of Italy. The Issuer is the borrower under the Banca del Mezzogiorno Loan, which matures on June 30, 2016.

The Banca del Mezzogiorno Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements, as well as yearly financial covenants in line with those agreed in respect of the Forward Start Facility, which have been amended to 1.95x as to the ratio between the consolidated net financial indebtedness and consolidated net worth and to 3.90x as to the ratio between the consolidated net financial position and consolidated EBITDA.

The Banca del Mezzogiorno Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€30,000,000 Amortizing Loan entered into with WestLB AG

On August 7, 2008, the Issuer entered into a committed loan agreement with WestLB AG—Succursale di Milano for an aggregate amount equal to €30 million (the “**WestLB Loan**”). The WestLB Loan has been restated on December 20, 2011. As of June 30, 2012 WestLB was downsized and Portigon Financial Services AG became the legal successor of WestLB. Borrowings under the WestLB Loan are available to be used to cover general corporate purposes. The Issuer is the borrower under the WestLB Loan, which following the restatement occurred in 2011, matures on August 7, 2015.

The WestLB Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements, as well as financial covenants in line with those agreed in respect of the Forward Start Facility, as amended as described under “*Forward Start Facility—Financial covenants*” above.

The WestLB Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€80,000,000 Amortizing Loan entered into with HSBC and Türkiye İş Bankası A.Ş.

On August 12, 2011, the Issuer entered as guarantor into a committed term loan agreement with HSBC Bank plc and Türkiye İş Bankası A.Ş., Baskent Corporate Branch for an aggregate amount equal to €80 million (the “**HSBC-IS Bank Loan**”). Borrowings under the HSBC-IS Bank Loan are available to be used to sustain investments in the construction of a terminal building for the Bodrum Airport in Turkey and to refinance an existing bridge loan. Mondial Milas-Bodrum Havalimani Uluslararası Terminal İşletmeciliği ve Yatırım A.Ş., a special purpose vehicle controlled by Astaldi Concessioni S.r.l., is the borrower under the HSBC-IS Bank Loan, which matures on July 31, 2015.

The Issuer acts as guarantor under the HSBC-IS Bank Loan.

The HSBC-IS Bank Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements. In addition, the HSBC-IS Bank Loan provides for the following financial covenants to be applied to the Issuer in its capacity of guarantor:

- ratio between the net financial indebtedness and net worth: less than or equal to 1.60x;
- ratio between net financial indebtedness and consolidated EBITDA: less than or equal to 3.50x at year-end.

The HSBC-IS Bank Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

USD 36,000,000 Amortizing Loan entered into with UniCredit and MPS Capital Services

On August 5, 2009, the Issuer entered as guarantor into a committed term loan agreement with UniCredit—MediaCredito Centrale S.p.A. and MPS Capital Services Banca per le Imprese S.p.A. for an aggregate amount equal to U.S.\$ 36 million (the “**Assimco Loan**”). Borrowings under the Assimco Loan are available to be used to sustain investment, acting through Cachapoal Inversiones Limitada, in equity of Pacific Hydro Chacayes S.A. in the context of the development of a hydroelectric power plant in Chile. Inversiones Assimco Limitada is the borrower under the Assimco Loan, which matures on August 5, 2016.

The Issuer acts as guarantor under the Assimco Loan, which is secured by a pledge on the shares held by the Issuer in the share capital of the borrower a pledge over shares of Cachapoal Inversiones Limitada, certain pledges over balance of bank accounts and certain irrevocable payment instructions. During August 2013, the Assimco Loan has been reimbursed for an amount equal to approximately U.S.\$13.5 million.

The Assimco Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar arrangements. The Assimco Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

Other Committed Facilities

We are parties to certain other committed facilities that we use to fund the working capital needs of our business, some of which are short-term. The total aggregate outstanding amount of such committed facilities amounted to €33.7 million as of September 30, 2013. Such loans will remain outstanding following the Offering.

Mortgage Loans

The Issuer is also party to a mortgage loan of €3.9 million related to our corporate offices in Milan, Italy and a mortgage loan of €1.3 million related to our offices in Florida (United States).

Uncommitted Facilities

We also maintain short-term uncommitted lines with numerous financial institutions for a total aggregate outstanding amount of €407 million as of September 30, 2013, these have historically been renewed. Certain of such uncommitted lines will remain outstanding following the Offering.

Financing Related to Assets Held for Sale

As of September 30, 2013, our 5 Car Parks projects (see “*Business—Business Lines—Concessions*”) have been classified as assets held for sale and in July 2013, they have been contributed, together with the loans that we had entered into in connection with such projects, into two special purpose vehicles set up for their sale. We will remain guarantors under such loans until the completion of the sale of such assets. The following is a brief summary of such loans.

€18,500,000 Amortizing Loan entered into with GE Capital

On June 4, 2009, the Issuer entered into a committed term loan agreement with GE Capital S.p.A. (formerly Interbanca S.p.A.) for an aggregate amount equal to €18.5 million (the “**GE Capital Loan**”). Borrowings under the GE Capital Loan are available to be used to cover design and construction costs of the Verona car park. The Issuer was the original borrower under the GE Capital Loan; following the incorporation of Astaldi Concessioni S.r.l. in 2010, Astaldi Concessioni became, further to a transfer as a going concern, the borrower under the GE Capital Loan, which matures on December 31, 2027.

The Issuer acts as guarantor up to a maximum of €24.5 million, under the GE Capital Loan and under the related hedging arrangements. Furthermore, the GE Capital Loan is secured by a mortgage on land, an assignment of receivables arising under project contracts and an assignment of insurance receivables. The Issuer is also guarantor up to a maximum amount of €6.1 million under the hedging agreements executed in connection with the GE Capital Loan.

The GE Capital Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements. In addition, the GE Capital Loan provides for the following financial covenants to be applied to the Issuer in its capacity of guarantor:

- ratio between the net financial indebtedness and net worth: less than 1.60x at year-end;
- ratio between net financial indebtedness and consolidated EBITDA: less than 3.50x at year-end.

The GE Capital Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€12,300,000 Amortizing Loan entered into with Banco Popolare (formerly Efibanca)

On May 21, 2008, the Issuer entered into a committed term loan agreement with Efibanca S.p.A. (now Banco Popolare S.c.p.a.) for an aggregate amount equal to €12.3 million (the “**Efibanca Loan**”). Borrowings under the Efibanca Loan are available to be used to refinance design and construction costs of the Bologna car park. The Issuer was the original borrower under the Efibanca Loan; following the incorporation of Astaldi Concessioni S.r.l. in 2010, Astaldi Concessioni became the borrower under the Efibanca Loan, which matures on May 21, 2025.

The Issuer acts as guarantor up to a maximum of €15.0 million under the Efibanca Loan. Moreover, the Efibanca Loan is secured by an undertaking to canalize the rents arising under the ongoing concerns lease agreements with APCOA Parking Austria AG, an assignment of receivables arising *vis-à-vis* APCOA Parking Italia S.p.A., an assignment of receivables arising under the bank guarantee granted for the benefit of APCOA Parking Italia S.p.A., in favor of the Issuer, and certain irrevocable payment instructions and a collection mandate. The Issuer is also guarantor up to a maximum amount of €2.3 million under the hedging agreements executed in connection with the Efibanca Loan.

The Efibanca Loan contains certain customary affirmative and negative covenants, in line with the prevailing market practice for similar agreements while it does not include financial covenants.

The Efibanca Loan also provides for customary events of default, subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar agreements.

€130,000,000 4.50% Equity Linked Notes due January 31, 2019

On January 31, 2013, the Issuer issued Equity Linked Notes in an aggregate principal amount of €130.0 million due 2019, at a price equal to 100% of their principal amount. The Equity Linked Notes have been issued and sold in a private placement transaction and have been subsequently listed on the Luxembourg Stock Exchange. The Equity Linked Notes are in bearer form in principal amounts of €100,000.

The Equity Linked Notes are unsecured and not guaranteed by any third party, and constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Interest payments

Interest on the Equity Linked Notes is equal to 4.5% p.a. payable semi-annually in cash in arrears on January 31 and July 31 of each year, commencing on July 31, 2013.

Conversion

At any time starting from the first anniversary of the issue date (or, if earlier, upon the occurrence of certain change of control events or events of default), the Equity Linked Notes may be converted into existing or newly issued fully paid in shares of the Issuer, without prejudice to the Issuer's right to regulate any conversion through the delivery of ordinary shares or through the payment of cash or a combination of ordinary shares and cash (cash settlement option).

The conversion price as of the issue date of the Equity Linked Notes was equal to €7.3996 and incorporated a conversion premium of 35% with regard to the average price of Astaldi shares traded on the Italian stock exchange on January 14, 2013. The terms and conditions of the Equity Linked Notes provide for certain adjustment mechanisms of the relevant conversion price during the life of the Equity Linked Notes.

Redemption and repurchase

The Issuer has the option to redeem the Equity Linked Notes in whole, but not in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the date of redemption: (i) if the market price of the Issuer's shares exceeds a certain threshold in respect of the conversion price of the Equity Linked Notes for a specified period of time; and (ii) if less than 15% of the Equity Linked Notes originally issued remain outstanding.

Additionally, the Issuer has the option to redeem the Equity Linked Notes in whole, but not in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the date of redemption, in the event of specified developments affecting taxation.

The Issuer is also required, at the option of the holder of any Equity Linked Note, to make an offer to purchase certain amounts of the Equity Linked Notes upon certain change of control events at a price equal to 100% of their principal amount plus any accrued and unpaid interest.

The Issuer or any of its subsidiaries may also at any time purchase the Equity Linked Notes in the open market or otherwise and at any price, provided that all unmatured coupons are purchased therewith.

Covenants

The terms and conditions of the Equity Linked Notes contains customary covenants which include, among others, restrictions on the ability of the Issuer and certain of its subsidiaries to create encumbrances and enter into certain asset sales.

Additionally, for so long as any conversion rights remain exercisable, the Issuer, among other things:

- shall keep available for issue free from pre-emptive rights or other similar issue free from pre-emptive or other similar rights out of its authorized but unissued share capital such number of shares as would enable such conversion rights, and all other rights to subscribe, purchase or otherwise acquire shares;
- shall immediately notify the relevant trustee and the holders of the Equity Linked Notes of any consolidation, amalgamation or merger of the Issuer with any other corporation or of any sale or transfer of all or substantially all of its assets;
- will be subject to certain restrictions concerning, among other things (i) the creation of new classes of shares; (ii) save for certain exceptions, the issue or payment of securities by way of capitalization of profits or reserves; (iii) save for certain exception, the reduction of its issued share capital, share premium account or any non-distributable reserves.

Events of Default

The terms and conditions of the Equity Linked Notes contain customary events of default (subject to custom materiality and other qualifications, exception, baskets and/or grace periods, as appropriate, in line with the prevailing market practice for similar documents) which include, among others:

- non-payment of principal or interest under the Equity Linked Notes when due;
- breach of other obligations under the Equity Linked Notes and the relevant trust deed;
- occurrence of certain defaults by the Issuer or certain of its subsidiaries under other indebtedness;
- insolvency of the Issuer or certain of its subsidiaries;
- winding up, liquidation or dissolution of the Issuer or certain of its subsidiaries.

DESCRIPTION OF THE NOTES

The following is a description of the €500 million in aggregate principal amount of 7.125% senior notes due 2020 (the “**Notes**”). The Notes will be issued by Astaldi S.p.A, a *società per azioni* incorporated under the laws of Italy (the “**Company**”), pursuant to an indenture to be entered into on the Issue Date (the “**Indenture**”) among, *inter alios*, the Company and HSBC Corporate Trustee Company (UK) Limited, as trustee and legal representative of the holders of the Notes (*mandatario con rappresentanza*) and common representative (*rappresentante comune*) of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code (the “**Trustee**”), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). Unless the context requires otherwise, references in this “Description of the Notes” to the Notes include the Notes and any additional notes that are issued under the Indenture. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes. It does not restate the Indenture or the Notes in their entirety. We urge you to read the Indenture and the form of Note because they, and not the following description, define the rights of the holders of the Notes. Copies of the Indenture and the form of Note are available as set forth below under “—Additional Information”.

Certain defined terms used in this description but not defined below under “—Certain Definitions” have the meanings ascribed to them in the Indenture. You can find the definitions of certain terms used in this description under “—Certain Definitions”. In this description the term “Company” refers only to Astaldi S.p.A and not to any of its Subsidiaries. The words “we”, “us”, “our” and “group” each refer to the Company and its consolidated subsidiaries.

The registered holder of a Note will be treated as the owner of such Note for all purposes under the Indenture. Only registered holders of Notes will possess rights under the Indenture.

Description of the Notes

The Notes will be general unsecured obligations of the Company and will rank *pari passu* in right of payment with all existing and future Indebtedness of the Company that is not subordinated to the Notes. The Notes will rank senior in right of payment to any and all future obligations of the Company that are subordinated to the Notes and will be effectively subordinated to any existing and future secured Indebtedness of the Company to the extent of the value of the assets securing such Indebtedness (unless such assets also secure the Notes on an equal and ratable or prior basis).

On the Issue Date, none of the Company’s Restricted Subsidiaries will guarantee the Notes. Under certain circumstances following the Issue Date, including in order to comply with the “Limitation on Issuance of Guarantees of Indebtedness” covenant, one or more Restricted Subsidiary of the Company (in such capacity, a “**Guarantor**”) may unconditionally and irrevocably guarantee the Notes, on a joint and several basis (each, a “**Note Guarantee**” and, collectively, the “**Note Guarantees**”). Each such Note Guarantee will be a general unsecured obligation of the relevant Guarantor and will rank *pari passu* in right of payment with all existing and future senior Indebtedness of that Guarantor. Each such Note Guarantee will rank senior in right of payment to any future subordinated Indebtedness of the relevant Guarantor and will be effectively subordinated to any existing and future secured Indebtedness of that Guarantor to the extent of the value of the assets securing such Indebtedness (unless such assets also secure the Note Guarantee on an equal and ratable or prior basis).

Any right of the Company to receive assets of any of its non-Guarantor Subsidiaries upon that non-Guarantor Subsidiary’s bankruptcy, liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-Guarantor Subsidiary’s creditors, except to the extent that the Company is itself recognized as a creditor of that non-Guarantor Subsidiary, in which case the claims of the Company would still be subordinated in right of payment to any security in the assets of that non-Guarantor Subsidiary and any Indebtedness of that non-Guarantor Subsidiary senior to that held by the Company. For the twelve months ended September 30, 2013, the Company represented 61.9% of our Consolidated EBITDA (net of consolidation adjustments) and, as of September 30, 2013, the Company represented 81.6% of our Total Assets (net of consolidation adjustments).

As at September 30, 2013, after giving *pro forma* effect to the issuance of the Notes and the application of the net proceeds therefrom, the Company would have had €58.6 million of secured Indebtedness, and

the Company's Restricted Subsidiaries would have had €139.2 million of Indebtedness to which the Notes would have been effectively subordinated. See *“Risk Factors—Risks Relating to the Notes and the Structure—The Notes will be effectively subordinated to the rights of any future secured creditors to the extent of the value of the assets securing such indebtedness”* and *“Description of Certain Other Indebtedness”*.

As of the Issue Date, all of the Company's Subsidiaries will be “Restricted Subsidiaries”. In addition, as of the Issue Date certain Qualifying Joint Ventures will be designated as Restricted Subsidiaries and will be subject to the restrictive covenants contained in the Indenture, even though the Company holds 50% or less of the Voting Stock of any such entities.

In addition, certain of the Company's operations are conducted through Qualifying Joint Ventures that will not be designated as Restricted Subsidiaries and through Unrestricted Subsidiaries. Such Qualifying Joint Ventures and Unrestricted Subsidiaries will not be subject to many of the restrictive covenants contained in the Indenture. Under the circumstances described below under “—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries and Qualifying Joint Ventures”, the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries”, designate a Qualifying Joint Venture as a Restricted Subsidiary or redesignate a Qualifying Joint Venture that at the time of such redesignation was a Restricted Subsidiary as a Qualifying Joint Venture. See “—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries and Qualifying Joint Ventures”.

Principal, Maturity and Interest

The Company will issue €500 million in aggregate principal amount of Notes in this offering. The Company may issue additional notes under the Indenture from time to time after this offering. Any issuance of additional notes is subject to all of the covenants contained in the Indenture, including the covenant described below under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”. The Notes and any additional notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase; *provided, however* that if additional notes are not fungible with the original Notes for U.S. federal income tax purposes, such additional notes will have a separate CUSIP number. The Company will issue Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on December 1, 2020 (the “**Maturity Date**”).

Interest on the Notes will accrue at the rate of 7.125% per annum on the outstanding principal amount of the Notes and will be payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2014, subject to such dates being Business Days for payment in the TARGET system and Italy and, if not, payments will be made on the immediately following Business Day. Interest on overdue principal and interest, including Additional Amounts, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. The Company will make each interest payment to the holders of record on the immediately preceding May 15 and November 15.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agents and Registrar for the Notes

The Company will maintain one or more paying agents (each, a “**Paying Agent**”) for the Notes in the City of London. The Company will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC. The initial Paying Agent will be HSBC Bank plc.

The Company will also maintain one or more registrars (each, a “**Registrar**”) with offices in London for so long as the Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange (the “**Euro MTF**”). The Company will also maintain a transfer agent (a “**Transfer Agent**”). The initial Registrar and Transfer Agent will be HSBC Bank plc. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and facilitate transfer of Definitive Registered Notes on behalf of the Company. The Paying Agent will make payments on the Definitive Registered Notes on behalf of the Company. Each Transfer Agent shall perform the functions of a transfer agent.

The Company may change the Paying Agents, the Registrars or the Transfer Agent without prior notice to the holders of the Notes. For so long as the Notes are listed on the Euro MTF and the rules of the

Luxembourg Stock Exchange so require, the Company will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange.

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the “**144A Global Notes**”), and Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the “**Reg S Global Notes**” and together with the 144A Global Notes, the “**Global Notes**”).

During the 40-day distribution compliance period, book-entry interests in the Reg S Global Notes may be transferred only to non-U.S. Persons in accordance with Regulation S under the Securities Act or to persons whom the transferor reasonably believes are “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

Ownership of interests in the Global Notes (“**Book-Entry Interests**”) will be limited to Persons that have accounts with Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking, *société anonyme* (“**Clearstream**”) or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “Notice to Investors”. In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream in accordance with customary procedures and will be subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note, or the “**Restricted Book-Entry Interests**”, may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Reg S Global Note, or the “**Reg S Book-Entry Interests**”, only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If definitive registered Notes in certificated form (“**Definitive Registered Notes**”) are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required under the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as provided in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to the restrictions on transfer summarized below and described more fully under “Notice to Investors”.

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to Persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Company is not required to register the transfer of any Definitive Registered Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of Notes;
- (2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (3) for a period of 15 days prior to the record date with respect to any interest payment date; or
- (4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by the Company under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or any Guarantor with respect to its Note Guarantee will be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any jurisdiction in which the Company or any Guarantor (including any successor entity) is then incorporated, engaged in business or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction from or through which payment is made by or on behalf of the Company or any Guarantor (including, without limitation, the jurisdiction of any Paying Agent) (each, a “**Tax Jurisdiction**”), is required by law or by the official interpretation or administration thereof to be made by the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Company or the relevant Guarantor, as applicable, will pay such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received in respect of such payments by each holder (including Additional Amounts) after such withholding or deduction will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes to the extent such Taxes would not have been imposed but for the holder or a Beneficial Owner of the Notes being a citizen or resident or national of, or incorporated or carrying on a business in, the relevant Tax Jurisdiction in which such Taxes are imposed or having any other present or former connection with the relevant Tax Jurisdiction, other than the mere acquisition, holding, exercise or enforcement of rights or the receipt of payment in respect of Notes or with respect to any Note Guarantee;
- (2) any Taxes to the extent such Taxes are imposed or withheld as a result of the failure of the holder or a Beneficial Owner of the Notes to comply with any reasonable written request, made to that holder or Beneficial Owner in writing at least 30 days before any such withholding or deduction would be payable, by the Company or any Guarantor to provide timely and accurate information concerning the nationality, residence or identity of such holder or Beneficial Owner or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to exemption from or reduction in all or part of such Taxes;
- (3) any Taxes to the extent such Taxes were imposed or withheld as a result of presentation of a Note for payment more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);
- (4) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;
- (5) any Taxes withheld, deducted or imposed on a payment to an individual and that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;
- (6) any Taxes to the extent imposed on or with respect to any payment made to a holder of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

- (7) any Taxes payable other than by deduction or withholding from payments under or with respect to the Notes or with respect to any Note Guarantee;
- (8) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof or any agreements (including any intergovernmental agreement) entered into in connection therewith;
- (9) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Legislative Decree No. 239**")) and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997; provided that:
 - (a) Additional Amounts shall be payable in circumstances in which the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due to the actions or omissions of the Company or any Guarantor or their agents; and
 - (b) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent such Taxes result from payment to a non Italian resident legal entity or a non Italian resident individual which are subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (white list) and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of the approval of the ministerial Decree to be issued under art. 168 bis D.P.R. No. 917 of 22nd December 1986 which may amend the list of the countries which allow for a satisfactory exchange of information with Italy, whereby such Holder's country of residence does not appear on the new list; or
- (10) any combination of items (1) through (9) above.

No Additional Amounts will be paid with respect to a payment on any Note or any Note Guarantees to a holder that is a fiduciary, limited liability company or partnership or any other person other than the sole Beneficial Owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary, a member of such partnership or limited liability company or the Beneficial Owner of such payment would not have been entitled to receive payment of the Additional Amounts had the beneficiary, settlor, member or Beneficial Owner been the holder of the Note.

In addition to the foregoing, the Company will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by a Tax Jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Note Guarantee or any other document referred to therein (other than a transfer of Notes after this offering), or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Note Guarantee, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of a Tax Jurisdiction other than those resulting or required to be paid in connection with, the enforcement of the Notes or any Note Guarantee following the occurrence of any Default or Event of Default.

If the Company or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Company or the relevant Guarantor, as the case may be, will deliver to the Trustee and the Paying Agents on a date that is at least 30 days prior to the date of such payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Company or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders of the Notes on the relevant payment date. The Trustee shall be entitled to rely solely without further investigation or verification on such Officer's Certificate as conclusive proof that such payments are necessary. The Company or the relevant Guarantor, as the case may be, will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of such Additional Amounts.

The Company or the relevant Guarantor, if any, will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or the relevant Guarantor, if any, will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Company or the relevant Guarantor, if any, will furnish to a holder upon written request, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Company or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not available, other evidence of payments reasonably deemed appropriate by the Company or the relevant Guarantor.

Whenever in the Indenture or in this "Description of the Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes, or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or Beneficial Owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Company or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

Optional Redemption

At any time prior to December 1, 2016, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 107.125% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering by the Company or a contribution to the Company's common equity capital made with the net cash proceeds of a concurrent Equity Offering by the Company's direct or indirect Parent; *provided* that:

- (1) at least 65% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries and including any additional notes issued under the Indenture) remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

At any time prior to December 1, 2016, the Company may on any one or more occasions redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—Redemption for Changes in Taxes", the Notes will not be redeemable at the Company's option prior to December 1, 2016.

On or after December 1, 2016, the Company may on any one or more occasions redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on December 1 of the years indicated below, subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2016	103.563%
2017	101.781%
2018 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice of redemption effected in accordance with the “Optional Redemption” provisions described above may, in the discretion of the Company, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Company may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days’ prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described below under “—Selection and Notice”), at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (a “**Tax Redemption Date**”) and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Company or the relevant Guarantor is or would be required to pay Additional Amounts, and the Company or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available, and the requirement arises as a result of:

- (1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of the relevant Tax Jurisdiction affecting taxation which change or amendment becomes effective on or after the Issue Date (or, if the relevant Tax Jurisdiction has changed since the Issue Date, the date on which the then current Tax Jurisdiction became the relevant Tax Jurisdiction under the Indenture); or
- (2) any change in, or amendment to, the existing official position or the introduction of an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change, amendment, application or interpretation is publicly announced and becomes effective on or after the Issue Date (or, if the relevant Tax Jurisdiction has changed since the Issue Date, the date on which the then current Tax Jurisdiction became the relevant Tax Jurisdiction under the Indenture)

(each of the foregoing clauses (1) and (2), constitute a “**Change in Tax Law**”).

The Company will give any such notice of redemption at least 30 days and not earlier than 60 days prior to the earliest date on which the Company or relevant Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes or any Note Guarantee were then due. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee an Opinion of Counsel of recognized standing, to the effect that there has been such change or amendment which would entitle the Company or relevant Guarantor to redeem the Notes under the Indenture. In addition, before the Company publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer’s Certificate to the effect that the Company or relevant Guarantor cannot avoid its obligation to pay Additional Amounts by the Company or relevant Guarantor taking reasonable measures available to it.

The Trustee will accept such Officer’s Certificate and Opinion of Counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing provisions will apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes. The Company and its Restricted Subsidiaries may, from time to time, effect open market purchases of the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer (a "**Change of Control Offer**") a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "**Change of Control Payment**"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within ten days following any Change of Control, the Company will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date (the "**Change of Control Payment Date**") specified in such notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required under the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions set forth in the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions set forth in the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered;
- (3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company; and
- (4) deliver or cause to be delivered to the Paying Agent the Notes properly accepted.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each holder of Definitive Registered Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent appointed by it) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder of Definitive Registered Notes a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any, provided that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder of the Note's right to require the Company to repurchase such holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

Finally, the Company's ability to pay cash to the holders of the Notes following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Relating to the Notes and the Structure—We may not be able to finance a change of control offer*".

The Company will not be required to make a Change of Control Offer upon a Change of Control if:

- (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer; or
- (2) notice of redemption has been given under the Indenture as described above under "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, the Company will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange. For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution of the aforesaid publication and posting mechanisms.

Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

- (1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liability, contingent or otherwise) in connection with the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and
- (2) at least 75% of the consideration received by the Company or such Restricted Subsidiary in connection with the Asset Sale (except to the extent the Asset Sale is a Permitted Asset Swap) is in the form of cash or Cash Equivalents or Temporary Cash Investments. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Company or such Restricted Subsidiary from or indemnifies against further liability;

- (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that within 180 days following the closing of such Asset Sale, subject to ordinary settlement periods, converted by the Company or such Restricted Subsidiary into cash to the extent of the cash or Cash Equivalents or Temporary Cash Investments received in that conversion;
- (c) any stock or assets of the kind referred to in clauses (2) or (5) of the next paragraph of this covenant set forth below;
- (d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from or indemnified against any liability under any Guarantee or other similar obligation provided in respect of such Indebtedness in connection with such Asset Sale;
- (e) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary received from Persons who are not the Company or any Restricted Subsidiary; and
- (f) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed €10 million (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

- (1) to repay, prepay, purchase or redeem (a) Indebtedness and other obligations of the Company or any Guarantor that are secured by a Lien, (b) Indebtedness of a non-Guarantor Restricted Subsidiary of the Company or Indebtedness of the Company or a Guarantor with a stated final maturity date earlier than the Maturity Date (other than Indebtedness owed to the Company or a Restricted Subsidiary of the Company) or (c) other Indebtedness of the Company or any Guarantor that is *pari passu* to the Notes at a price of no more than 100% of the principal amount of such Indebtedness; *provided* in the case of this clause (c) a simultaneous offer is made to holders of the Notes at a purchase price equal to 100% of the principal amount thereof, and in the case of clauses (a), (b) and (c), such amount may include accrued and unpaid interest to the date of such repayment, and, if in any such case, the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;
- (2) to (i) acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Company, or (ii) acquire the Capital Stock of any other Person engaged in a Permitted Business in connection with any stock for stock or asset swap transaction;
- (3) to the extent such Asset Sale relates to the sale of Capital Stock of a Qualifying Joint Venture or an Unrestricted Subsidiary, to make Investments in Qualifying Joint Ventures or Unrestricted Subsidiaries engaged in a Permitted Business (substantially all of the activity of which is, or will be, the ownership and/or development and/or operation of a project or concession or construction agreement); *provided* that any such investment made pursuant to a binding agreement or commitment that is executed or approved within such time frame will satisfy this requirement, so long as such investment is consummated within 36 months of the expiration of the 365-day term set forth herein and; *provided further*, any net income derived from the sale of any such Qualifying Joint Venture or an Unrestricted Subsidiary that is applied as set out in the clause (3) will not increase the amounts available for Restricted Payments under clause (c)(i) of the first paragraph of the “—Restricted Payments” covenant;
- (4) to make a capital expenditures in any Permitted Business;
- (5) to acquire other assets (other than Capital Stock) that are not classified as current assets under IFRS and that are used or useful in a Permitted Business; or
- (6) any combination of (1) through (5) above.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph or third paragraph of this covenant will constitute “**Excess Proceeds**”. When the aggregate amount of Excess Proceeds exceeds €20 million, within 20 Business Days thereof, the Company will make an offer (an “**Asset Sale Offer**”) to all holders of Notes and, to the extent the Company elects, to all holders of other Indebtedness ranking *pari passu* with the Notes to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and such other *pari passu* Indebtedness to be purchased on a *pro rata* basis, based on the amounts tendered or required to be prepaid or redeemed. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Euro Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined below). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Asset Sale Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the “**Asset Sale Offer Period**”). No later than five Business Days after the termination of the Asset Sale Offer Period (the “**Asset Sale Purchase Date**”), the Company will purchase the aggregate principal amount of Notes, and, to the extent it elects, Indebtedness ranking *pari passu* with the Notes required to be purchased pursuant to this covenant (the “**Asset Sale Offer Amount**”) or, if less than the Asset Sale Offer Amount has been so validly tendered, all Notes and *pari passu* Indebtedness validly tendered in response to the Asset Sale Offer.

On or before the Asset Sale Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Sale Offer Amount of Notes and *pari passu* Indebtedness or portions of Notes and such *pari passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Sale Offer, or if less than the Asset Sale Offer Amount has been validly tendered and not properly withdrawn, all Notes and *pari passu* Indebtedness so validly tendered and not properly withdrawn and, in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the “Change of Control” or “Asset Sale” provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under any such provision of the Indenture by virtue of such compliance.

The agreements governing the Company’s Indebtedness contain, and future agreements may contain, prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale and including repurchases of or other prepayments in respect of the Notes. The exercise by the holders of Notes of their right to require the Company to repurchase Notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on the Company. In the event a Change of Control or Asset Sale occurs at a time when the Company is prohibited from purchasing Notes, the Company could seek the consent of its lenders under the facilities prohibiting such repurchase to the purchase of Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain a consent or repay those borrowings, the Company will

remain prohibited from purchasing Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture, which, in turn, could constitute a default under the other Indebtedness. Finally, the Company's ability to pay cash to the holders of Notes upon a repurchase may be limited by the Company's then existing financial resources.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Registrar will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form, as discussed under "Book-Entry, Delivery and Form", based on a method that most nearly approximates a *pro rata* selection as the Trustee deems fair and appropriate) unless otherwise required by law or applicable stock exchange or depositary requirements.

No Notes of €100,000 or less can be redeemed in part. The Registrar will not be liable for any selections made by it in accordance with this paragraph. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. Notices of redemption may not be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and, in connection with any redemption, the Company will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Changes in Covenants when Notes Rated Investment Grade

If on any date following the date of the Indenture:

- (1) the Notes are rated Baa3 or better by Moody's and BBB – or better by S&P (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other internationally recognized statistical rating organization); and
- (2) no Default or Event of Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this description will be suspended and in each case any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

- (a) "—Repurchase at the Option of Holders—Asset Sales";
- (b) "—Restricted Payments";
- (c) "—Incurrence of Indebtedness and Issuance of Preferred Stock";
- (d) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";
- (e) clause (4) of the covenant described below under "—Merger, Consolidation or Sale of Assets";
- (f) "—Transactions with Affiliates"; and
- (g) "—Designation of Restricted and Unrestricted Subsidiaries".

Notwithstanding the foregoing, if the rating assigned by any such rating agency should subsequently decline to below Baa3 or BBB – (for both Moody’s and S&P), respectively, the foregoing covenants will be reinstated as of and from the date of such rating decline. Calculations under the reinstated “Restricted Payments” covenant will be made as if the “Restricted Payments” covenant had been in effect since the date of the Indenture, except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. In addition, no action taken during an Investment Grade Status Period (or prior to or after an Investment Grade Status Period in compliance with the covenants then applicable) will require reversal or constitute a default under the Indenture in the event that the suspended covenants are subsequently reinstated or suspended, as the case may be. On the date of reinstatement of the covenants, all Indebtedness Incurred during the continuance of the Investment Grade Status Period will be classified, at the Company’s option, as having been Incurred pursuant to the first paragraph of the covenant described under “—Limitation on Indebtedness” or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the date of reinstatement of the covenants and after giving effect to Indebtedness Incurred prior to the Investment Grade Status Period and outstanding on the date of reinstatement of the covenants).

To the extent such Indebtedness would not be so permitted to be incurred under the first paragraph of the covenant described under “—Limitation on Indebtedness,” such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under “—Limitation on Indebtedness.”

There can be no assurance that the Notes will ever achieve or maintain an investment grade rating.

Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Company’s or any of its Restricted Subsidiaries’ Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company’s or any of its Restricted Subsidiaries’ Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect Parent of the Company, in each case held by Persons other than the Company or a Restricted Subsidiary of the Company;
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Obligation (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except a payment of interest or principal at the Stated Maturity thereof or the purchase, redemption, defeasance or other acquisition or retirement of Indebtedness purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, redemption, defeasance or other acquisition or retirement; or
- (4) make any Restricted Investment,

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as “**Restricted Payments**”), unless, at the time of and after giving effect to such Restricted Payment:

- (a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under “—Incurrence of Indebtedness and Issuance of Preferred Stock”; and

- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8) and (9) of the next succeeding paragraph), is less than the sum, without duplication, of:
- (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing on January 1, 2014 to the end of the Company's most recently ended fiscal quarter for which financial statements are available to holders of Notes at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, minus 100% of such deficit); *plus*
 - (ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests of the Company or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case, that have been converted into or exchanged for Qualifying Equity Interests of the Company (other than Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Company); *plus*
 - (iii) to the extent that any Restricted Investment that was made after the Issue Date is (A) sold, disposed of, redeemed, retired, acquired or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities received by the Company or any Restricted Subsidiary, or (B) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the amount of cash initially invested in such Restricted Investment; *plus*
 - (iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is re-designated as a Restricted Subsidiary or otherwise merges, consolidates, amalgamates with or into, the Company or a Restricted Subsidiary after the Issue Date, the lesser of (A) the Fair Market Value of the Company's Restricted Investment in such Subsidiary as of the date of such re-designation, merger, consolidation, amalgamation or liquidation or (B) the Fair Market Value of the Company's investment in such Subsidiary as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date to the extent such investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*
 - (v) 100% of any dividends received in cash by the Company or any Restricted Subsidiary of the Company after the Issue Date from an Unrestricted Subsidiary or a Qualifying Joint Venture of the Company, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Company for such period.

The preceding provisions will not prohibit:

- (1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;
- (2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (c)(ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;
- (3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of their respective

Equity Interests, *provided* that if the Company or any Restricted Subsidiary is a holder of such Equity Interests it shall receive no less than a *pro rata* share of such dividend;

- (4) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;
- (5) the purchase, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €5.0 million in any twelve-month period (with unused amounts rolled-over and available in subsequent two twelve-month periods); *plus* the net cash proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Equity Interests to a Parent) from, or as a contribution to the equity (in each case under this clause (5), other than through the issuance of Disqualified Stock) of the Company from, the issuance or sale to Management Investors of Equity Interests (including any options, warrants or other rights in respect thereof), to the extent such net cash proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant *and, provided further*, that the cancellation of Indebtedness owing to the Company from any current or former officer, director or employee (or any permitted transferees thereof) of the Company or any of its Restricted Subsidiaries (or any direct or indirect parent company thereof), in connection with a repurchase of Equity Interests of the Company from such Persons will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provisions of the Indenture;
- (6) the purchase, repurchase, redemption, defeasance or other acquisition of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;
- (7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary of the Company issued on or after the Issue Date in accordance with the covenant described below under “—Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (8) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (a) the exercise of options or warrants or (b) the conversion or exchange of Capital Stock of any such Person;
- (9) payment of dividends during the year ending December 31, 2014 with respect to the year ending December 31, 2013 in an amount not to exceed 50% of the Consolidated Net Income of the Company for the year ending December 31, 2013 (determined based on the Company's reported financial statements); and
- (10) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed the greater of (x) €40 million and (y) 12.5% of Consolidated EBITDA of the Company (for the most recent four-quarter period for which internal financial statements are available prior to the date of any determination), in each case since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Notwithstanding the foregoing, the authority to approve a distribution of dividends by a meeting of shareholders of the Company shall not be fettered by the application of the above covenant; *provided, however*, that any resulting failure by the Company to comply with the provisions described above shall be considered an Event of Default in accordance with the terms of the Indenture.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or

otherwise, with respect to (collectively, “**incur**”) any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Company or a Restricted Subsidiary may incur Indebtedness (including Acquired Debt, but in the case of a non-Guarantor Restricted Subsidiary, excluding Public Debt) or issue Disqualified Stock, if the Fixed Charge Coverage Ratio at the time of such incurrence or issuance, after giving *pro forma* effect to such incurrence or issuance as of such date and to the use of proceeds therefrom as if the same had occurred at the beginning of the Company’s most recently ended full four fiscal quarters for which internal financial statements are available would have been at least equal to 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, “**Permitted Indebtedness**”):

- (1) the incurrence by the Company or any of its Restricted Subsidiaries of Existing Indebtedness;
- (2) the incurrence by the Company or any Restricted Subsidiaries of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (2) not to exceed €400 million, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (2) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any of its Restricted Subsidiaries since the Issue Date to repay any Indebtedness under Credit Facilities and effect a corresponding commitment reduction thereunder pursuant to the covenant described above under the caption “—Asset Sales”;
- (3) the incurrence by the Company of Indebtedness represented by the Notes issued on the Issue Date;
- (4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed €30 million at any time outstanding;
- (5) the incurrence by the Company or any Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (1), (3), (5) or (11) of this paragraph;
- (6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:
 - (a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or any Guarantor, such Indebtedness must be (i) except in respect of the intercompany current liabilities incurred (A) in the ordinary course of business in connection with cash management positions of the Company and the Restricted Subsidiaries, or (B) Indebtedness of the Company or any Guarantor incurred in respect or as a result of the receipt by the Company or the Guarantor of amounts in advance of payments and/or dividends and/or other payments by a Restricted Subsidiary which, in the good faith judgment of the Company, are anticipated to be made to and/or recovered by the Company or the relevant Guarantor in the future, and where such advance payment made by the Restricted Subsidiary to the Company or the Guarantor is not made with the proceeds of an incurrence of Indebtedness by such Restricted Subsidiary; and (ii) only to the extent legally permitted, unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the relevant Note Guarantee, in the case of a Guarantor; and
 - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and

- (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company,
- will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);
- (7) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any Restricted Subsidiary of shares of preferred stock; *provided, however*, that:
- (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and
- (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary of the Company,
- will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);
- (8) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;
- (9) (a) the guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary of the Company (other than a Project Subsidiary except to the extent a Project Subsidiary guarantees the Indebtedness of another Project Subsidiary), in each case to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or any Note Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed or (b) without limiting the covenant described under "—Liens," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture (other than pursuant to this clause (9));
- (10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness (whether contingent or non-contingent) in respect of (a) workers' compensation claims; self-retention or self-insurance obligations; insurance premiums; Contractual Bonds and letters of credit in respect of Contractual Bonds release, appeal, surety and similar bonds; and related obligations and completion guarantees or similar instruments, in each case incurred in the ordinary course of business (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; provided, however, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 60 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (11) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Company or was otherwise acquired by the Company or any of its Restricted Subsidiaries); *provided, however*, with respect to this clause (11), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred, either (i) the Company would have been able to incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (11) or (ii) the Fixed Charge Coverage Ratio of the Company would not be less than it was immediately prior to giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (11);
- (12) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument

inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 business days of incurrence;

- (13) the incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that, in the case of a disposition, the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;
- (14) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in respect of (a) judgment, customs, advance tax payments, VAT or other tax guarantees or similar instruments issued in the ordinary course of business, (b) bankers' acceptances, discontinued bills of exchange or other similar instruments or obligations issued or relating to liabilities or obligations incurred in the ordinary course of business and (c) any customary cash management, cash pooling or netting or setting off arrangements, (d) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;
- (15) the incurrence by the Company or any Restricted Subsidiary of Indebtedness incurred in any Qualified Receivables Transaction;
- (16) the incurrence by the Company or any Restricted Subsidiary of Indebtedness which constitutes Project Support;
- (17) the guarantee by the Company or a Restricted Subsidiary of Indebtedness of an Unrestricted Subsidiary or a Qualifying Joint Venture incurred in connection with the financing of an asset or project or construction that is a Permitted Business and any Permitted Refinancing Indebtedness incurred to renew, refund, extend, refinance or replace any such guarantee incurred pursuant to this clause (17), such Indebtedness so guaranteed not to exceed the greater of (x) €350.0 million and (y) 10% of Consolidated Total Assets at any time outstanding;
- (18) Project Finance Indebtedness of a Project Subsidiary; and
- (19) the incurrence by the Company or any Restricted Subsidiary of the Company of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (19), not to exceed €65 million at any time outstanding.

Notwithstanding the foregoing, the Company and its Restricted Subsidiaries may only incur Priority Indebtedness to the extent that the Priority Leverage Ratio at the time of such incurrence or issuance of Indebtedness, after giving *pro forma* effect to such incurrence or issuance as of such date and to the use of proceeds therefrom as if the same had occurred at the beginning of the Company's most recently ended four full fiscal quarters for which internal financial statements are available, would not have exceeded 0.5 to 1.0.

The Company will not incur, and will not permit any Guarantor to incur, any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness described in the first paragraph above or in clauses (1) through (19) of the second paragraph above, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence or to later reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant. The accrual of interest or

preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of the Company as accrued. Guarantees by the Company or a Restricted Subsidiary of Indebtedness of an Unrestricted Subsidiary or a Qualifying Joint Venture outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on clause (17) of the definition of Permitted Indebtedness and may not be reclassified.

For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the euro-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (a) the Fair Market Value of such assets at the date of determination; and
 - (b) the amount of the Indebtedness of the other Person.

Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, unless all payments due under the Indenture, the Notes and any Note Guarantees are secured on at least an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;
- (2) make loans or advances to the Company or any of its Restricted Subsidiaries; or
- (3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries,

provided that (x) the priority of any preferred stock in receiving dividends, liquidation proceeds or distributions prior to dividends, liquidation proceeds or distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (a) agreements governing Existing Indebtedness (including the Forward Start Facility) as in effect or entered into on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;
- (b) the Indenture, the Notes and any Note Guarantees;
- (c) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under “—Incurrence of Indebtedness and Issuance of Preferred Stock” and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially more restrictive, taken as a whole, than is customary in comparable financings (as determined in good faith by the Company); and *provided further* that the Company determines at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Company’s ability to make principal or interest payments on the Notes;
- (d) applicable laws, rules, regulations or orders or the terms of any license, authorization, concession, franchise or permit or other similar arrangement;
- (e) any instrument governing Indebtedness or Capital Stock of a Person acquired by, merged, consolidated or otherwise combined with the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition, merger, consolidation or other combination (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition, merger, consolidation or other combination), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;
- (f) customary non-assignment and similar provisions in contracts, leases and licenses, joint venture agreements or other similar arrangements entered into in the ordinary course of business;
- (g) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;
- (h) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition, *provided* that such sale or disposition is made in accordance with the covenants described under the caption “—Repurchase at the Option of Holders—Asset Sales”;
- (i) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (j) Liens permitted to be incurred under the provisions of the covenant described above under “—Liens” that limit the right of the debtor to dispose of the assets subject to such Liens;
- (k) provisions limiting the disposition or distribution of assets, dividends or property, or other distribution in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements, and constitutional documents, shareholders’ agreements or agreements governing indebtedness (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets, dividends, property or other distributions that are the subject of such agreements;
- (l) any encumbrances or restrictions effected in connection with any factoring or securitization transaction undertaken in the ordinary course of business and consistent with past practices (including any Recourse Factoring or Securitization) or any Qualified Receivables Transaction;

- (m) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;
- (n) any encumbrance or restriction: (i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract; (ii) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or (iii) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;
- (o) any encumbrance or restriction pursuant to any Hedging Obligations; and
- (p) any agreement, encumbrance or restriction that extends, renews, refinances or replaces any of the encumbrance or restriction referred to in clauses (a) through (o) of this paragraph or this clause (p) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (a) through (o) of this paragraph or this clause (q); provided, however, that such encumbrances and restrictions contained in any such agreement, encumbrance or restriction are not more materially restrictive, taken as a whole, than the encumbrances and restrictions so extended, refinanced, replaced, amended, supplemented or modified, or will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes (in each case, as determined in good faith by the Company).

Merger, Consolidation or Sale of Assets

The Company will not, directly or indirectly consolidate or merge with or into another Person (whether or not the Company is the surviving corporation), or sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of the any member state of the European Union or the United States, any state of the United States or the District of Columbia, Canada or any province of Canada, Switzerland or Norway; and, if such entity is not a corporation, a co-obligor of the Notes is a corporation organized or existing under any such laws;
- (2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Notes and the Indenture;
- (3) immediately after such transaction, no Default or Event of Default exists;
- (4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, immediately after such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four quarter period either (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction; and
- (5) the Company delivers to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with the Indenture and an opinion of counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable against the Company or the surviving corporation, in each case in form reasonably satisfactory to the Trustee.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Any Guarantor, if any, (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under “—Limitation on Issuances of Guarantees of Indebtedness”) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation), or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either:
 - (a) such Guarantor is the surviving corporation; or
 - (b) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Guarantor under its Note Guarantee;
- (2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists;
- (3) the Company would, immediately after such transaction after giving *pro forma* effect thereto, either (i) have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock” or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction; and
- (4) the Company and such Guarantor delivers to the Trustee an Officer’s Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with the Indenture and an opinion of counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable against the Company or the surviving corporation, in each case in form reasonably satisfactory to the Trustee.

This “Merger, Consolidation or Sale of Assets” covenant will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Company and any Restricted Subsidiary or any Guarantor and the Company or any of the Company’s Restricted Subsidiaries. Clauses (3), (4) and (5) of the first paragraph and clauses (2), (3) and (4) of the second paragraph of this covenant will not apply to any merger, consolidation or combination of the Company with or into one of its Restricted Subsidiaries for any purpose, or of any Guarantor with or into the Company or any of the Company’s Restricted Subsidiaries, or with or into an Affiliate solely for the purpose of reincorporating the Company or any Guarantor in another jurisdiction.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payments to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an “**Affiliate Transaction**”) involving aggregate payments or consideration in excess of €2.5 million, unless:

- (1) the Affiliate Transaction is on terms that, taken as a whole, are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary, as the case may be, with an unrelated Person; and

- (2) the Company delivers to the Trustee:
- (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €10.0 million, evidence that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; and, in addition,
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20.0 million, a written opinion issued by an accounting, appraisal or investment banking firm of international standing (i) as to the fairness to the Company or such Subsidiary of such Affiliate Transaction from a financial point of view taking into account all relevant circumstances, or (ii) that the terms of such Affiliate Transaction are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction at such time by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment agreement, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries with any of its directors, officers or employees in the ordinary course of business and payments pursuant thereto;
- (2) transactions between or among the Company and/or its Restricted Subsidiaries;
- (3) transactions between or among the Company and/or its Restricted Subsidiaries and any Person (other than a Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company or a Restricted Subsidiary of the Company either controls (including pursuant to a joint venture or shareholders agreement), can designate one or more Persons to the Board of Directors of or owns, directly or indirectly, an Equity Interest in such Person;
- (4) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;
- (5) Restricted Payments that do not violate the provisions of the Indenture described above under "—Restricted Payments" and Permitted Investments (other than Permitted Investments under clause (3) of the definition thereof);
- (6) loans or advances to employees in the ordinary course of business not to exceed €2.5 million in the aggregate at any one time outstanding;
- (7) transactions with (A) a joint venture or similar entity (including any Qualifying Joint Venture) which would constitute an Affiliate Transaction solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such joint venture or similar entity and (B) any consortium, temporary association of companies (*associazione temporanea di imprese*) or other similar arrangement solely because the Company has an interest, directly or indirectly through a Restricted Subsidiary, in such consortium, association or similar arrangement;
- (8) transactions or payments pursuant to or contemplated by, any agreement or instrument in effect on the Issue Date and described in the Offering Memorandum, as such agreements or instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the holders of the Notes than the original agreement or instrument as in effect on the Issue Date;
- (9) transactions effected as part of a Qualified Receivables Transaction or any factoring or securitization transaction (including any Recourse Factoring or Securitization) undertaken in the ordinary course of business and consistent with past practices;
- (10) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services (including financial advisory services) or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the senior management of the Company, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

- (11) any Management Advances and any waiver or transaction with respect thereto;
- (12) any participation in a public tender or exchange offers for securities or debt instruments issued by the Company or any of its Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer; and
- (13) Contractual Bonds to the benefit of Unrestricted Subsidiaries or Qualifying Joint Ventures.

For the avoidance of doubt, for purposes of determining whether a certain Hedging Obligation exceeds any of the thresholds set forth herein, when calculating the payments or consideration in respect of the entering into of any Hedging Obligation, the value shall be the financing fees and the mark-to-market value on the date of the contract, without regard to the notional amount of such contract.

Business Activities

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Limitation on Issuances of Guarantees of Indebtedness

The Company will not permit any of its Restricted Subsidiaries (other than a Guarantor), directly or indirectly, to guarantee the payment of any Indebtedness of the Company or any Guarantor under any Credit Facilities or any other Public Debt unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be senior to or pari passu with such Restricted Subsidiary's guarantee of such other Indebtedness. In the case of an eventual Note Guarantor or Note Guarantors, the Luxembourg Stock Exchange will be informed and a notice will be published on the Luxembourg Stock Exchange website (www.bourse.lu).

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Any Note Guarantee of a Guarantor will be released:

- (1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;
- (2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary of the Company as a result of such sale or other disposition;
- (3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- (4) as described under "—Amendment, Supplement and Waiver";
- (5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge"; or
- (6) upon the full and final payment and performance of all obligations of the Company under the Indenture and the Notes.

Upon any occurrence giving rise to a release of a Note Guarantee as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that the issuance of a Note Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary; provided that the Company will procure that the relevant Restricted Subsidiary becomes a Guarantor at such time as such restriction would no longer apply to the providing of the Note Guarantee or no longer would prohibit such Restricted Subsidiary from becoming a Guarantor (or prevent the Company from causing such Restricted Subsidiary to become a Guarantor).

Designation of Restricted and Unrestricted Subsidiaries and Qualifying Joint Ventures

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable, if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary or other entity designated as an Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable, will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under “—Restricted Payments” or under one or more clauses of the definition of “Permitted Investments”, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable. The Board of Directors of the Company may redesignate any Unrestricted Subsidiary or Qualifying Joint Venture to be a Restricted Subsidiary if such redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable, will be evidenced to the Trustee by filing therewith a certified copy of a resolution of the Board of Directors of the Company giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under “—Restricted Payments”. If, at any time, any Unrestricted Subsidiary or Qualifying Joint Venture would fail to meet the preceding requirements as an Unrestricted Subsidiary or Qualifying Joint Venture, as applicable, it will thereafter cease to be an Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable, for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under “—Incurrence of Indebtedness and Issuance of Preferred Stock”, the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable, to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary or a Qualifying Joint Venture, as applicable, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described above under “—Incurrence of Indebtedness and Issuance of Preferred Stock”, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period, and (2) no Default or Event of Default would be in existence following such designation.

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude holders in any jurisdiction where (1) the solicitation of such consent, waiver or amendment, including in connection with an exchange offer or offer to purchase for cash, or (2) the payment of the consideration therefor (i) would require the Company or any of the Restricted Subsidiaries to file a registration statement, prospectus or similar

document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome; or (ii) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Maintenance of Listing

The Company will use its reasonable best efforts to maintain the listing of the Notes on the Euro MTF for so long as the Notes are outstanding; *provided* that if, at any time, the Company determines that it can no longer reasonably comply with the requirements for listing the Notes on the Euro MTF, or if maintenance of such listing becomes unduly onerous, it will obtain, prior to the delisting of the Notes from the Euro MTF, and thereafter use its best efforts to maintain, a listing of the Notes on such other recognized stock exchange or exchange regulated market in western Europe.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee and post on the Company's website:

- (1) within 150 days after the end of the Company's fiscal year beginning with the fiscal year ending December 31, 2013, annual reports containing (to the extent applicable) the following information:
 - (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below (provided that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financials)); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by lines of business), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a summary description of the business and material affiliate transactions; (e) material risk factors; and (f) a summary of material recent developments;
- (2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending June 30, 2013, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financials); (c) an operating and financial review of the unaudited financial statements (including a discussion by lines of business), including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current quarterly period and the corresponding period of the prior year; and (d) a summary of material recent developments; and
- (3) promptly after the occurrence of (and subject to the rules and regulations applicable to listed companies in Italy): (a) a material acquisition, disposition or restructuring; (b) any senior management change at the Company; (c) any change in the auditors of the Company or

determination that investors should no longer rely upon previously issued financial statements, audited reports or a completed interim review; (d) any resignation of a member of the Board of Directors of the Company as a result of a disagreement with the Company; or (e) any material events that the Company announces publicly including, in each case, a report containing a description of such event.

In addition, if the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

All financial statements shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods; *provided, further*, in the event of a change or modification to IFRS subsequent to the Issue Date that would require the Company, in order to comply with IFRS subsequent to the adoption of such change or modification, to modify the method of consolidation of its Restricted Subsidiaries (whether fully consolidated, proportionately consolidated or treated under the equity accounting method), the Company may make a one-time election to continue to consolidate its quarterly and annual financial information required to be provided under the second preceding paragraph on the same basis as immediately prior to the effectiveness of such change or modification; *provided, however*, that in the event the Company determines to make this one-time election, then the Company will supplement such quarterly and annual information with reasonably detailed calculations showing the Consolidated EBITDA, Total Indebtedness, Fixed Charges, Fixed Charge Coverage Ratio, Priority Leverage Ratio and Net Leverage Ratio giving effect to such one-time election.

Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

In addition, for so long as any Notes remain outstanding, and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Contemporaneously with the furnishing of each such report discussed under clauses (1) through (3) above, the Company will also (a) file a press release with the appropriate internationally recognized wire services in connection with such report and (b) post such report on the Company's website. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, at the offices of the Paying Agent or, to the extent and in the manner permitted by such rules, post such reports on the official website of the Luxembourg Stock Exchange.

Events of Default and Remedies

Each of the following is an “**Event of Default**”:

- (1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;
- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described above under “—Certain Covenants—Restricted Payments”, “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” or “—Certain Covenants—Merger, Consolidation or Sale of Assets”;
- (4) failure to comply for 30 days after written notice by the Trustee on behalf of the holders of the Notes or by the holders of 25% in aggregate principal amount of the outstanding Notes with the Company's obligation to make a Change of Control Offer under the covenant described under “—Repurchase at the Option of Holders—Change of Control” or “—Repurchase at the Option of Holders—Asset Sales” above;

- (5) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2), (3) or (4));
- (6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries, other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:
 - (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness upon the expiration of the grace period provided in such Indebtedness on the date of such default (a **"Payment Default"**); or
 - (b) results in the acceleration of such Indebtedness prior to its express maturity,
 and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €25 million or more;
- (7) failure by the Company or any of its Restricted Subsidiaries to pay final and non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of €25 million, which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final and non-appealable;
- (8) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee; and
- (9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately, only after a notice has been sent to the Company and the Company failed to cure such default within the applicable cure period set out above.

In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, claim, liability or

expense. Except (subject to the provisions described under “—Amendment, Supplement and Waiver”) to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts, if any, when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested in writing the Trustee to pursue the remedy and the Trustee has not received conflicting requests from holders of at least 25% in aggregate principal amount of the then outstanding Notes;
- (3) such holders have offered the Trustee security and/or indemnity satisfactory to the Trustee against any loss, claim, liability or expense;
- (4) the Trustee has not complied with such written request within 60 days after the receipt of the request and the offer of security and/or indemnity; and
- (5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a written direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, waive any existing Default or Event of Default and its consequences under the Indenture (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any which may only be waived by 75% in aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Company is required to deliver to the Trustee annually (within 120 days after the end of each fiscal year) a statement regarding compliance with the Indenture and confirmation that no Event of Default has occurred and is continuing since the delivery of the last such certificate. Within 30 days of becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default.

Legal Defeasance and Covenant Defeasance

The Company may at any time, at the option of the Company’s Board of Directors evidenced by a resolution set forth in an Officer’s Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and the Indenture and all obligations of any Guarantors discharged with respect to their Note Guarantees and the Indenture (“**Legal Defeasance**”) except for:

- (1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest, Additional Amounts or premium, if any, on, such Notes when such payments are due from the trust referred to below;
- (2) the Company’s obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company’s and any Guarantors’ obligations in connection therewith;
- (4) the Company’s obligation to maintain a Registrar and Paying Agent with respect to the Notes; and
- (5) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture (“**Covenant Defeasance**”).

If the Company exercises its Legal Defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Company exercises its Covenant Defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (3) through (7) under “—Events of Default” above or because of the failure of the Company to comply with clause (4) and clause (5) under “—Certain Covenants—Merger and consolidation” above. In the event Covenant Defeasance occurs, all Events of Default described above

under “—*Events of Default and Remedies*” (except those relating to payments on the Notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in euros, non-callable European Government Obligations, or a combination of cash in euros and European Government Obligations or a combination thereof, in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest, Additional Amounts and premium, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Company must deliver to the Trustee an Opinion of Counsel from United States counsel of recognized standing confirming that (a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Company must deliver to the Trustee an Opinion of Counsel from United States counsel of recognized standing, confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) the Company must deliver to the Trustee an Officer’s Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or any Guarantors or others; and
- (5) the Company must deliver to the Trustee an Officer’s Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Subject to applicable Italian law, including the provisions described under “*Meetings with Holders of Notes*,” except as provided in the next two succeeding paragraphs, the Indenture, the Notes or any Note Guarantees may be amended, supplemented or otherwise modified with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or any Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Subject to applicable Italian law, including the provisions described under “*Meetings with Holders of Notes*”, unless consented to by the holders of at least 75% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

- (2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under “—Repurchase at the Option of Holders”);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder’s Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder’s Notes or any Guarantee in respect thereof;
- (5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts, or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration, which may, for the avoidance of doubt, both be agreed to or waived by the holders of at least a majority in aggregate principal amount of Notes then outstanding);
- (6) make any Note payable in money other than that stated in the Notes;
- (7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;
- (8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption “—Repurchase at the Option of Holders”);
- (9) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture; and
- (10) make any change in the preceding amendment and waiver provisions which require the holders’ consent described in this sentence.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company or any Guarantor and the Trustee may amend or supplement the Indenture, the Notes or any Note Guarantee:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of the Company’s or a Guarantor’s obligations to holders of Notes and any Note Guarantees in the case of a merger, transformation or consolidation or sale of all or substantially all of the Company’s or such Guarantor’s assets, as applicable, or other term of succession;
- (4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;
- (5) to conform the text of the Indenture, the Notes or any Note Guarantees to any provision of this description to the extent that such provision in this description was intended to be a verbatim recitation of a provision of the Indenture, the Notes or any Note Guarantees, which intent shall be evidenced by an Officer’s Certificate to that effect;
- (6) to release any Note Guarantee in accordance with the terms of the Indenture;
- (7) to provide for the issuance of additional notes in accordance with the limitations set forth in the Indenture as of the Issue Date;
- (8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes; or
- (9) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture or to provide for the accession of the Trustee to any Notes document.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
 - (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Paying Agent or Registrar for cancellation; or
 - (b) all Notes that have not been delivered to the Paying Agent or Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations, or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;
- (2) the Company or any Guarantor has paid or caused to be paid all sums payable by the Company or any Guarantor, as applicable, under the Indenture; and
- (3) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent in the Indenture to satisfaction and discharge have been satisfied provided that any such counsel may rely on an Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses).

Meeting of Holders of Notes

All meetings of holders of the Notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under the caption "*—Amendments and Waivers,*" in accordance with the provisions set forth under the Italian Civil Code and the Italian Legislative Decree No. 58 of 24 February 1998 (the "**Italian Financial Act**") for listed companies, the Indenture will include provisions for the convening of meetings of the holders of the Notes to consider any matter affecting their interests, including, without limitation, any amendment, supplement or waiver described above in the first paragraph under the caption "*—Amendments and Waivers*". A meeting may be convened by either the Board of Directors of the Company or the Noteholders' Representative (as defined below) and shall be convened upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

According to the Italian Civil Code, such meeting will be validly held if (i) in the case of the first meeting there are one or more persons present that hold or represent holders of at least one half of the aggregate principal amount of the outstanding Notes, (ii) in the case of an adjourned meeting, one or more persons that hold or represent holders of more than one third of the aggregate principal amount of the outstanding Notes, and (iii) in case of a further adjourned meeting, one or more persons that hold or represent holders of at least one fifth of the aggregate principal amount of the outstanding Notes. The vote required to pass a resolution at any meeting (including any adjourned meeting) will be one or more persons that hold or represent holders of at least two thirds of the aggregate principal amount of the Notes so present or represented at such meeting; provided, however, that the Company's bylaws may provide for a higher quorum (to the extent permitted under Italian law).

Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by a resolution passed at a meeting of holders of the Notes (including any adjourned meeting).

by one or more persons present that hold or represent holders of not less than one half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the first paragraph under “—*Amendments and Waivers*,” and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass a resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See “*Risk Factors—Risks Relating to the Notes—The Issuer may amend the economic terms and conditions of the Notes with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.*” Any resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of holders of the Notes can be challenged by holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this “—Meeting of Holders of Notes” will be in addition to, and not in substitution of, the provisions described under the caption “—Amendments and Waivers.” As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this “—Meeting of Holders of Notes” must also comply with the other provisions described under “—Amendments and Waivers.”

Noteholders’ Representative

A representative of the holders of the Notes (*rappresentante comune*) (the “**Noteholders’ Representative**”) may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as give effect to resolutions passed at a meeting of the holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of the Trustee as the Noteholders’ Representative. If the Noteholders’ Representative is not appointed by a meeting of the holders of the Notes, the Noteholders’ Representative shall be appointed by a decree of the Court where the Company has its registered office upon the request of one or more holders of the Notes or upon the request of the directors of the Company. The Noteholders’ Representative remains appointed for a maximum period of three years but may be reappointed again thereafter.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company, any Guarantor or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, any Guarantees of the Notes or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Judgment Currency

The euro (the “**Required Currency**”) is the sole currency of account and payment for all sums payable by the Company or any Guarantor under or in connection with the Notes or any Note Guarantee, including damages. Any payment which is made to or for the account of any holder or the Trustee in lawful currency other than the Required Currency (the “**Judgment Currency**”), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or any Guarantor, shall constitute a discharge of the Company’s or any Guarantor’s obligation under the Indenture and the Notes or the Note Guarantee, as the case may be, only to the extent of the amount of the Required Currency which such holder or the Trustee, as the case may be, could purchase with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the date of receipt of the payment in the Judgment Currency or, if it is not practicable to make that purchase on that date, on the Business Day following receipt of such payment. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder or the Trustee, as the case may be, the Company and the Guarantors shall

indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. In any event, the Company and any Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture, the Notes or any Note Guarantees, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

HSBC Corporate Trustee Company (UK) Limited is to be appointed a Trustee under the Indenture. If the Trustee becomes a creditor of the Company or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *however*, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of their own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any holder or that would involve the Trustee in personal liability. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, claim, liability or expense. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, claim, liability, taxes and expenses incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Listing

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF.

Additional Information

So long as the Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange shall so require, copies, current and future, of all of the Company's annual audited consolidated and unconsolidated financial statements, unaudited consolidated interim quarterly financial statements and the offering memorandum may be obtained, free of charge, during normal business hours at the offices of the Paying Agent.

Governing Law

The Indenture will provide that it and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Company will appoint CT Corporation as its agent for service of process in any suit, action or proceeding with respect to the Indenture and the Notes brought in any federal or state court located in the Borough of Manhattan in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since the substantial majority of the assets of the Company are located outside the United States, any judgment obtained in the United States against such entities, including judgments with respect to the

payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Prescription

Claims against the Company or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Company, any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

“Acquired Debt” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

Acquired Debt shall be deemed to have been incurred with respect to clause (1) of the preceding sentence, as applicable (i) on the date of the relevant merger or (ii) the date on which such Person becomes a Restricted Subsidiary, or, with respect to clause (2) of the preceding sentence, on the date of acquisition of the relevant asset.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control”, as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms “controlling”, “controlled by” and “under common control with” have correlative meanings.

“Applicable Premium” means, with respect to any Note on any redemption date, the greater of:

- (1) 1.0% of the principal amount of the Note; or
- (2) the excess (to the extent positive) of:
 - (a) the present value at such redemption date of (i) the redemption price of the Note at December 1, 2016 (such redemption price being set forth in the table appearing above under “—Optional Redemption”) plus (ii) all required interest payments due on the Note through December 1, 2016, (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over
 - (b) the principal amount of the Note,as calculated in good faith by the Company or on behalf of the Company by such Persons the Company may designate.

“Asset Sale” means:

- (1) any sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance, conveyance or other disposition, or a series of any such sales, leases (other than an operating lease entered into in the ordinary course of business), transfers, issuances, conveyances or other dispositions that are part of a common plan, of any interests, assets or rights by the Company or any of its Restricted Subsidiaries; and
- (2) any issuance of Equity Interests by any of the Company’s Restricted Subsidiaries or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Company’s Subsidiaries (in each case, other than directors’ qualifying shares);

including, in each case, any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, lease, transfer, issuance, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption “—Repurchase at the Option of Holders—Change of Control” and/or the provisions described above under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets” and not by the provisions of the “Asset Sale” covenant.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €7.5 million;
- (2) a transfer of assets between or among the Company and any Restricted Subsidiary or among Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary (other than the issuance of Equity Interests of a Guarantor to a Restricted Subsidiary that is not a Guarantor);
- (4) the sale, lease or other transfer of interests in products, services or accounts receivable, in each case, in the ordinary course of business and any sale or other disposition of surplus, damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property) that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of the business of the Company and its Restricted Subsidiaries taken as a whole;
- (5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries of software or intellectual property or other general intangibles, licenses, sub-licenses or sub-licenses of other properties, in each case in the ordinary course of business;
- (6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;
- (7) the granting of Liens not prohibited by the covenant described above under “—Liens” and any disposition in connection with any Permitted Lien;
- (8) the sale or other disposition of cash or Cash Equivalents or Temporary Cash Investments;
- (9) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (10) any sale, transfer or other disposition of Receivables pursuant to a Qualified Receivables Transaction or any Recourse Factoring or Securitization;
- (11) the foreclosure, condemnation or any similar action with respect to any property or other assets;
- (12) any disposition of Equity Interests of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (13) any disposition pursuant to a contractual arrangement or other commitment existing at the Issue Date;
- (14) any capitalization of intercompany loans through conversion into Equity Interests of a Subsidiary;
- (15) any unwinding or other termination of any Hedging Agreement;
- (16) a Restricted Payment that does not violate the covenant described above under “—Certain Covenants—Restricted Payments” or a Permitted Investment or a transaction specifically excluded from the definition of a Restricted Payment;

- (17) the sale, transfer, disposition or discount (without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable and related assets arising in the ordinary course of business; and
- (18) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture.

“*Attributable Debt*” in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with IFRS as applicable as at the Issue Date; *provided, however*, that if such Sale and Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of “Capital Lease Obligation”.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Board of Directors*” means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof (or in connection with a determination made under the Indenture that requires action by the Board of Directors, any senior manager of the Company duly delegated by the Board of Directors to take such action to the extent permitted under the Company’s organizational documents and applicable law); (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function; provided that the board of directors of a Parent may also act as the “Board of Directors” of the Company for purposes of this definition pursuant to a delegation of powers by such Board of Directors. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“*Bund Rate*” means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

- (1) “Comparable German Bund Issue” means the direct obligations of the Federal Republic of Germany German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to December 1, 2016, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to December 1, 2016; *provided, however*, that, if the period from such redemption date to December 1, 2016 is less than one year, a fixed maturity of one year shall be used;
- (2) “Comparable German Bund Price” means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) “Reference German Bund Dealer” means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

- (4) “Reference German Bund Dealer Quotations” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date.

“*Business Day*” means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy or London, United Kingdom are authorized or required by law to close; provided, however, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (“TARGET”) payment system is open for the settlement of payments.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;
- (2) certificates of deposit, time deposits, euro time deposits, overnight bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof (a “Deposit”) or cash in credit balance or deposit which are freely transferable or convertible within 90 days issued or held by any lender party to the Forward Start Facility or by any bank or trust company (a) at any time, the Company or any Subsidiary held Deposits with such bank or trust company (or any branch, subsidiary or affiliate thereof), (b) whose commercial paper is rated at least “A 3” or the equivalent thereof by S&P or at least “P 3” or the equivalent thereof by Moody’s (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (c) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million (provided that, for the avoidance of doubt, any ordinary bank accounts with any bank, trust company or other similar financial institution shall be considered as cash);
- (3) Deposits of the Company or its Subsidiaries in the ordinary course of business and consistent with past practice issued by a bank or a trust company organized, or authorized to operate as a bank or trust company, under the laws of a Permissible Jurisdiction;

- (4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;
- (5) commercial paper rated at the time of acquisition thereof at least “A 3” or the equivalent thereof by S&P or “P 3” or the equivalent thereof by Moody’s or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long term debt, and in any case maturing within one year after the date of acquisition thereof;
- (6) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having a rating of at least “A3” or the equivalent thereof by S&P or “P3” or the equivalent thereof by Moody’s (or, in the case of readily marketable direct obligations issued by Italy or any political subdivision thereof, one of the two highest rating categories obtainable from either Moody’s or S&P) (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;
- (7) Indebtedness or preferred stock issued by Persons with a rating of “BBB – ” or higher from S&P or “Baa3” or higher from Moody’s (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;
- (8) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and
- (9) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (8) above.

“*Change of Control*” means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any Person other than one or more Permitted Holders;
- (2) the consummation of any transaction, whether as a result of the issuance of securities of the Company, any merger or consolidation, purchase or otherwise, the result of which is that any “person” (as such term is used in Section 13(d)(3) of the Exchange Act), other than one or more Permitted Holders, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company; *provided that*, for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the “beneficial owner” (as so defined) shall not be included in any Voting Stock of which any such “person” or “group of related persons” is the “beneficial owner” (as so defined), unless such Permitted Holder is controlled by such “person” or “group of related persons”;
- (3) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors; or
- (4) the adoption of a plan relating to the liquidation or dissolution of the Company.

For purposes of this definition, (a) “person” has the meaning it has in Sections 13(d) and 14(d) of the Exchange Act; (b) “beneficial owner” is used as defined in Rules 13(d) and 13d-5 under the Exchange Act, except that a person shall be deemed to have “beneficial ownership” of all shares that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time; and (c) a person will be deemed to beneficially own any Voting Stock of an entity held by a parent entity, if such person is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Voting Stock of such parent entity and the Permitted Holders beneficially own, directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity.

“*Consolidated EBITDA*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (1) Consolidated Income Taxes, provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period; *plus*
- (2) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted when computing Consolidated Net Income; *plus*
- (3) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) or impairment expenses and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period), provisions for bad debt of such Person and its Restricted Subsidiaries for such period; *plus*
- (4) costs and expenses associated with the offering and sale of the Notes; *plus*
- (5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period; *plus*
- (6) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*
- (7) any extraordinary losses realized in connection with any Asset Sale together with any related provision for taxes on any such loss; *plus*
- (8) any cash expenses, cash charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) in each case, as determined in good faith by an Officer of the Company; *minus*
- (9) any foreign currency translation gains (including gains related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period; *minus*
- (10) any extraordinary gains realized in connection with any Asset Sale together with any related provision for taxes on any such gain; *minus*
- (11) interest and/or financial income (other than financial income of the type described under clause (2) of the definition of Consolidated Net Income) to the extent included in the Consolidated Net Income of such Person; *minus*
- (12) other non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

For the avoidance of doubt, for the purposes of calculating Consolidated EBITDA, with respect to a Restricted Subsidiary that is accounted for using the proportionate method of consolidation, the term “*Restricted Subsidiary*” shall be deemed to include any Person to the extent of the proportional consolidation of such person in the financial statements of the Company.

“*Consolidated Income Taxes*” means taxes or other payments, including deferred Taxes, based on income, profits or capital (including withholding taxes) of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority;

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated

basis (excluding the net income (loss) of any Unrestricted Subsidiary of such Person), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided that*:

- (1) all extraordinary gains (losses) and all gains (losses) realized in connection with the disposition of securities or the early extinguishment of Indebtedness, together with any related provision for taxes on any such gain (loss), will be excluded;
- (2) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash or Cash Equivalents to the specified Person or a Restricted Subsidiary of the Person;
- (3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption “—Certain Covenants—Restricted Payments”, any net income or loss of any Restricted Subsidiary will be excluded if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date) and (d) any restriction listed under clauses (c) or (d) of the second paragraph of the covenant described above under the caption “—Certain Covenants—Dividend and Other Payments Affecting Restricted Subsidiaries” except that specified Person’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the specified Person or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (4) the cumulative effect of a change in accounting principles will be excluded;
- (5) any extraordinary, exceptional or nonrecurring gains or losses or charges in respect of any restructuring, redundancy or severance payment or other costs relating to refinancing transactions (in each case as determined in good faith by the Company) will be excluded;
- (6) any unrealized gains or losses in respect of Hedging Obligations will be excluded;
- (7) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;
- (8) any goodwill or other intangible asset impairment charges will be excluded; and
- (9) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded.

For the avoidance of doubt, for the purposes of calculating Consolidated Net Income, with respect to a Restricted Subsidiary that is accounted for using the proportionate method of consolidation, the term “*Restricted Subsidiary*” shall be deemed to include any Person to the extent of the proportional consolidation of such person in the financial statements of the Company.

“*Consolidated Total Assets*” of any Person as of any date means the total assets of such Person and its Restricted Subsidiaries as of the most recent fiscal quarter end for which a consolidated balance sheet of such Person and its Restricted Subsidiaries is available, calculated on a consolidated basis in accordance with IFRS.

“*continuing*” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“*Continuing Directors*” means, as of any date of determination, any member of the Board of Directors of the Company who:

- (1) was a member of such Board of Directors on the Issue Date; or

- (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

“Contractual Bonds” means performance bonds, bid bonds, advance payment bonds, retention bonds, bonds for taxes and any other similar bond or guarantee instrument, granted directly or indirectly, including by means of a counter guarantee.

“Credit Facilities” means one or more debt facilities (including the Forward Start Facility), capital markets indentures, instruments or arrangements or commercial paper facilities, in each case with banks or other financial institutions or investors providing for revolving credit loans, term loans, receivables financings (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit or bankers’ acceptances or other forms of guarantees and assurances, or other Indebtedness, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise), restructured, repaid or refinanced (whether by means of sales of debt securities to institutional investors and whether in whole or in part and whether or not with the original administrative agent or lenders or another administrative agent or agents or other bank or institutions and whether provided in one or more other credit or other agreements) and, for the avoidance of doubt, includes any agreement extending the maturity thereof or otherwise restructuring all or any portion of the indebtedness thereunder or increasing the amount loaned or issued thereunder or altering the maturity thereof.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Designated Non-Cash Consideration” means the Fair Market Value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—Certain Covenants—Assets Sales.”

“Disqualified Stock” means with respect to any Person any Capital Stock or such Person that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable for cash or in exchange for Indebtedness, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 180 days after the Maturity Date. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption “—Certain Covenants—Restricted Payments”. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Equity Offering” means a public offering or private sale by the Company or any of its direct or indirect Parent companies of its Capital Stock, or options, warrants or rights with respect to its Capital Stock after the Issue Date where proceeds of the offering, if other than by the Company are contributed to the equity of the Company or any of its Restricted Subsidiaries.

“*European Government Obligations*” means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit.

“*European Union*” means the members of the European Union, including any member state thereof, but not including any country which becomes a member of the European Union after the Issue Date.

“*Exchange Act*” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder.

“*Existing Indebtedness*” means all Indebtedness of the Company and its Subsidiaries in existence on the Issue Date, until such amounts are repaid.

“*Existing Qualifying Joint Venture*” means a corporation, partnership or other joint venture entities existing or established on the Issue Date (i) engaged in a Permitted Business and (ii) in which the Company or its Restricted Subsidiaries hold, directly or indirectly, an interest of at least 15%.

“*Fair Market Value*” means with respect to any assets or property the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by an officer or the Board of Directors of the Company (unless otherwise provided in the Indenture).

“*Fixed Charge Coverage Ratio*” means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “**Calculation Date**”), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period, *provided, however* that the *pro forma* calculation of the Fixed Charge Coverage Ratio shall not give effect to (i) any Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock.”

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four quarter reference period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, if positive, or added back, if negative;
- (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;

- (4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period;
- (5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period; and
- (6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations (but excluding any non-cash interest expense attributable under IFRS to foreign currency translations or movement in the mark to market valuation of Hedging Obligations); *plus*
 - (2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*
 - (3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (other than Indebtedness subject to this clause (3) solely because of the existence of a Lien of the type specified under clauses (25) or (26) of the definition of Permitted Liens), whether or not such guarantee or Lien is called upon (provided any interest (or other charge) relating to the guarantee by the Company or a Restricted Subsidiary of Contractual Bond obligations of a third party (including a Qualifying joint Venture) shall not be included in fixed charges for any period to the extent of the amount of such interest or other charge actually paid by a joint venture partner or other third party (other than the Company or a Restricted Subsidiary) during or with respect to such period); *plus*
 - (4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary of the Company, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal; *minus*
 - (5) any commissions, discounts, yield and other fees and charges related to factoring, receivables or securitization financings that do not constitute Recourse Factoring or Securitization,
- in each case, determined on a consolidated basis in accordance with IFRS.

For the avoidance of doubt, for the purposes of calculating Fixed Charges, with respect to a Restricted Subsidiary that is accounted for using the proportionate method of consolidation, the term “*Restricted Subsidiary*” shall be deemed to include any Person to the extent of the proportional consolidation of such Person in the financial statements of the Company.

“*Forward Start Facility*” means the Forward Start Facility dated 2 December 2011 between the Company and the lenders, arrangers and agents thereunder, as amended from time to time.

“*Future Qualifying Joint Venture*” means any corporation, partnership or other joint venture entity (other than an Existing Qualifying Joint Venture) (i) in which the Company or its Restricted Subsidiaries hold, directly or indirectly, an Equity Interest of at least 15% and (ii) that is engaged in a Permitted Business.

“*Guarantee*” means, with respect to any Specified Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of any other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“*Guarantors*” means any Subsidiary of the Company that executes a Note Guarantee subsequent to the Issue Date in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

“*Hedging Agreement*” means any Interest Rate Agreement or Currency Agreement.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) any Hedging Agreement;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“*IFRS*” means international financial reporting standards promulgated by the International Accounting Standards Board (or any successor board or agency) and as adopted by the European Union and in effect on the date of any calculation or determination required hereunder (except as expressly specified) with which the Company or its Restricted Subsidiaries are or may be required to comply; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that “IFRS” shall mean except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election.

“*Indebtedness*” means, with respect to any specified Person, on any date of determination any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) the principal amount of obligations evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof, except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);
- (3) representing Capital Lease Obligations or Attributable Debt in respect of Sale and Leaseback Transactions;
- (4) representing the balance deferred and unpaid (other than trade payables) of the purchase price of any property or services due more than one year after such property is acquired or such services are completed, where the deferred payment is arranged primarily as a means of raising finance; or
- (5) representing net obligations of such Person under any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term “Indebtedness” shall not include:

- (1) obligations under any concession, license or lease of property or Guarantee thereof which would be considered as an operating lease under IFRS as in effect on the Issue Date;
- (2) for the avoidance of doubt, any contingent obligations with respect to workers’ compensation claims, asset retirement, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

- (3) any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any concession, license, permit or other approval (or guarantees given in respect of such obligations) incurred prior to the Issue Date or in the ordinary course of business;
- (4) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that if, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 60 days thereafter;
- (5) any other payment obligation owed by the Company or any Restricted Subsidiary pursuant to any law, regulation or agreement under which a percentage of the income of, or any other amounts relating to, any gross revenue or turnover must be paid out to a third party; and
- (6) obligations under or in respect of factoring receivables or securitization financing that do not constitute Recourse Factoring or Securitization.

For the avoidance of doubt, for the purposes of calculating Indebtedness, with respect to a Restricted Subsidiary that is accounted for using the proportionate method of consolidation, the term “*Restricted Subsidiary*” shall be deemed to include any Person to the extent of the proportional consolidation of such Person in the financial statements of the Company. Further, any Indebtedness representing Recourse Factoring or Securitization shall be deemed to be extinguished and no longer outstanding under the Indenture to the extent that the related receivable has been paid or otherwise satisfied or no longer appears as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions or other extension of credit (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet prepared in accordance with IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company’s Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the third paragraph of the covenant described above under “—Certain Covenants—Restricted Payments”. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under “—Certain Covenants—Restricted Payments”. Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“*Interest Rate Agreement*” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement (whether from fixed to floating or from floating to fixed), interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

“*Issue Date*” means December 4, 2013.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

“Management Advances” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees or consultants of any Parent, the Company or any Restricted Subsidiary:

- (1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person’s purchase of Equity Interests (or similar obligations) of the Company, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;
- (2) in respect of moving related expenses Incurred in connection with any opening or closing or consolidation of any facility or office; or
- (3) not exceeding €2.5 million in the aggregate outstanding at any time.

“Management Investors” means the officers, directors, employees and other members of the management of or consultants to the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Equity Interests of the Company or any Restricted Subsidiary.

“Maturity Date” means December 1, 2020.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Leverage Ratio” means, with respect to any specified Person for any period, the ratio of the Total Indebtedness of such Person (less cash on the balance sheet of such Person (determined in good faith by the Company) at the time of any determination of the Net Leverage Ratio on a pro forma basis taking into account the transaction for which such determination is being made) for such period to the Consolidated EBITDA of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Net Leverage Ratio is made (the “Calculation Date”), then the Net Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four quarter reference period provided, however, that the pro forma calculation shall not give effect to (i) any Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock.

In addition, for purposes of calculating the Net Leverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four quarter reference period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, if positive, and added back, if negative;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition, whenever pro forma effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated EBITDA associated therewith, the pro forma calculation shall be determined in good faith by a responsible financial or accounting Officer of the Company.

“Net Proceeds” means the aggregate cash proceeds and Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

“Non-Recourse Indebtedness” means Indebtedness as to which neither the Company nor any of the Restricted Subsidiaries:

- (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), other than equity commitment or equity support undertaking, or
- (2) is directly or indirectly liable as a guarantor or otherwise,

in each case, other than (i) any guarantee and/or Lien in respect of such Indebtedness whereby the liability of the Company or any Restricted Subsidiary thereunder is limited in recourse to its interest in a Project Subsidiary, a Qualifying Joint Venture or an Unrestricted Subsidiary (including, without limitation on the shares, loans and other securities of such Project Subsidiary, Qualifying Joint Venture or Unrestricted Subsidiary) and (ii) Project Support.

“Note Guarantee” means the guarantee by each Guarantor, if any, of the Company’s obligations under the Indenture and the Notes, executed after the Issue Date pursuant to the provisions of the Indenture.

“Officer” means, with respect to any Person, the chief executive officer and the chief financial officer of such Person, or a responsible accounting or financial officer of such Person.

“Officer’s Certificate” means a certificate signed by one or more Officers; provided that each certificate with respect to compliance with a condition or covenant provided for in the Indenture shall include:

- (1) a statement that the Person making such certificate has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based;
- (3) a statement that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and
- (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

“Parent” means any Person of which the Company at any time is or becomes a direct or indirect Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

“Permissible Jurisdiction” means any member state of the Pre-Expansion European Union.

“Permitted Asset Swap” means the concurrent purchase and sale or exchange of assets used or useful in a Permitted Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided*

that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under “—Asset Sales”.

“*Opinion of Counsel*” means a written opinion from legal counsel of international repute who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

“*Permitted Business*” means any business that is the same as, or reasonably related, ancillary, incidental or complementary or similar to, any of the businesses in which the Company and its Restricted Subsidiaries are engaged on the date of the Indenture or are extensions or developments of any thereof.

“*Permitted Holder*” means:

- (1) (i) Fin.Ast S.r.l.; (ii) any one of Francesca del Torre, Caterina Astaldi, Paolo Astaldi and Pietro Astaldi (the “**Astaldi Family**”); (iii) their respective spouses, children and relatives (each an “**Astaldi Family Member**”); (iv) any company controlled or jointly controlled (under the meaning of IAS 31) by Fin.Ast S.r.l. and/or any Astaldi Family Member; (v) any trust or other similar entity in which Fin.Ast S.r.l. and/or any Astaldi Family Member whether alone or together with one or more other Astaldi Family Members has all or substantially all of the beneficial interests; or (vi) the Affiliates and any Related Parties of either Fin.Ast S.r.l. or any of the Persons listed from (i) to (iv) above; and
- (2) any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“*Permitted Investments*” means:

- (1) any Investment in the Company or a Restricted Subsidiary of the Company (other than a Project Subsidiary);
- (2) any Investment in cash and Cash Equivalents or Temporary Cash Investments;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary (other than a Project Subsidiary) of the Company; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under “—Repurchase at the Option of Holders—Asset Sales”;
- (5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;
- (6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes with Persons who are not Affiliates;
- (7) Investments represented by Hedging Obligations entered into in the ordinary course of business, and which obligations are permitted by clause (8) of the second paragraph of the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (8) Management Advances;
- (9) repurchases of the Notes;
- (10) any Guarantee of Indebtedness permitted to be incurred by the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the

amount of any such Investment may be increased (a) as required by the terms of the agreement relating to such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

- (12) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of the Company of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption “—Merger, Consolidation or Sale of Assets” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (13) Investments in Qualifying Joint Ventures, Unrestricted Subsidiaries and Project Subsidiaries, in each case engaged in a Permitted Business, substantially all of the activity of which is, or will be, the ownership and/or development and/or operation of a project or concession or construction agreement; *provided* that, the Net Leverage Ratio for the Company’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such investment is made would not have exceeded 3.5 to 1.00, determined on a *pro forma* basis, as if such Investment had been made, at the beginning of such four quarter period, it being agreed and understood that any default under any binding investment commitment (as permitted under this clause (13)), caused by the inability to make the Investment due to the inability to meet the Net Leverage Ratio set out under this clause (13) when the Investment needs to be made, shall not be deemed an Event of Default under the Indenture;
- (14) Investments in Qualifying Joint Ventures and Unrestricted Subsidiaries with the Net Proceeds from Asset Sales of the type specified under clause (3) of the second paragraph of the covenant described under “Repurchase at the Option of Holders—Asset Sales.”
- (15) Investments by the Company or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person, in each case, in connection with a Qualified Receivables Transaction, provided, however, that any Investment in any such Person is in the form of a Purchase Money Note, or any equity interest or interests in Receivables and related assets generated by the Company or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any such Person owning such Receivables;
- (16) other Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), in the aggregate amount when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed the greater of (x) €60 million and (y) 20% Consolidated EBITDA of the Company (for the most recent four-quarter period for which internal financial statements are available prior to the date of any determination), provided that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—Certain Covenants—Restricted Payments,” such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of “Permitted Investments” and not this clause;
- (17) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (18) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (19) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—Certain Covenants—Liens;”
- (20) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

- (21) guarantees, keepwells and similar arrangements not prohibited by the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock;”
- (22) loans or advances to sub-contractors, sub-concessionaires, suppliers or customers in the ordinary course of business;
- (23) Investments in licenses, concessions, authorizations, franchises, permits or similar arrangements in the ordinary course of business that are related to the Company’s or any Restricted Subsidiary’s business; and
- (24) Investments made in connection with any Recourse Factoring or Securitization and any related Indebtedness.

“*Permitted Liens*” means:

- (1) Liens existing on the Issue Date or which the Company committed to establish pursuant to binding agreements existing on the Issue Date;
- (2) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or any Restricted Subsidiary;
- (3) Liens on property of a Person (including its Capital Stock) existing at the time such Person becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary of the Company or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company;
- (4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to such acquisition and not incurred in contemplation of, such acquisition;
- (5) Liens for the purpose of securing the payment of all or a part of the purchase price of, or mortgage financings or purchase money obligations with respect to, assets or property acquired or constructed in the ordinary course of business, *provided* that:
 - (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under the Indenture;
 - (b) such Liens do not encumber any other assets or property of the Company or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto;
- (6) Liens for the purpose of securing Capital Lease Obligations permitted by clause (4) of the second paragraph of the covenant described under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of preferred stock” covering only the assets acquired with or financed by such Indebtedness;
- (7) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;
- (8) Liens imposed by law, such as carriers’, warehousemen’s, landlord’s, materialmen’s, repairman’s and mechanics’ Liens, in each case, incurred in the ordinary course of business;
- (9) (i) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person and (ii) any other encumbrance, burden, charge, restriction or condition deriving from agreements entered into with governmental authorities or other public entities pursuant to any administrative or regulatory rule, order or decree, including deeds of undertaking, concession agreements, permits, licenses, authorizations and other similar agreements, deeds, instruments and arrangements;

- (10) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);
- (11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided, however*, that:
 - (a) the new Lien is limited to all or part of the same property and assets, plus improvements or accessions in respect thereof that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
 - (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;
- (12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (13) Liens arising by virtue of filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under the laws of applicable jurisdiction) as a precautionary measure in connection with operating leases in the ordinary course of business;
- (14) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (17) Liens incurred in connection with Hedging Obligations in the ordinary course of business and permitted to be incurred under the Indenture;
- (18) grants of software and other technology licenses in the ordinary course of business;
- (19) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (20) Liens to secure the performance of statutory obligations; trade contracts; workers' compensation claims; Contractual Bonds and letters of credit in respect of Contractual Bonds; release, appeal, surety and similar bonds and related obligations; and completion guarantees and similar instruments in each case incurred in the ordinary course of business;
- (21) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (22) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (23) Liens on Receivables and related assets of the type described in the definition of "Qualified Receivables Transaction" incurred in connection with a Qualified Receivables Transaction;
- (24) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

- (25) Liens (including put and call arrangements) on Capital Stock or other securities of Unrestricted Subsidiaries or Qualifying Joint Ventures (that are not Restricted Subsidiaries) securing obligations of such Unrestricted Subsidiaries or Qualifying Joint Ventures, as the case may be;
- (26) Liens (including put and call arrangements) on Capital Stock or assets of any Project Subsidiary that secures Project Finance Indebtedness of such Project Subsidiary; *provided* that such Project Finance Indebtedness is permitted to be incurred by the covenant described under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of preferred stock”;
- (27) Liens arising from licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (28) Liens arising by virtue of any statutory or common law provisions relating to banker’s liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (29) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash management services (including overdrafts), to implement cash pooling arrangements or to cash-collateralize letters of credit;
- (30) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 20% of the net proceeds of such disposal;
- (31) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;
- (32) Liens securing Priority Indebtedness permitted to be incurred under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (33) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement; and
- (34) Liens securing any Indebtedness, not to exceed an aggregate amount of €30 million.

“*Permitted Refinancing Indebtedness*” means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the Net Proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries); *provided* that:

- (1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, extended, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged or (ii) at least after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, extended, defeased or discharged;
- (3) if the Indebtedness being renewed, refunded, refinanced, replaced, extended, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness continues to be subordinated in right of payment to the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, extended, defeased or discharged; and

- (4) such Indebtedness is incurred either by the Company or a Guarantor or by the Restricted Subsidiary of the Company that was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged and is guaranteed only by Persons who were obligors on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Pre-Expansion European Union*” means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Italy, Ireland, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

“*Priority Indebtedness*” means, as of any date of determination, any Indebtedness (including Recourse Factoring or Securitization) for borrowed money that is secured by a Lien (excluding Public Debt) and any Indebtedness of a non-Guarantor Restricted Subsidiary of the Company, but excluding Indebtedness incurred under clauses (6), (10), (13), (14), (15) or (18) of the definition of Permitted Indebtedness; *provided* any such Indebtedness that is secured by a Lien shall not be deemed to constitute Priority Indebtedness to the extent the Notes and Note Guarantees, if applicable, are secured on at least an equal and ratable basis by a Lien on the property and assets securing such Indebtedness.

“*Priority Leverage*” means, as of any date of determination, the sum of the total amount of Priority Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis;

“*Priority Leverage Ratio*” means, as of any date of determination, the ratio of (a) Priority Leverage, less cash on the consolidated balance sheet of the Company on such date (determined in good faith by the Company), provided any cash received in connection with the incurrence of Indebtedness for which such determination is being made shall not be included in such cash amounts used for such determination, to (b) the Consolidated EBITDA of the Company for the period of the most recent four quarter period for which financial statements are available, in each case with such pro forma adjustments to Indebtedness and Consolidated EBITDA as are appropriate and consistent with the pro forma provisions set forth in the definition of “*Fixed Charge Coverage Ratio*.”

“*Project Finance Indebtedness*” means any Indebtedness which is Non-Recourse Indebtedness and which is issued, borrowed or raised by a Project Subsidiary to finance a Specified Project.

“*Project Subsidiary*” means any Restricted Subsidiary of the Company (i) which is acquired or established solely for the purpose of ownership, acquisition, development and operation of a Specified Project, (ii) of which any and all Indebtedness outstanding at any time qualifies as Project Finance Indebtedness and (iii) which has not guaranteed any Indebtedness of the Company or any Restricted Subsidiary (other than another Project Subsidiary).

“*Project Support*” means a guarantee, indemnity or contractual, insurance or other reimbursement arrangement (a) that is related to the commercial role of the Company or any of its Restricted Subsidiaries in connection with a Specified Project and (b) pursuant to which the Company or its Restricted Subsidiaries, other than a Project Subsidiary, may become liable to pay any Indebtedness for borrowed money of a Qualifying Joint Venture or a Person in which the Company or any of its Restricted Subsidiaries owns more than 15% of the total outstanding Equity Interests (including an Unrestricted Subsidiary) pursuant to Contractual Bonds or other guarantees, indemnities, contractual insurances or other reimbursement obligations that are customary in view of the particular risks or circumstances associated with such Specified Project under which payment is contingent upon the failure of the Company, its Restricted Subsidiaries, a Qualifying Joint Venture or any other Person in which the Company or any of its Restricted Subsidiaries owns more than 15% of the total outstanding Equity Interests (including an Unrestricted Subsidiary) to comply with an obligation undertaken in connection with the construction, maintenance, operation or management of such Specified Project.

For the purposes of this definition:

- (i) “*obligation*” means any obligation (and any guarantee, insurance or undertaking of a similar nature in respect thereof) of a type customarily undertaken, including, but not limited to, the timely completion of construction and payment of related customary expenses and penalties, in connection with projects similar to the Specified Project in question.

- (ii) In no event shall “*Project Support*” include any guarantee, indemnity or contractual, insurance or other reimbursement arrangement relating to terrorism or political risks or any other risk that is not customary in nature and size in connection with a Specified Project.

“*Public Debt*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Section 4(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“*Public Equity Offering*” means any offering of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“*Purchase Money Note*” means a promissory note of a Receivables Entity evidencing the deferred purchase price of Receivables (and related assets) and/or a line of credit, which may be irrevocable, from the Company or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables.

“*Qualifying Equity Interests*” means Equity Interests of the Company other than Disqualified Stock.

“*Qualifying Joint Venture*” means any Existing Qualifying Joint Venture or Future Qualifying Joint Venture (which at the time of any determination made under the Indenture is not designated as a Restricted Subsidiary).

“*Qualified Receivables Transaction*” means any transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Company or any of its Restricted Subsidiaries) or (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such Receivables, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization involving Receivables.

“*Receivable*” means a right to receive payment arising from a sale or lease of trade or other receivables or receivables under construction or concession contracts by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for such receivables under terms that permit the purchase of such receivables on credit.

“*Receivables Entity*” means a Restricted Subsidiary of the Company (or another Person formed for the purpose of engaging in a Qualified Receivables Transaction and to which the Company or any Subsidiary of the Company transfers Receivables and related assets) in which the Company or any Restricted Subsidiary makes an Investment (including purchasing any junior tranches) and to which the Company or any Restricted Subsidiary transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Company as a Receivables Entity:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:
 - (a) benefits from a Guarantee provided by the Company or any Restricted Subsidiary (excluding Guarantees in respect of obligations (other than the principal of, and interest on, Indebtedness) pursuant to standard securitization undertakings);
 - (b) is recourse to or obligates the Company or any Restricted Subsidiary of the Company in any way other than pursuant to standard securitization undertakings; or

- (c) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to standard securitization undertakings;
- (2) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing Receivables; and
- (3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels or operating results, save pursuant to standard securitization undertakings.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"Recourse Factoring or Securitization" means any transaction or series of transactions involving the sale, assignment, discount of receivables of the Issuer or any of its Restricted Subsidiaries to, or other equivalent or similar form of receivables financing with, banks or other financial institutions or special purpose entities formed to borrow from such institutions against such receivables, including on a pro solvendo basis, for which the Issuer or any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise (including, without limitation, with respect to guarantees on existence of title or otherwise); provided that, for the avoidance of doubt, any non-recourse "pro soluto" factoring or receivables financings to the extent meeting the requirements to be fully derecognized from the financial statements of the Issuer or any of its Restricted Subsidiaries pursuant to IFRS shall in no event be deemed to constitute a Recourse Factoring or Securitization under the Indenture.

"Refinancing Transactions" means the issuance and sale of the Notes, the application of the proceeds therefrom (including the repayment and discharge of certain existing indebtedness), the closing out or replacement of certain Hedging Obligations pursuant to any of the foregoing, the payment or incurrence of any fees, expenses, taxes or charges associated with any of the foregoing and any transaction related or incidental thereto.

"Related Parties" means any trust, corporation, partnership, limited liability company or other entity, shareholders, partners, members, owners or Persons holding 50.1% of the voting interests (including the entitlement to vote in the election of the board of directors or management of such entity) of which consists of any one or more Permitted Holders.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of the Company means (x) any Subsidiary of the Company that is not an Unrestricted Subsidiary; (y) each of M.O.MES S.c.r.l. (55%); Ankara Etlik Hastane A.S. (51%); CO. SAT S.c.r.l. (50%); Consorcio Rio Mantaro (50%); IC İçtaş Astaldi-Astaldi İnşaat A.S. (50%); ICA Astaldi-IC İçtaş WHSD İnşaat A.S. (50%); CONA Impianti S.c.r.l. (50%); Metro Blu S.c.r.l. (50%); Avrasya Metro Grubu (42%); and Consorcio Rio Urubamba (40%); and (z) any Qualifying Joint Venture designated by the Board of Directors as a Restricted Subsidiary pursuant to a resolution of the Board of Directors (subsequent to the Issue Date in accordance with the applicable provisions of the Indenture).

"SEC" means the U.S. Securities and Exchange Commission.

"S&P" means Standard & Poor's Ratings Group.

"Sale and Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or a Restricted Subsidiary leases it from such person.

“Significant Subsidiary” means, at any time, a Subsidiary of the Company which has:

- (1) EBITDA representing 10.0% or more of the Consolidated EBITDA of the Company (excluding any EBITDA generated by joint ventures); or
- (2) turnover representing 10.0% or more of the consolidated turnover of the Company; or
- (3) total assets (on a consolidated basis but excluding intra-group items) representing 10.0% or more of the Consolidated Total Assets of the Company.

“Specified Project” means any asset or project of a Project Subsidiary constituting a Permitted Business.

“Stated Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subordinated Obligation” means any Indebtedness of the Company or any of its Restricted Subsidiaries (whether outstanding at the Issue Date or thereafter incurred) that is subordinate or junior in right of payment to the Notes or any Guarantee.

“Subsidiary” means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company or joint venture entity of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity;

provided, any entity that would constitute a Restricted Subsidiary of the Company under the definition thereof would also be deemed to be a Subsidiary of the Company for purposes of the Indenture.

“Successor Parent” with respect to any Person means any other Person with more than 50% (and at least an equal percentage) of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, “beneficially owned” (as defined below) by one or more Persons that “beneficially owned” (as defined below) more than 50% (and at least an equal percentage) of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, “beneficially own” has the meaning correlative to the term “beneficial owner,” as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

“Tax” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties and interest related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). *“Taxes”* and *“Taxation”* shall be construed to have corresponding meanings.

“Temporary Cash Investments” means any of the following:

- (1) any investment in
 - (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditures by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or
 - (b) direct obligations of any country recognized by the United States of America rated at least “A” by S&P or “A2” by Moody’s (or, in either case, the equivalent of such rating by such

organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

- (2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:
 - (a) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or
 - (b) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,in each case, having capital and surplus aggregating in excess of €500 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;
- (4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €500 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and
- (9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Indebtedness*" means the sum total of the aggregate outstanding Indebtedness of the Company and any of its Restricted Subsidiaries, on a consolidated basis, excluding Capital Stock or Indebtedness of an Unrestricted Subsidiary or any right, title or interests relating thereto, including any rights under any relevant shareholder, voting trust, joint venture or other agreement or instrument.

"*Trust Indenture Act*" means the U.S. Trust Indenture Act of 1939, as amended.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

“Unrestricted Subsidiary” means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, and any Subsidiary of such Unrestricted subsidiary but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt (or Indebtedness independently incurred under the covenant described above under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock”);
- (2) except as permitted by the covenant described above under the caption “—Certain Covenants—Transactions with Affiliates”, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;
- (3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests, except for any Permitted Investment, or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; and
- (4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors or management board of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “**Rule 144A Global Note**”). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “**Regulation S Global Note**” and, together with the Rule 144A Global Note, the “**Global Notes**”). The Global Notes will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (“**Rule 144A Book-Entry Interests**”) and ownership of interests in the Regulation S Global Note (the “**Regulation S Book-Entry Interests**” and, together with the Rule 144A Book-Entry Interests, the “**Book-Entry Interests**”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered notes:

- (1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days; or
- (2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue definitive registered notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through

registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the common depositary or its nominee for Euroclear and Clearstream. The common depositary will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts." If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee will treat the registered holders of the Global Notes (e.g., Euroclear or Clearstream (or their respective nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the trustee or any of its agents has or will have any responsibility or liability for:

- aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise

any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the “Definitive Registered Notes”), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream’s rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under “Notice to Investors.” Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under “Notice to Investors.”

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “Notice to Investors” and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under “Description of the Notes—Transfer and Exchange” and, if required, only if the transferor first delivers to the trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. Please see “*Notice to Investors*.”

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we, the Trustee, the Paying Agent, the Registrar nor the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities

transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN TAX CONSIDERATIONS

Italian Tax Considerations

General

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of the Notes for Italian resident and non-Italian resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

This overview assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Offering Memorandum. Changes in the Issuer's organizational structure, tax residence or the manner in which it conducts its business may invalidate this overview. This overview also assumes that each transaction with respect to the Notes is at arm's length.

Where in this overview, English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

Prospective purchasers of the Notes (each a “**Noteholder**”) are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Tax Treatment of Interest

Italian Legislative Decree No. 239 of April 1, 1996 (“**Decree 239**”) sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented (“**Decree 917**”)), issued, inter alia, by:

- a) companies resident of Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States and of the States party to the EEA Agreement included in the white list provided for by Article 168-bis of Decree 917 (for the time being, reference is to be made to the Ministerial Decree of September 4, 1996, as subsequently amended and supplemented, the “**White List**”); or
- b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes listed upon their issuance on the aforementioned regulated markets or platforms.

For these purposes, securities similar to bonds (“*titoli similari alle obbligazioni*”) are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity, an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which they are issued.

Italian Residents Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian resident beneficial owner of the Notes is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- a non-commercial partnership (*società semplice*);
- a non-commercial private or public institution; or
- an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and accrued during the relevant holding period, is subject to a withholding tax (*imposta sostitutiva*), levied at a rate of 20%, unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the “*Risparmio Gestito*” regime provided for by Article 7 of Italian Legislative Decree No. 461 of November 21, 1997,—the “*Risparmio Gestito*” regime, see also “—*Tax Treatment of Capital Gains*” below).

Noteholders engaged in an entrepreneurial activity

In the event that the Italian resident Noteholders mentioned above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner’s Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Corporate Noteholders

Where a Noteholder is an Italian resident company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to the *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder’s corporate income tax return and are therefore subject to general Italian corporate income taxation (“**IRES**”) and, in certain circumstances, depending on the status of the Noteholder, also to the Italian regional tax on productive activities (“**IRAP**”).

Real Estate Investment Funds

Interest payments deriving from the Notes made to Italian resident real estate collective investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of January 25, 1994 (the “**Real Estate Investment Funds**”), are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Investment Fund provided that the Notes, together with the relevant coupons, are timely deposited with an authorized intermediary. However, a withholding or substitute tax at a rate of 20% will generally apply to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units.

Subject to certain conditions, income realized by the real estate investment fund is attributed to the investor irrespective of its actual distribution and in proportion to the percentage of ownership of units on a tax transparency basis.

Funds and SICAVs

Where an Italian resident Noteholder is an open-ended or a closed ended collective investment fund (a “**Fund**”) or a Società di Investimento a Capitale Variabile (“**SICAV**”) established in Italy and either (i) the Fund or SICAV or (ii) their manager is subject to a form of prudential supervision by the competent regulatory authority, and the Notes are deposited with an authorized intermediary, Interest accrued on the Notes during the holding period should not be subject to the *imposta sostitutiva*, but must be included in the management results of the Fund or the SICAV. The Fund or the SICAV will not be subject to taxation on such management results, but a withholding at a rate of 20% will instead apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (as applicable).

Pension Funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of December 5, 2005, the “**Pension Fund**”) and the Notes are deposited with an authorized intermediary, interest relating to the Notes and accrued during the holding period will not be subject to the *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to an 11% substitute tax).

Enforcement of the Imposta Sostitutiva

Pursuant to Decree 239, the *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (“**SIM**”), fiduciary companies, *società di gestione del risparmio* (“**SGR**”), stockbrokers and other entities identified by decrees of the Ministry of Finance (each, an “**Intermediary**”).

An Intermediary must:

- a) be resident in Italy, or be a permanent establishment in Italy of a non-Italian resident financial intermediary or an organization or company non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree 239; and
- b) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying the Interest to a Noteholder or, absent that, by the Issuer.

Non-Italian Residents Noteholders

Where the Noteholder is a non-Italian resident for tax purposes, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian resident Noteholder is:

- a) resident, for tax purposes, in a state or territory which allows for a satisfactory exchange of information with Italy and is included in the White List; or
- b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- c) an “institutional investor”, whether or not subject to tax, which is established in a state or territory which allows for a satisfactory exchange of information with Italy and is included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or
- d) a central bank or an entity which manages, inter alia, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest or certain non-Italian resident institutional investors and must timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with:

- (i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the “**First Level Bank**”), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or
- (ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or brokerage company (SIM), acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the “**Second Level Bank**”). Organizations and companies not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a not resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. In the

event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian resident Noteholders is conditional upon:

- (i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (ii) the submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, inter alia, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by a Ministerial Decree dated December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point (b) above or central banks or entities also authorized to manage the official reserves of a State referred to in point (d) above. Additional requirements are provided for “institutional investors” referred to in point (c) above.

The First Level Bank is obligated to send the above statement to the Second Level Bank within 15 days from receipt. The Second Level Bank files the data relating to the non-Italian resident Noteholder together with the data relating to the First Level Bank and of the transactions carried out, via telematic link, to the Italian tax authorities within the first transmission period after receipt of such data. Transmission periods are two-week periods per month during which the Second Level Bank transmits to the Italian tax authorities data relating to Notes transactions carried out during the preceding month. The Italian tax authorities monitor and control such data and any discrepancies thereof.

The *imposta sostitutiva* will be applicable at a rate of 20% to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions.

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied.

Tax Treatment of Capital Gains

Italian Residents Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (the “**CGT**”) levied at a rate of 20%. Noteholders may set off any capital losses with their capital gains.

In respect of the application of the CGT, taxpayers may opt—under certain conditions—for any of the three regimes described below.

Tax declaration regime. Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the CGT will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian resident individual holding the Notes during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in their annual tax return, and pay the CGT on such gains, together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

Risparmio Amministrato Regime. As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to

pay the CGT separately on capital gains realized on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- (i) the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries; and
- (ii) an express election for the *risparmio amministrato* regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years, up until the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realized within said regime in the annual tax return.

Risparmio gestito regime. In the *risparmio gestito* regime, any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a specific 20% substitute tax, to be paid by the managing authorized intermediary. Any depreciation of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realized within said regime in its annual tax return.

Noteholders engaged in an entrepreneurial activity

Any capital gain obtained from the sale or redemption of the Notes will be treated as part of taxable business income if realized by an Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Corporate Noteholders

Any capital gain obtained from the sale or redemption of the Notes will be treated as part of taxable business income for IRES purposes (and, in certain circumstances, depending on the status of the Noteholder, also as part of net value of the production for IRAP purposes), if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected).

Real Estate Investment Funds

Any capital gains realized by a Noteholder which qualifies as an Italian Real Estate Investment Fund accrues to the tax year-end appreciation of the managed assets, which is exempt from any income tax, subject to certain conditions. (see “—*Tax Treatment of Interest*”).

Funds and SICAVs

Any capital gains realized by a Noteholder which qualifies as an Italian Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, which is exempt from any income tax, subject to certain conditions (see “—*Tax Treatment of Interest*”).

Pension funds

Any capital gains realized by a Noteholder which qualifies as a Pension Fund will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 11% substitute tax.

Non-Italian Resident Noteholders

A 20% CGT may be payable on capital gains realized on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, letter f), No. 2 of Decree 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of notes issued by an Italian resident issuer and traded on regulated markets in Italy or internationally are not subject to the CGT, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes).

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if the Notes are not traded on regulated markets, are not subject to the CGT, provided that the beneficial owner is:

- a) resident, for tax purposes, of a state or territory which allows a satisfactory exchange of information with Italy and is included in the White List; or
- b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- c) an “institutional investor”, whether or not subject to tax, which is established in a state or territory which allows a satisfactory exchange of information with Italy and is included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or
- d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see “—Tax Treatment of Interest”).

If the above conditions are not met, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the CGT at the current rate of 20%. However, non-Italian resident Noteholders without a permanent establishment to which the Notes are effectively connected might benefit from an applicable tax treaty with Italy, providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Payments made by an Italian-resident Guarantor

With respect to payments on the Notes made to Italian-resident Noteholders by an Italian-resident Guarantor of the Notes, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to Interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 20%, pursuant to the Presidential Decree No. 600 of September 29, 1973. In case of payments to non-Italian-resident Noteholders, the final withholding tax may be applied at a rate of 20%.

Double taxation treaties entered into by Italy may also apply, allowing for a lower (or, in certain cases, nil) rate of withholding tax.

However, in accordance with an alternative interpretation, any such payment made by an Italian resident Guarantor will be treated, in certain circumstances, as a payment by the Issuer and will thus be subject to the Italian tax regime described above.

Certain Reporting Obligations for Italian Residents Noteholders

Pursuant to Law Decree No. 167 of June 28, 1990, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Decree

No. 917) resident in Italy under certain conditions are required to report in their yearly income tax declaration, for tax monitoring purposes:

- (a) the amount of securities (including the Notes) held abroad at the end of each tax year, if exceeding €10,000 in the aggregate; and
- (b) the amount of any transfers from abroad, sent abroad and occurring abroad, related to such securities, that occurred during each tax year, if exceeding €10,000 in the aggregate, even if at the end of the tax year the securities are no longer held by such investors.

The above persons are, however, not required to comply with the above reporting requirements in respect of the Notes deposited for management with qualified Italian financial intermediaries.

As of 2014, by virtue of Law of August 6, 2013, no. 97 (*Legge Europea 2013*) such reporting requirements have been limited only to the amount of securities (including the Notes) directly or indirectly held abroad at the end of each tax year (see (a) above). Inbound and outbound transfers and other transfers occurring abroad in relation to securities (see (b) above) should not be reported in the yearly income tax declaration. The scope of the new provision does not seem to be limited to transactions exceeding €10,000.

Other implementing provisions to be issued by the Italian Tax Authorities might clarify the content of the tax return and the amount of foreign investments to be reported in the yearly income tax declaration.

Italian Inheritance Tax and Gift Tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- a) 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;
- b) 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €0.1 million;
- c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heirress and/or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied on the amount of the value of the inheritance or gift that exceeds €1.5 million.

Wealth Tax

According to Article 19 of Law Decree No. 201 of December 6, 2011 ("**Decree 201**"), Italian resident individuals holding financial assets—including the Notes—outside Italy without the involvement of an Italian financial intermediary are required to pay on yearly basis a wealth tax at a rate of 0.15% (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year or—in the absence of a market value—on the nominal value or redemption value of such financial assets held outside Italy. Taxpayers are permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp Duty

According to Article 19 of Decree 201, a proportional stamp duty applies on a yearly basis at a rate of 0.15% calculated on the market value or—in the absence of a market value—on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). The stamp duty cannot be lower than €34.20 and cannot exceed €4,500 if the Notes are held by Noteholders who are not natural persons. Stamp duty applies both to Italian resident holders of the Notes and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian based financial intermediary (and not directly held by the Noteholders outside Italy, in which case wealth tax applies, to Italian resident holders of the Notes only).

Transfer Tax

Contracts relating to the transfer of securities are subject to the registration tax as follows:

- a) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €168.00 (€200.00 as from January 1, 2014); and
- b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €168.00 (€200.00 as from January 1, 2014) only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

European Union Directive on the Taxation of Savings Income

The European Union has adopted a directive (Council Directive 2003/48/EC, the “**Directive**”) regarding the taxation of savings income. Under the Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the Directive) within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are instead required to operate a withholding system with the rate of withholding currently at 35% unless during this transitional period they elect to abolish the withholding system in favor of automatic information exchange under the Directive. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from January 1, 2015, in favor of this automatic information exchange. In any case, the transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provisions of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident in one of those territories.

Implementation in Italy of the Directive

The Directive was implemented in Italy by Legislative Decree No. 84 of April 18, 2005. Pursuant to said decree Italian paying agents (e.g., banks, SIMs, SGRs, financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of interest payments made to individuals which qualify as beneficial owners thereof and are resident for tax purposes in another EU Member State. Such information will be transmitted by the Italian tax authorities to the competent authorities of the State of residence of the beneficial owner of the interest payment by 30 June of the fiscal year following the fiscal year in which said interest payment is made.

With reference to the definition of interest subject to the above described regime, Article 2, paragraph 1, lett. a, of mentioned Decree No. 84 of April 18, 2005, provides that it includes, *inter alia*: “interest paid or credited, on accounts arisen from receivables of whatever nature, secured or not by mortgage (...), in particular interest and any other proceed, arising from public bonds and other bonds”.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts to the holder of the Notes or to otherwise compensate the holder of Notes for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax. However, the Issuer is required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive (if such a state exists).

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the Directive in their particular circumstances.

U.S. Federal Income Tax Considerations

Treasury Department Circular 230 Disclosure: To ensure compliance with requirements imposed by the Internal Revenue Service (the “IRS”) we inform you that any U.S. federal tax advice contained in this Offering Memorandum is not intended or written to be used, and cannot be used, (i) by any taxpayer for the purpose of avoiding tax penalties under the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or (ii) for promoting, marketing or recommending to another party any transaction or matter addressed herein. You should seek advice based on your particular circumstances from an independent tax advisor.

The following discussion is a general summary of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below). This discussion addresses only U.S. Holders (as defined below) who purchase the Notes in this Offering at their issue price (as defined below), hold the Notes as capital assets, and use the U.S. dollar as their functional currency. The summary is based on the Code, Treasury regulations, rulings, judicial decisions, and administrative pronouncements, all as in effect as of the date hereof, and all of which are subject to change or changes in interpretation, possibly on a retroactive basis.

This summary does not discuss all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special tax rules, including U.S. expatriates, insurance companies, tax-exempt institutions or investors, financial institutions, persons subject to the alternative minimum tax, persons subject to the Medicare tax on net investment income, dealers in securities or foreign currencies, traders who have elected “mark-to-market” treatment, persons holding their Notes as part of a short sale, straddle, hedging transaction, conversion transaction or other integrated transaction, or U.S. Holders whose functional currency is not the U.S. dollar. Such holders may be subject to U.S. federal income tax consequences different from those set forth below.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner that is, for purposes of U.S. federal income taxation, (i) an individual who is a citizen or resident alien of the United States, (ii) a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust (a) that is subject to the control of a U.S. person and the primary supervision of a U.S. court or (b) which has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person, or (iv) an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership that holds Notes, the holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and disposition of the Notes.

The “issue price” of a Note will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money.

Holders should consult their own tax advisors regarding the specific U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of the Notes in light of their particular circumstances, as well as any consequences arising under the laws of any other taxing jurisdiction.

Interest

Payments of interest (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) on a Note will be includible in the gross income of a U.S. Holder as ordinary interest income at the time the interest is received or accrued, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes. Interest paid on the Notes generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income or, in certain cases, general category income. The rules relating to foreign tax credits are complex and U.S. Holders should consult their own advisors regarding the application of the foreign tax credit rules to their investment.

A U.S. Holder of Notes that uses the cash method of accounting for tax purposes will recognize interest income equal to the U.S. dollar value of the interest payment, based on the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

A U.S. Holder of Notes that uses the accrual method of accounting for tax purposes, or who otherwise is required to accrue interest prior to receipt, may determine the amount recognized with respect to such interest in accordance with either of two methods. Under the first method, such holder will recognize income for each taxable year equal to the U.S. dollar value of the euro accrued for such year determined by translating such amount into U.S. dollars at the average spot rate of exchange in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the U.S. Holder's taxable year). Alternatively, an accrual basis holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year in the case of a partial accrual period), or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder of Notes that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of such payment, determined at the spot rate of exchange on the date the payment is received, and the U.S. dollar value of the interest income previously included in respect of such payment. This exchange gain or loss will be treated as ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Disposition

Upon the sale, exchange or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued and unpaid interest, which will be taxable as ordinary interest income in accordance with the U.S. Holder's method of tax accounting as described above) and the U.S. Holder's adjusted tax basis in the Note. The amount realized on the sale, exchange or other taxable disposition of a Note for an amount of foreign currency will generally be the U.S. dollar value of that amount based on the spot rate of exchange on the date payment is received or the Note is disposed of. If the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the amount realized on the settlement date of the disposition. If an accrual method taxpayer makes either election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

A U.S. Holder's tax basis in a Note generally will equal the cost of the Note to the holder decreased by any principal payments previously received. The cost of a Note purchased with foreign currency will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the exchange rate in effect on that date. If the Notes are traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the cost of its Note at the spot rate of exchange on the settlement date of the purchase.

Gain or loss recognized by a U.S. Holder upon the sale, exchange or other taxable disposition of a Note that is attributable to changes in currency exchange rates relating to the principal thereof will be ordinary income or loss and will be equal to the difference between the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date of the sale, exchange or other taxable disposition, and the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date the U.S. Holder acquired the Note. The foregoing exchange gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. Holder on the sale, exchange or other taxable disposition of the Note, and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognized by a U.S. Holder in excess of foreign currency gain or loss recognized on the sale, exchange or other taxable disposition of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the sale, exchange or other taxable disposition. In the case of an individual U.S. Holder, any such gain will be eligible for preferential U.S. federal income tax rates if that U.S. Holder satisfies certain prescribed minimum holding periods. The deductibility of capital losses is subject to limitations.

Receipt of Euros

A U.S. Holder of Notes may receive euros in payment for interest or principal. The tax basis of any euros received by a U.S. Holder generally will equal the U.S. dollar equivalent of such euros at the spot rate of exchange on the date the euros are received. Upon any subsequent exchange of euros for U.S. dollars, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between the amount of U.S. dollars received and the U.S. Holder's tax basis in the euros. Upon any subsequent exchange of euros for property, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between the U.S. dollar value of the euros exchanged for such property based on the U.S. dollar spot rate of exchange for euros on the date of the exchange and the U.S. Holder's tax basis in the euros so exchanged. Any such exchange gain or loss generally will be treated as U.S. source ordinary income or loss.

U.S. Information Reporting and Backup Withholding

Payments of interest and proceeds paid from the sale, exchange or other disposition of the Notes may be subject to information reporting to the IRS and possible U.S. federal backup withholding. Backup withholding will not apply to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Tax Return Disclosure Requirements

A U.S. Holder that recognizes exchange loss with respect to the Notes would be required to report the loss on IRS Form 8886 (Reportable Transaction Disclosure Statement) if the loss exceeds the thresholds set forth in Treasury regulations. For individuals and trusts, this loss threshold is U.S.\$50,000 in any single year. For other types of taxpayers and other types of losses, the thresholds are higher. Prospective investors are urged to consult their own tax advisors regarding the application of these rules to the acquisition, holding or disposition of the Notes.

Foreign Financial Asset Reporting

Certain U.S. Holders are required to report information to the IRS with respect to their ownership of "specified foreign financial assets," which generally will include the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. Holders who fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of these rules on their investment in Notes.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.

CERTAIN ERISA CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the plan and its investments.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts or an entity deemed to hold the assets of such plans (together with ERISA Plans, “**Plans**”)) and certain persons (referred to as “**parties in interest**” or “**disqualified persons**”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase or hold the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are similar to the foregoing provisions of ERISA and the Code (“**Similar Law**”). Fiduciaries with respect to the assets of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the Initial Purchasers, Trustee, Registrar, Paying Agent, Transfer Agent or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA or Prohibited Transaction Class Exemption (“**PTCE**”) 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the “**Class Exemptions**”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

By its purchase of any Note, the purchaser thereof will be deemed to have represented and warranted that either:

- (i) no assets of a Plan or non-U.S., governmental or church plan have been used to acquire such Notes or an interest therein or (ii) the purchase and holding of such Notes or an interest therein by such person do not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or violation of Similar Law.

Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, Section 4975 of the Code or such Similar Laws of an investment in the Notes.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We have not registered and will not register the Notes under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to “qualified institutional buyers,” commonly referred to as “QIBs,” as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S.

We use the terms “offshore transaction,” “U.S. person” and “United States” with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

- (1) You understand and acknowledge that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.
- (2) You are not our “affiliate” (as defined in Rule 144 under the U.S. Securities Act) or acting on our behalf and either:
 - you are a QIB, within the meaning of Rule 144A under the U.S. Securities Act and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another QIB; or
 - you are not a U.S. person or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.
- (3) You acknowledge that none of us, the Issuer, or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to us, the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us, the Issuer and its subsidiaries and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.
- (4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer

or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

- (5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the “**Resale Restriction Termination Date**”) that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the trustee’s rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.
- (6) You agree that either (i) no assets of a Plan or non-U.S., governmental or church plan have been used by it to acquire the Notes or an interest therein or (ii) the purchase and holding of the Notes or an interest therein by it do not constitute a non-exempt prohibited transaction under ERISA or the Code or violation of Similar Law.
- (7) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS IN ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF

LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (1) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.
- (2) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.
- (3) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.
- (4) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.
- (5) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution."

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the “**Purchase Agreement**”) to be dated as of the date of this Offering Memorandum, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer.

The following table sets forth the amount of Notes to be purchased by each Initial Purchaser in the Offering:

<u>Initial Purchaser</u>	<u>Principal Amount of Notes</u>
Banca IMI S.p.A.	€50,000,000
Banco Bilbao Vizcaya Argentaria, S.A.	€50,000,000
BNP Paribas	€50,000,000
Crédit Agricole Corporate and Investment Bank	€50,000,000
Credit Suisse Securities (Europe) Limited	€50,000,000
Deutsche Bank AG, London Branch	€50,000,000
HSBC Bank plc	€50,000,000
ING Bank N.V., London Branch	€50,000,000
Natixis	€50,000,000
UniCredit Bank AG	€50,000,000
Total	€500,000,000

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial Offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act. The Issuer will pay the Initial Purchaser a commission and pay certain fees and expenses relating to the Offering. The Initial Purchasers may sell the Notes through certain of their broker-dealer affiliates.

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under “Notice to Investors.”

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Initial Purchaser has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression of an “offer of notes to the public” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Each Initial Purchaser has represented, warranted and agreed that it has not made and will not make an offer of Notes in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined by Article 26, first paragraph, letter d) of the CONSOB Regulation No. 16190 October 29, 2007, as amended, pursuant to Article 100 of the Italian Securities Act and Article 34-ter, first paragraph, letter b) of CONSOB Regulation on Issuers;
- (b) in other circumstances which are exempted from the rules on offerings of securities to the Italian Securities Act and/or CONSOB Regulation on Issuers.

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to us; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. Please see “*Notice to European Economic Area Investors.*”

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF.

The Initial Purchasers are not obligated to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. Please see “*Risk Factors—Risks Relating to the Notes and the Structure—There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited.*”

Delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five United Kingdom business days following the date of pricing of the Notes (this settlement cycle is being referred to as “T + 5”). Trades in the secondary market generally settle in three business days unless the parties to any such trade expressly

agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next succeeding United Kingdom business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with this Offering, the Stabilizing Manager (or persons acting on its behalf) may purchase and sell Notes in the open market. These transactions may include over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids. Over-allotment involves sales in excess of this Offering size, which create a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions. These transactions may be effected in the over-the-counter market or otherwise.

These activities may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the prices that otherwise might exist in the open market. Neither we nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, there is no obligation on the Stabilizing Manager to engage in such transactions and neither we nor the Initial Purchasers make any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of this Offering is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

The Initial Purchasers and/or their respective affiliates have engaged, and may in the future engage, in investment banking, commercial banking transactions and/or other commercial dealings with, and may perform services to, us and our affiliates, in the ordinary course of business. In addition, in the ordinary course of their business activities, the Initial Purchasers and/or their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates. The Initial Purchasers and/or their respective affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and/or their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Initial Purchasers and/or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. They have received, and expect to receive, customary fees and commissions for these transactions. Among the Initial Purchasers, Banca IMI S.p.A. is a wholly-owned subsidiary of Intesa Sanpaolo S.p.A., which is the parent company whose banking group is the Intesa Sanpaolo Banking Group, and receives fees, commissions and expenses reimbursement for the issue of the Notes. Furthermore, certain of the Initial Purchasers, or certain of their affiliates (namely, companies belonging to Intesa Sanpaolo Banking Group (of which Banca IMI S.p.A. is a member), Banco Bilbao Vizcaya Argentaria S.A., BNP Paribas, Cr dit Agricole Corporate and Investment Bank, HSBC Bank plc, ING Bank N.V., London Branch, Natixis and UniCredit Bank AG) have made significant financing to the Issuer and its parent and group companies. See *“Description of our Other Indebtedness.”* Furthermore, a portion of the proceeds from the Offering will be used to partially repay outstanding amounts of the Issuer’s existing debt arising from such facility agreements. See *“Use of Proceeds.”* Moreover Banca IMI was the joint bookrunner and the joint lead manager for Astaldi S.p.A. in its bond issuance in January 2013. Banca IMI S.p.A. acts as specialist in accordance with the rules of the Italian stock exchange in respect of shares issued by Astaldi S.p.A. Finally companies belonging to the Intesa Banking Sanpaolo Group are counterparties in the interest rate swaps relating to the Offering.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Shearman & Sterling (London) LLP, as to matters of United States federal and New York law, and by Chiomenti Studio Legale, as to matters of Italian law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by White & Case LLP, as to matters of United States federal and New York law, and by Legance Avvocati Associati, as to matters of Italian law.

INDEPENDENT AUDITORS

The consolidated financial statements of Astaldi S.p.A. and its subsidiaries as of and for the year ended December 31, 2010, included in this Offering Memorandum, have been audited by Reconta Ernst & Young S.p.A., independent auditors, as stated in their report appearing herein.

Reconta Ernst & Young S.p.A.'s audit report covering the consolidated financial statements of Astaldi S.p.A. and its subsidiaries as of and for the year ended December 31, 2010, contains language stating: "For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 7 April 2010. These comparative figures have been restated for the first application of IFRIC 12 "Service Concession Arrangements", as described in the explanatory notes. We have examined such restatement and the related disclosures for the purpose of the issuance of our opinion on the current year financial statements".

Certain items of the consolidated financial statements of Astaldi as of December 31, 2010, have been restated in the 2011 Audited Consolidated Financial Statements for the effects of the change of accounting policy for jointly-controlled entities. The Astaldi Group, starting from 2011, has adopted, as set forth in IAS 31, the proportionate consolidation of joint controlled entities, as an alternative to the equity method as described in Note "Change of accounting policy for jointly-controlled entities starting from 1 January 2011: proportionate consolidation" of the 2011 Audited Consolidated Financial Statements. The 2010 Audited Consolidated Financial Statements have been included in this Offering Circular upon the reports of (1) Reconta Ernst & Young S.p.A., solely with respect to the financial statements before the effects of these retrospective adjustments, and (2) KPMG S.p.A., solely with respect to these retrospective adjustments.

Reconta Ernst & Young S.p.A.'s registered office is Via Po 32, Rome, Italy and it is authorized and regulated by the Italian Ministry of Economy and Finance ("MEF") and registered on the special register of auditing firms held by MEF.

Following the expiration of the term of their appointment, on April 18, 2011, the Issuer appointed KPMG S.p.A. as independent auditing firm of Astaldi to replace Reconta Ernst & Young S.p.A.

The consolidated financial statements of Astaldi S.p.A. and its subsidiaries as of and for the years ended December 31, 2011 and 2012 included herein, have been audited by KPMG S.p.A., independent auditors, as stated in their reports appearing herein.

The condensed interim consolidated financial statements as of Astaldi S.p.A. and its subsidiaries as of and for the nine months period ended September 30, 2013 included herein have been reviewed by KPMG S.p.A., independent auditors, as stated in their reports appearing herein.

KPMG S.p.A.'s audit report covering the consolidated financial statements of Astaldi S.p.A. and its subsidiaries as of and for the year ended December 31, 2011 contains language stating: 'The consolidated financial statements present the prior year corresponding figures and the statement of financial position as at January 1, 2010 for comparative purposes. As disclosed in the note "Change in accounting policy for jointly-controlled entities starting from January 1, 2011: proportionate consolidation", the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements and statement of financial position as at January 1, 2010, which derives from the consolidated financial statements at December 31, 2009. Other auditors audited the 2010 and 2009 consolidated financial statements and issued their reports thereon on March 25, 2011 and April 7, 2010, respectively. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at December 31, 2011'.

With respect to the unaudited condensed interim consolidated financial statements of Astaldi S.p.A. and its subsidiaries as at and for the nine month period ended September 30, 2013, included herein KPMG S.p.A. have reported that they applied limited procedures in accordance with professional standards for a review of such statements. However, its reports included herein, state that they did not audit and they do not express an opinion on those condensed interim consolidated financial statements. Accordingly, the degree of reliance on their reports on such statements should be restricted in light of the limited nature of the review procedures applied.

In addition, KPMG S.p.A.'s review report covering the condensed interim consolidated financial statements of Astaldi S.p.A. and its subsidiaries as at and for the nine month period ended

September 30, 2013 contains language that states the following: ‘The condensed interim consolidated financial statements present the corresponding prior year annual consolidated financial statements figures for comparative purposes. As disclosed in the note “*Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013*”, further to the application of IAS 19 (2011)—“Employee benefits”, the parent’s directors restated some of the corresponding figures included in the prior year annual consolidated financial statements. We audited such annual consolidated financial statements and issued our report thereon on 29 March 2013. We have examined the methods used to restate the prior year corresponding figures and related disclosures set out in the note “*Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013*” for the purposes of preparing this report. The condensed interim consolidated financial statements also present the corresponding prior year condensed interim consolidated financial statements figures for comparative purposes. As disclosed in the note “*Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013*”, further to the application of IAS 19 (2011)—“Employee benefits”, the parent’s directors restated some of such corresponding figures. We have not examined the corresponding prior year condensed interim consolidated financial statements figures’.

KPMG S.p.A. is registered under No. 2 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree No. 58 of February 24, 1998 (as amended) and under No. 70945 in The Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of January 27, 1992. Its registered office is at Via Vittor Pisani, 25, 20124 Milan, Italy.

WHERE YOU CAN FIND MORE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

We have agreed in the Indenture governing these Notes that, if at any time we are not subject to Section 13 or 15(d) of the U.S. Exchange Act, or are exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, we will, upon request of a holder of the Notes, furnish to such holder or beneficial owner or to the Trustee or any relevant paying agent for delivery to such holder or beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to us at Via Giulio Vincenzo Bona, 65, 00156, Rome, Italy. All of the above documents will be available at the offices of the Luxembourg Listing Agent in Luxembourg.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer is a joint stock company (*società per azioni*) organized under the laws of Italy. All of the directors and executive officers of the Issuer live outside the United States. Substantially all the assets of the directors and executive officers of the Issuer and all the assets of the Issuer are located outside the United States. As a result, although the Issuer has appointed an agent for service of process under the indenture governing the Notes, it may be difficult for you to serve process on those persons or the Issuer in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the federal or state securities laws of the United States.

Subject to the qualifications described below, recognition and enforcement in Italy of final judgments of U.S. courts, including judgments obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws, may not require retrial on the merits and will be enforceable in Italy, provided that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995, inter alia, the following conditions are met: (i) the relevant U.S. court which rendered the judgment had jurisdiction upon the matter in accordance with Italian law and have rendered a final and binding judgment, not subject to any further appeal (*passato in giudicato*); (ii) summons and complaints have been appropriately served on the defendant in accordance with applicable U.S. law and no fundamental right of the defendant has been violated during the proceedings; (iii) the parties to the proceedings appeared before the court in accordance with U.S. law or, in the event of non-appearance of the defendant, the U.S. court declared such non-appearance in accordance with U.S. law; (iv) there is no conflicting final judgment by an Italian court or an action pending in Italy that commenced prior to the commencement of the proceedings before the U.S. court among the same parties and arising from the same facts and circumstances; and (v) the content of the U.S. judgment does not violate Italian public policy.

Furthermore, according to Article 67 of Italian Law No. 218 of May 31, 1995, if the judgment rendered by the U.S. court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court of Appeal to this end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. Federal or New York state court is not contrary to public policy in Italy).

In original actions brought before Italian courts, there is doubt as to the enforceability of liabilities or remedies based solely on the U.S. Federal securities laws. In addition, in original actions brought before Italian courts, Italian courts may apply not only Italian rules of civil procedure, but also certain substantive provisions of Italian law that are regarded as mandatory and may refuse to apply U.S. law provisions if the relevant application violates Italian public policy.

LISTING AND GENERAL INFORMATION

1. The Issuer was incorporated in 1950. The address of the Issuer is Via Giulio Vincenzo Bona, 65, 00156, Rome, Italy.
2. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF Market.
3. So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of such exchange shall so require, copies of our Articles of Association and the Indenture will be available free of charge during normal business hours on any weekday at the specified office of the Luxembourg Listing Agent in Luxembourg.
4. We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.
5. Except as disclosed herein, there has been no material adverse change in the Issuer's financial position since the last published consolidated financial statements of the Issuer and its subsidiaries, as of and for the nine months ended September 30, 2013. The consolidated financial statements of the Issuer are available on the Issuer's website: www.astaldi.com. In addition to the annual consolidated financial statements, the Issuer publishes interim six-months consolidated financial statements and quarter financial reports.
6. Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.
7. We have appointed HSBC Bank plc as our paying agent, registrar and transfer agent in London. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's website, www.bourse.lu. The Paying Agent will act as intermediary between the holders of the Notes and us.
8. The issuance of the Notes was authorized by resolutions of the Board of Directors of the Issuer passed on November 22, 2013.
9. The Notes have been accepted for clearance through the facilities of Clearstream Banking and Euroclear under common codes 100039389 (Reg S) and 100038960 (Rule 144A), respectively. The ISIN numbers for the Notes sold pursuant to Regulation S are XS1000393899 and the ISIN numbers for the Global Notes sold pursuant to Rule 144A are XS1000389608.

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Auditors' report on review of condensed interim consolidated financial statements

To the shareholders of
Astaldi S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Astaldi Group as at and for the nine months ended 30 September 2013, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim consolidated financial statements consists of making inquiries, primarily of the company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The condensed interim consolidated financial statements present the corresponding prior year annual consolidated financial statements figures for comparative purposes. As disclosed in the note "*Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013*", further to the application of IAS 19 (2011) – "Employee benefits", the parent's directors restated some of the corresponding figures included in the prior year annual consolidated financial statements. We audited such annual consolidated financial statements and issued our report thereon on 29 March 2013. We have examined the methods used to restate the prior year corresponding figures and related disclosures set out in the note "*Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013*" for the purposes of preparing this report.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Astaldi Group
Auditors' report on review of condensed
interim consolidated financial statements
30 September 2013

The condensed interim consolidated financial statements also present the corresponding prior year condensed interim consolidated financial statements figures for comparative purposes. As disclosed in the note “*Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013*”, further to the application of IAS 19 (2011) – “Employee benefits”, the parent’s directors restated some of such corresponding figures. We have not examined the corresponding prior year condensed interim consolidated financial statements figures.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Astaldi Group as at and for the nine months ended 30 September 2013 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Rome, 15 November 2013

KPMG S.p.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

(€'000)	Note	Nine months ended 30/09/2013	Nine months ended 30/09/2012 Restated*
OPERATING PERFORMANCE			
Revenue	1	1,658,951	1,698,396
<i>of which with related parties</i>		166,264	158,349
Other operating revenue	2	76,601	94,716
<i>of which with related parties</i>		2,367	4,028
Total revenue		1,735,551	1,793,113
Purchase costs	3	(281,193)	(351,425)
Service costs	4	(974,828)	(983,457)
<i>of which with related parties</i>		(113,821)	(114,896)
Personnel expenses	5	(232,235)	(223,026)
Amortisation, depreciation and impairment losses	6	(44,363)	(35,935)
Other operating costs	7	(31,068)	(49,202)
<i>of which with related parties</i>		(103)	(9)
Total costs		(1,563,687)	(1,643,045)
(Capitalisation of internal construction costs)	8	248	1,026
Operating profit		172,112	151,094
Financial income	9	78,917	42,190
<i>of which with related parties</i>		4,634	1,448
Financial charges	10	(152,745)	(94,949)
<i>of which with related parties</i>		(1,392)	(108)
Effect of equity accounting	11	5,934	2,082
TOTAL FINANCIAL AREA AND INVESTMENTS		(67,894)	(50,677)
PRE-TAX PROFIT FROM CONTINUING OPERATIONS		104,218	100,417
Tax expense	12	(38,622)	(40,190)
PROFIT (LOSS)—CONTINUING OPERATIONS		65,597	60,228
PROFIT (LOSS)—DISCONTINUED OPERATIONS	13	153	0
PROFIT (LOSS) FOR THE PERIOD		65,749	60,228
Profit attributable to the owners of the parent		61,374	60,390
Profit (loss) attributable to non-controlling interests		4,376	(162)
<i>Earnings per share</i>	14		
Basic		€ 0.63	€ 0.62
Diluted		€ 0.62	€ 0.62

* Further to the retrospective application of IAS 19 (2011)—Employee Benefits, the corresponding figures for the nine months ended 30 September 2012, presented for comparative purposes, have been restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€'000)	Note	Nine months ended 30/09/2013	Nine months ended 30/09/2012 Restated*
Profit for the period (A)		65,749	60,228
Items to be subsequently reclassified to profit or loss	27		
Change in Hedging Reserve—Subsidiaries, net of tax effect		12,864	(8,936)
Change in Hedging Reserve—Associates, net of tax effect		6,690	(3,496)
Change in Translation Reserve—Subsidiaries		(2,193)	(1,884)
Change in Translation Reserve—Associates		(11,320)	1,702
Comprehensive expense relating to disposal groups		(8)	0
Total other comprehensive income/(expense), net of tax effect, to be subsequently reclassified to profit or loss (B1)		6,033	(12,615)
Items that will not be subsequently reclassified to profit or loss . . .	27		
Actuarial gains/(losses) of defined benefit plans, net of tax effect		207	(107)
Total other comprehensive income/(expense), net of tax effect, that will not be subsequently reclassified to profit or loss (B2)		207	(107)
Total other comprehensive income/(expense), net of tax effect (B1)+(B2)=(B)		6,240	(12,722)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A)+(B)		71,989	47,506
Of which attributable to the owners of the parent		67,543	47,846
Of which attributable to non-controlling interests		4,446	(340)

* Further to the retrospective application of IAS 19 (2011)—Employee Benefits, the corresponding figures for the nine months ended 30 September 2012, presented for comparative purposes, have been restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	Note	30/09/2013	31/12/2012 Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	15	205,218	221,094
Investment property	16	1,096	1,105
Intangible assets	17	91,175	107,523
Investments	18	382,028	257,441
of which:			
Equity-accounted investees		380,016	104,414
Non-current financial assets	19	85,464	193,448
<i>of which with related parties</i>		39,954	49,926
Other non-current assets	20	33,759	39,874
Deferred tax assets		15,174	8,589
Total non-current assets		813,912	829,074
Current assets			
Inventories	21	65,457	84,343
Receivables from customers	22	1,181,915	1,058,039
<i>of which with related parties</i>		15,385	41,954
Trade receivables	23	1,045,287	835,077
<i>of which with related parties</i>		53,314	30,435
Current financial assets	19	39,245	17,653
Tax assets	24	100,623	143,067
Other current assets	20	395,381	381,022
<i>of which with related parties</i>		19,731	27,948
Cash and cash equivalents	25	306,347	400,215
Total current assets		3,134,256	2,919,417
Assets related to disposal groups	26	65,848	0
Total assets		4,014,017	3,748,491

* Further to the retrospective application of IAS 19 (2011)—Employee Benefits, the corresponding as at 31 December 2012, presented for comparative purposes, have been restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(€'000)	Note	30/09/2013	31/12/2012 Restated*
EQUITY AND LIABILITIES			
Equity	27		
Share capital		196,850	196,850
Treasury shares		(1,066)	(1,216)
Reserves:			
Legal reserve		26,201	23,930
Extraordinary reserve		244,536	218,262
Retained earnings		76,351	48,971
Other reserves		(281)	(921)
Other comprehensive income (expense)		(46,788)	(52,957)
Total capital and reserves		495,803	432,918
Profit for the period		61,374	74,133
Total Equity attributable to owners of the parent		557,177	507,050
Profit (loss) attributable to non-controlling interests		4,376	(177)
Other comprehensive income (expense) items attributable to non-controlling interests		(26)	(97)
Consolidation Reserves attributable to non-controlling interests		42,093	47,171
Equity attributable to non-controlling interests		46,442	46,897
Total equity		603,619	553,948
Non-current liabilities			
Non-current financial liabilities	28	852,169	734,920
<i>of which with related parties</i>		1,645	1,749
Other non-current liabilities	29	13,513	13,721
Employee benefits		10,185	9,367
Deferred tax liabilities		19,376	4,188
Total non-current liabilities		895,242	762,195
Current liabilities			
Payables to customers	22	539,694	479,397
<i>of which with related parties</i>		27,586	103,130
Trade payables	30	1,161,347	1,128,798
<i>of which with related parties</i>		202,447	142,218
Current financial liabilities	28	517,877	537,661
Tax liabilities	31	59,480	93,387
Provisions for current risks and charges	32	23,414	28,578
Other current liabilities	29	170,917	164,527
<i>of which with related parties</i>		1,213	1,120
Total current liabilities		2,472,728	2,432,348
Liabilities related to disposal groups	26	42,427	0
Total liabilities		3,410,398	3,194,543
Total equity and liabilities		4,014,017	3,748,491

* Further to the retrospective application of IAS 19 (2011)—Employee Benefits, the corresponding as at 31 December 2012, presented for comparative purposes, have been restated.

STATEMENT OF CHANGES IN EQUITY

€'000	Changes in equity for the nine months ended 30 September 2013						
	Attributable to the owners of the parent						
	Share capital	Legal reserve	Extraordinary reserve	Other comprehensive income (expense)	Other reserves	Retained earnings	Profit for the period
At 1 January 2013 Published	195,633	23,930	218,262	(52,088)	(921)	48,682	74,116
Effects of application of amended IAS 19	0	0	0	(869)	0	288	
At 1 January 2013 Restated	195,633	23,930	218,262	(52,957)	(921)	48,971	74,116
Profit for the period from continuing operations 2013	0	0	0	0	0	0	61,659
Actuarial gains/(losses) on defined benefit plans	0	0	0	175	0	0	
Change in hedging reserve	0	0	0	19,268	0	0	
Translation of foreign operations for the period	0	0	0	(13,274)	0	0	
COMPREHENSIVE INCOME (EXPENSE)	0	0	0	6,169	0	0	61,659
Treasury shares	150	0	144	0	106	0	
Dividends	0	0	0	0	0	0	(16,659)
Provision as per article 27	0	0	0	0	0	0	
Transactions with non-controlling interests	0	0	0	0	0	(1,031)	
Change in consolidation scope	0	0	0	0	0	0	
Allocation of 2012 profit from continuing operations	0	2,271	26,130	0	0	28,411	(56,712)
Other changes	0	0	0	0	0	0	
Stock Grant reserve	0	0	0	0	534	0	
At 30 September 2013	**195,783	26,201	**244,536	*(46,788)	(281)	76,351	61,659

* Other comprehensive income (expense) comprises changes in the hedging reserve (€26,408 thousand), the translation reserves (€19,685 thousand) and the actuarial gains/(losses) on defined benefit plans (€694 thousand).

** The amount is net of the investment in treasury shares totalling €2,725 thousand, including the nominal amount of shares of €1,066 thousand and the stock grant reserve of €1,659 thousand offset against the extraordinary reserve.

STATEMENT OF CHANGES IN EQUITY (Continued)

€'000	Changes in equity for the nine months ended 30 September 2012						
	Attributable to the owners of the parent						
	Share capital	Legal reserve	Extraordinary reserve	Other comprehensive income (expense)	Other reserves	Retained earnings	Profit for the period
At 1 January 2012 Published	193,552	20,797	172,724	(37,151)	3,611	40,493	71,877
Reclassification of treasury shares delivered to employees as part of the Stock Grant plan	2,076	0	3,244	0	(5,320)	0	
Effects of application of IAS 19 (2011)	0	0	0	(7)	0	287	
At 1 January 2012 Recalculated	195,628	20,797	175,968	(37,158)	(1,709)	40,780	71,877
Profit from continuing operations 2012	0	0	0	0	0	0	60,322
Actuarial gains(losses) of defined benefit plans	0	0	0	(103)	0	0	
Change in hedging reserve	0	0	0	(11,914)	0	0	
Translation of foreign operations for the period	0	0	0	(527)	0	0	
COMPREHENSIVE INCOME (EXPENSE)	0	0	0	(12,544)	0	0	60,322
Treasury shares	6	0	(33)	0	76	0	
Dividends	0	0	0	0	0	0	(16,116)
Provision as per article 27	0	0	0	0	0	0	
Transactions with non-controlling interests	0	0	0	0	0	13	
Change in consolidation scope	0	0	0	0	0	0	
Allocation of 2011 profit from continuing operations	0	3,133	42,314	0	0	8,179	(53,626)
Other changes	0	0	0	0	(266)	0	
Stock Grant reserve	0	0	0	0	736	0	
At 30 September 2012	**195,634	23,930	**218,248	*(49,701)	(1,162)	48,972	60,322

* Other comprehensive income (expense) comprises changes in the hedging reserve (€43,713 thousand), the translation reserves (€5,879 thousand) and the defined benefit plans (€109 thousand).

** The amount is net of the investment in treasury shares totalling €3,032 thousand, including the nominal amount of shares of €1,216 thousand offset against the extraordinary reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended 30/09/2013	Nine months ended 30/09/2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period attributable to owners of the parent and non-controlling interests	65,749	60,228
Tax expense	38,622	40,190
Pre-tax profit	104,371	100,417
adjustments for:		
Non-monetary items		
Amortisation and depreciation	41,572	35,834
Impairment losses	1,838	101
Effects of equity accounting	(22,364)	(2,082)
Post-employment benefits and defined benefit plan costs	629	1,302
Stock grant plan costs	1,081	736
Accrual to provisions for risks and charges	3,787	143
Fair value losses (gains)	(10,539)	1,300
Subtotal	16,003	37,334
Monetary items		
Gains/losses from disposals	(2,507)	(1,899)
Net interest income and expense and dividends received	67,823	32,583
Subtotal	65,316	30,684
Cash flows from operating activities prior to changes in net working capital	185,691	168,436
Changes in working capital		
Trade receivables	(220,987)	(18,068)
<i>of which with related parties</i>	(22,879)	(47,388)
Inventories and amounts due from customers	(93,690)	(93,179)
<i>of which with related parties</i>	26,568	62,753
Trade payables	50,560	71,127
<i>of which with related parties</i>	60,229	49,738
Provisions for risks and charges	(7,274)	(7,615)
Amounts due to customers	71,062	(49,360)
<i>of which with related parties</i>	(75,544)	(22,628)
Other operating assets	(48,657)	(70,444)
<i>of which with related parties</i>	8,217	(4,596)
Other operating liabilities	24,147	26,761
<i>of which with related parties</i>	93	803
Payment of post-employment benefits and defined benefit plans		(101)
Subtotal	(224,838)	(140,877)
Cash flow from operating activities	(39,147)	27,558
Interest paid	(63,386)	(47,826)
Taxes paid	(31,156)	(35,994)
Net cash flow from operating activities	(133,689)	(56,262)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Nine months ended 30/09/2013	Nine months ended 30/09/2012
CASH FLOW USED IN INVESTING ACTIVITIES		
Constructions		
Net investment property		
Net intangible assets	2,856	(10,277)
Property, plant and equipment	(17,699)	(56,654)
Proceeds from the sale or reimbursement of property, plant and equipment	13,877	20,539
Change in financing of equity investments	(4,883)	(934)
<i>of which with related parties</i>	(4,883)	(934)
Acquisitions of investments in associates and other companies	(6,900)	
Proceeds from the sale of investments in associates and other companies		4
Sale/purchase of securities	(20)	538
Change in other loan assets, net	5,024	765
Subtotal cash flow used in construction investing activities	(7,744)	(46,019)
Concessions		
Change in financial assets from concession activities	9,561	(25,587)
Investment in rights to infrastructure under concession (intangible assets)		(40,939)
Change in financing of equity investments	17	(37,256)
<i>of which with related parties</i>	17	(37,256)
Acquisitions of investments in associates and other companies	(72,834)	(71,246)
Change in other loan assets, net	(19,447)	
Increase in finance lease receivables due to investments	(17,817)	
Subtotal cash flow used in concession investing activities	(100,520)	(175,028)
Interest and dividends collected	(4,436)	15,243
Cash flow used in investing activities	(112,700)	(205,804)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends distributed to the owners of the parent	(16,639)	(16,630)
Dividends distributed to non-controlling investors	(164)	(761)
Acquisition of treasury shares	294	(57)
Issue of convertible bonds	130,000	
Redemption of and other net changes in convertible bonds	(2,459)	
Net changes in loans and borrowings	61,342	159,037
Net changes in other financial liabilities	(5)	(475)
<i>of which with related parties</i>	(104)	
Repayment of finance leases	(9,267)	(5,265)
Change in consolidation scope and other changes	(10,580)	42,238
Cash flow from financing activities	152,522	178,087
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(93,868)	(83,979)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	400,215	456,210
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	306,347	372,232

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Astaldi Group, which has been operating for over ninety years in Italy and abroad in the design and construction of major civil engineering works, is one of the most important groups in the international construction sector, and is the leading general contractor and sponsor of project finance initiatives in Italy.

The Group operates through the parent, Astaldi S.p.A., a company limited by shares with registered offices at Via Giulio Vincenzo Bona, 65, Rome, listed in the STAR segment of the Milan Stock Exchange since June 2002.

The duration of the company is currently set until 31 December 2100.

At the date of these condensed interim consolidated financial statements, Astaldi S.p.A. is not managed or coordinated by any of its shareholders as its Board of Directors is responsible for taking all and the most suitable decisions regarding its management in a fully independent manner. The parent's Board of Directors approved the condensed interim consolidated financial statements as at and for the nine months ended 30 September 2013 during the meeting held on 11 November 2013.

BASIS OF PREPARATION

The condensed interim consolidated financial statements of Astaldi Group as at and for the nine months ended 30 September 2013 (the "condensed interim consolidated financial statements") were drafted in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) endorsed by the European Union, and in accordance with CONSOB (the Italian Commission for listed companies and the stock exchange) regulations governing application of the IFRS. Said standards are supplemented by interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee), also endorsed by the European Union. All these standards and interpretations are referred to herein as the "IFRS".

The condensed interim consolidated financial statements were drafted in a condensed format, in compliance with IAS 34—Interim financial reporting and applying the same accounting policies adopted to draft the annual consolidated financial statements at 31 December 2012 (to which reference should be made for more information thereon), except for those described in the *"Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013"* section.

Accordingly, these condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read together with the consolidated financial statements at 31 December 2012.

Following the application of the amendment to IAS 19, the corresponding prior period figures presented for comparative purposes have been restated.

Specifically, in compliance with the transition rules provided for in IAS 19.173, the Group applied the standard retrospectively from 1 January 2013, adjusting the opening figures of the statement of financial position as at 1 January 2012 and the 2012 statement of comprehensive income as if the amendment to IAS 19 had always been applied.

Reference should be made to the *"Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013"* section for more information on the effects of IAS 19 (2011) on the Group's statement of financial position.

The condensed interim consolidated financial statements comprise:

1. Income statement;
2. Statement of comprehensive income;
3. Statement of financial position;
4. Statement of cash flows;
5. Statement of changes in equity;
6. Notes.

The Group has chosen to present the statement of comprehensive income in two separate statements as permitted under IAS 1.81. Therefore, it presents a statement showing items making up the profit (loss) for the period (income statement) and a statement which adds the other comprehensive income (expense) (statement of comprehensive income) to the profit (loss) for the period. Astaldi Group's other comprehensive income only includes the hedging reserve, the translation reserve and actuarial gains/losses on defined benefit plans.

Astaldi Group uses the six month period as the interim financial reporting period for application of IAS 34 and the related definition of interim. It prepared the interim financial report at 30 September 2013 in accordance with IAS 34 with respect to potential transactions as provided for in its business plan.

The condensed interim consolidated financial statements are drawn up in Euros, which is the parent's functional and presentation currency.

The following exchange rates were used to translate the statement of financial position and income statement amounts of companies operating in currencies other than the Euro:

CURRENCY	2013		2012	
	Closing rate	2013 nine-month average	Closing rate	2012 nine-month average
Algerian Dinar	109.9751	104.3920	103.3836	98.8536
New Bulgarian Lev	1.9558	1.9558	1.9560	1.9558
Canadian Dollar	1.3912	1.3485	1.3137	1.2845
Chilean Peso	682.1699	643.1691	631.7287	626.8738
Danish Krone	7.4580	7.4574	7.4610	7.4387
United Arab Emirates Dirham	4.9603	4.8379	4.8462	4.7076
Moroccan Dirham	11.1911	11.1494	11.1424	11.0919
Peruvian Nuevo Sol	3.7578	3.5237	3.3678	3.4045
Pound Sterling	0.8361	0.8522	0.8161	0.8122
Romanian New Leu	4.4620	4.4088	4.4445	4.4352
Russian Rouble	43.8240	41.6592	40.3295	39.7964
US Dollar	1.3505	1.3172	1.3194	1.2817
Turkish Lira	2.7510	2.4584	2.3551	2.3101
Venezuelan Bolivar	8.4975	7.8136	5.6664	5.5044

The exchange rates express the quantity of foreign currency required to buy €1.

All figures are shown in thousands of Euros, unless stated otherwise. Consequently, there may be minor differences in the total amounts shown in some statements from the sum of the individual amounts comprising the total due to rounding.

These condensed interim consolidated financial statements at 30 September 2013 are reviewed by KPMG S.p.A..

SEASONALITY EFFECTS

The Group's revenue and financial performance, as presented in these condensed interim consolidated financial statements, were not significantly affected by seasonality effects.

USE OF ESTIMATES

Interim reporting under the IFRS requires making estimates and assumptions which affect the carrying amounts of assets and liabilities and disclosures about potential assets and liabilities. Estimates are used, for example, to recognise allowances for impairment, work in progress, amortisation and depreciation, impairment losses, employee benefits, taxes and other provisions and accruals.

The estimates are based on the most recent information available to management at the time of drafting this document, without affecting its reliability. Actual results may differ from estimates.

The estimates and assumptions are reviewed periodically and the effects of any changes are reflected in profit or loss for the period when the change occurred. More specifically, taking into account the Group's specific sector, which provides for payment of a sum upon awarding of the individual contracts, actual profits or losses on said contracts, recognised in profit or loss on the basis of systematic calculation criteria, may differ from those originally estimated. This reflects the probability of recovering the greater costs that may be incurred while performing works. Lastly, taxes have been calculated and accrued on the basis of current tax rates, deemed to be applicable to the forecast annual results on the basis of legislation in force in the countries where the Group operates.

CONSOLIDATION SCOPE AND BASIS OF CONSOLIDATION

The basis of consolidation is the same as that applied to draft the annual consolidated financial statements at 31 December 2012.

A list of the companies included in the consolidation scope with the relevant percentages held, directly or indirectly, by the Group and other significant information is attached hereto.

Moreover, a list of the companies included in the consolidation scope at 30 September 2013, with any changes compared to 31 December 2012, is set out below.

Astaldi S.p.A. Construction—Italy

<u>Company name</u>	<u>Method</u>	<u>Geographical segment</u>	<u>%</u>
Astaldi Aedifica S.r.l.	Line-by-line	Italy	100.00%
Euroast S.r.l. in liquid.	Line-by-line	Italy	100.00%
Garbi Linea 5 S.c.a.r.l.	Line-by-line	Italy	100.00%
Italstrade IS S.r.l.	Line-by-line	Italy	100.00%
Messina Stadio S.c.r.l. in liquid.	Line-by-line	Italy	100.00%
Ospedale del Mare S.C.r.l. in liquid.	Line-by-line	Italy	100.00%
P.F.P. S.c.p.A.	Line-by-line	Italy	99.99%
AR.GI S.c.p.A.	Line-by-line	Italy	99.99%
CO.MERI S.p.A.	Line-by-line	Italy	99.99%
Portovesme S.c.r.l. in liquid.	Line-by-line	Italy	99.98%
Toledo S.c.r.l.	Line-by-line	Italy	90.39%
Susa Dora Quattro S.c.r.l. in liquid.	Line-by-line	Italy	90.00%
S. Filippo S.c.r.l. in liquid.	Line-by-line	Italy	80.00%
Forum S.c.r.l. in liquid.	Line-by-line	Italy	79.99%
Bussentina S.c.r.l. in liquid.	Line-by-line	Italy	78.80%
AS. M. S.c.r.l.	Line-by-line	Italy	75.91%
Mormanno S.c.r.l. in liquid.	Line-by-line	Italy	74.99%
S.P.T. S.C.r.l.	Line-by-line	Italy	74.00%
CO.ME.NA. S.c.r.l. in liquid.	Line-by-line	Italy	70.43%
Scuola Carabinieri S.C.r.l.	Line-by-line	Italy	61.40%
Quattro Venti S.c.r.l. in liquid.	Line-by-line	Italy	60.00%
Sirjo Scpa	Line-by-line	Italy	60.00%
C.O.MES. in liquid. S.C.r.l.	Line-by-line	Italy	55.00%
Infralegrea Progetto S.p.A.	Line-by-line	Italy	51.00%
M.O.MES S.c.r.l.	Proportionate	Italy	55.00%
CO.SAT S.c.r.l.	Proportionate	Italy	50.00%
Metro Blu S.c.r.l.	Proportionate	Italy	50.00%
Avrasya Metro Grubu S.r.l.	Proportionate	Italy	42.00%
Total construction—Italy			28

Construction—Abroad

<u>Company name</u>	<u>Method</u>	<u>Geographical segment</u>	<u>%</u>
Astaldi Bulgaria LTD	Line-by-line	Europe	100.00%
Astaldi International Ltd.	Line-by-line	Europe	100.00%
Astur Construction and Trade A.S.	Line-by-line	Europe	99.98%
Asocierea Astaldi S.p.A.—Astalrom SA (Mihai Bravu)	Line-by-line	Europe	99.91%
ASTALROM S.A.	Line-by-line	Europe	99.62%
Romairport S.r.l.	Line-by-line	Europe	99.26%
Astaldi-Max Bogl-CCCF JV S.r.l.	Line-by-line	Europe	66.00%
Italstrade CCCF JV Romis S.r.l.	Line-by-line	Europe	51.00%
Romstrade S.r.l.	Line-by-line	Europe	51.00%
Ic İctas—Astaldi Insaat A.S.	Proportionate	Europe	50.00%
Ica Astaldi—Ic İctas WHSD Insaat AS	Proportionate	Europe	50.00%
Astaldi Canada Inc.	Line-by-line	Americas	100.00%
Astaldi Construction Corporation	Line-by-line	Americas	100.00%
T.E.Q. Construction Enterprise Inc.	Line-by-line	Americas	100.00%
Constructora Astaldi Cachapoal Limitada	Line-by-line	Americas	99.90%
Astaldi de Venezuela C.A.	Line-by-line	Americas	99.80%
Consortio Rio Pallca	Line-by-line	Americas	60.00%
Consortio Rio Mantaro	Proportionate	Americas	50.00%
Consortio Rio Urubamba	Proportionate	Americas	40.00%
Astaldi Algerie—E.u.r.l.	Line-by-line	Africa	100.00%
Astaldi International Inc.	Line-by-line	Africa	100.00%
Astaldi-Astaldi International J.V.	Line-by-line	Africa	100.00%
G.R.S.H.	Line-by-line	Africa	100.00%
Redo-Association Momentanée	Line-by-line	Africa	100.00%
Seac S.p.a.r.l. in liquid.	Line-by-line	Africa	100.00%
Astaldi Arabia Ltd.	Line-by-line	Asia	100.00%
Total construction—Abroad			<u>26</u>

Concessions

<u>Company name</u>	<u>Method</u>	<u>Geographical segment</u>	<u>%</u>
Astaldi Concessioni S.r.l.	Line-by-line	Italy	100.00%
Ast B. Parking S.r.l.	Line-by-line	Italy	100.00%
Ast VT Parking S.r.l.	Line-by-line	Italy	100.00%
A.I.2 S.r.l.	Line-by-line	Italy	75.43%
Mondial Milas—Bodrum	Line-by-line	Europe	100.00%
Ankara etlik Hastante A.S.	Proportionate	Europe	51.00%
Cachapoal Inversiones Limitada	Line-by-line	Americas	100.00%
Inversiones Assimco Limitada	Line-by-line	Americas	100.00%
Valle Aconcagua S.A.	Line-by-line	Americas	55.00%
Total concessions			9

Maintenance and plant engineering

<u>Company name</u>	<u>Method</u>	<u>Geographical segment</u>	<u>%</u>
nBI S.r.l.	Line-by-line	Italy	100.00%
3E System S.r.l.	Line-by-line	Italy	100.00%
Sartori Tecnologie Industriali S.r.l.	Line-by-line	Italy	100.00%
Consorzio Stabile Busi	Line-by-line	Italy	95.00%
Tione 2008 S.c.r.l.	Line-by-line	Italy	76.00%
Bielle Impianti S.c.r.l.	Line-by-line	Italy	75.00%
CO.VA S.c.r.l.	Line-by-line	Italy	60.00%
CONA Impianti S.c.r.l.	Proportionate	Italy	50.00%
nBI Elektrik Elektromekanik Ve	Line-by-line	Europe	100.00%
Total maintenance and plant engineering			9

MAIN CHANGES IN CONSOLIDATION SCOPE

The table below shows the changes in the consolidation scope compared to the previous year end:

Consolidation scope at 31 December 2012—number of consolidated companies 71

Companies joining consolidation scope in 2013

<u>Company name</u>	<u>Method</u>
Astaldi Aedifica S.r.l.	Line-by-line
Ast VT Parking S.r.l.	Line-by-line
Ast B. Parking S.r.l.	Line-by-line
Asocierea Astaldi S.p.A.—Astalrom SA (Mihai Bravu)	Line-by-line

Companies leaving consolidation scope in 2013

<u>Company name</u>	<u>Method</u>
Astaldi-Ozcar JV	Proportionate
Metro Brescia S.r.l.	Proportionate
Veneta Sanitaria Finanza di Progetto S.p.A.—V.S.F.P. S.p.A.	Proportionate
Consolidation scope at 30 September 2013—number of consolidated companies	72

The main changes in consolidation scope are as follows:

- On 10 January 2013, the quotaholders of Metro Brescia S.r.l. approved a capital increase that, as per prior agreements among them and subject to waiver of their pre-emption rights, was subscribed in full by a third party, Brescia Mobilità S.p.A..

Moreover, all the related and consequent amendments to the company's bylaws, that also concerned the company's system of governance, were made under the same resolution.

Specifically, following amendments to the company's bylaws, the Group no longer exercises joint control over its activities, while still remaining able to exercise significant influence over its financial strategies.

By virtue of said resolution and as from January 2013, Metro Brescia S.r.l. has been classified as an associate pursuant to IAS 28. Consequently, the Group's investment in the associate is now recognised and presented using the equity method.

For the purposes of IAS 31.45 fair value measurement requirements for the residual investment in the associate subsequent to the loss of joint control, the reference carrying amounts shown in the associate's financial statements have been considered as corresponding to their fair values. This is in consideration of the fact that the company: (i) was recently incorporated and (ii) has a business purpose limited to transport service management of Brescia's light metro line;

- the venturers of Astaldi-Ozcar JV Oman signed an amendment to the Joint Venture Agreement on 29 May 2013, whereby Astaldi S.p.A. reduced its interest from 51.00% to 0.01%, as the joint venture is no longer a strategic part of the Group's development plans.

Specifically, as a result of the aforementioned agreement and related and consequent amendments to governance rules, the joint venture is no longer "jointly controlled" and, therefore, has been classified as an available-for-sale financial asset, as defined in IAS 39.

For the purposes of IAS 31.45A fair value measurement requirements for the residual investment subsequent to the loss of control, the reference carrying amounts shown in the investee's financial statements have been considered as corresponding to their fair values.

This is in consideration of the fact that the joint venture: (i) was recently incorporated; (ii) has a business purpose limited to the performance of works to dualise the Bid-Bid-Sur motorway section in the Sultanate of Oman, and (iii) it recently purchased the machinery needed to perform said works;

- following the agreements reached, governance rules were reviewed for Veneta Sanitaria Finanza di Progetto S.p.A.. Specifically, while there was no actual change in the percentage held in this company, but solely due to the enforcement of new agreements amending those signed by the Group and the other shareholder with whom it exercised joint control, the Group no longer exercises joint control, while it remains able to exercise significant influence over the company's financial strategies.

Therefore, the Group has classified this company as an associate as from June 2013 and, as a result, pursuant to IAS 28, it has recognised it using the equity method.

Moreover, in compliance with IAS 31.45, the fair value of the investment in the associate was measured on the date of the loss of joint control.

The fair value measurement of the investee's assets and liabilities at the date when the agreements were amended, based on an appraisal prepared by an independent expert, generated an overall impact of €11,729 thousand on the group's profit or loss and equity, which has been recognised under other financial income.

Moreover, as required by IAS 31.45B, the amounts recognised under other comprehensive income (totalling €3,853 thousand) referring solely to the hedging reserve have been reclassified to profit or loss, as would have been the case had the company directly disposed of the related liabilities.

OTHER COMPANY TRANSACTIONS CARRIED OUT DURING 2013

Following the agreements of 2012 (details of which are given in the 2012 Annual Report), the Group subscribed the capital increase of A4 Holding S.p.A. as approved by the investee's board of directors and its share of the unopted shares through the SPV AI2 S.r.l. during 2013. It thus increased its investment in A4 Holding from 14.96% to 15.45%, confirming its position as the second largest shareholder.

In addition, in August 2013, the Group agreed to the amendment and integration of the 2012 agreements by signing a specific addendum in order to be able to complete the transaction.

As a result of the above and following the industrial, operating and corporate restructuring of A4 Holding that was completed during 2013, the Group has exercised significant influence over A4 Holding pursuant to IAS 28.7 since August 2013, enabling it to influence A4 Holding's financial and operating strategies.

Accordingly and pursuant to IAS 28, the Group recognised and measured its investment in the associate using the equity method in these condensed interim consolidated financial statements. Moreover, pursuant to IAS 28.23, it estimated the fair value of the acquired assets and liabilities at the date when it commenced exercising significant influence over the associate.

Fair value was determined using an independent expert's appraisal. As a result, the Group's interest, held via AI2 S.r.l., in the net fair value of the associate's identifiable assets and liabilities (€178,126 thousand) exceeded the acquisition cost (€159,606 thousand). This difference of €18,520 thousand impacted profit or loss and equity.

BUSINESS COMBINATIONS

Business combinations performed during the first nine months of 2013

No business combinations were performed during the first nine months of 2013.

Completion of the purchase price allocation procedure for the acquisition of the Busi Impianti business unit

As discussed in the notes to the consolidated financial statements as at and for the year ended 31 December 2012, to which reference is made for further details, in the second half of the previous year, the Group definitively acquired the Busi Impianti business unit relating to the plant engineering and maintenance segments.

At the acquisition date, the fair value of acquired assets and liabilities was provisionally determined on the basis of a independent expert's appraisal, which led to a decrease of €3,173 thousand in the carrying amount of the acquired net assets.

However, the Group availed of the twelve-month period allowed by IFRS 3 for the completion of the purchase price allocation (PPA).

As a result, during the first nine months of 2013, it completed the identification and fair value measurement of the Busi Impianti business unit's assets and liabilities, identifying no differences compared to the carrying amounts at 31 December 2012.

A summary of the PPA calculated in 2012 and derived from the consolidated financial statements at 31 December 2012 is set out below:

	€'000
Fair value of net assets acquired	1,762
Non-controlling interests	66
Cost of business combination	13,330
Goodwill	(11,634)
Cash and cash equivalents, net of cash acquired and used (received) for the acquisition	(982)

Completion of purchase price allocation procedure for the acquisition of T.E.Q. Construction Enterprise Inc.

The Group completed the identification and fair value measurement of the assets and liabilities of the Canadian-based company T.E.Q. Construction Enterprise Inc., of which the Group obtained control in the third quarter of 2012, as discussed in the business combinations section of the 2012 Annual report, to which reference is made for further details.

No differences compared to the carrying amounts at 31 December 2012 have emerged.

A summary of the PPA calculated in 2012 and derived from the consolidated financial statements at 31 December 2012 is set out below (the €/Canadian Dollar exchange rate used is 1.3005 which is the rate ruling on 31 October 2012, when the Canadian company was acquired):

	€'000
Fair value of net assets acquired	0
Cost of business combination	3,111
Goodwill	(3,111)
Cash and cash equivalents, net of cash acquired and used (received) for the acquisition	(533)

Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2013

The EU regulations effective as of 1 January 2013 are summarised below.

Commission Regulation (EU) no. 475/2012 dated 5 June 2012, published in Official Journal L 146 of 6 June 2012: Amendments to IAS 1 Presentation of items of Other Comprehensive Income and to IAS 19 Employee Benefits.

The amendments to IAS 1 are aimed at making the presentation of the increasing number of items of other comprehensive income clearer. This in order to enable financial statements users to identify those items of other comprehensive income that may or may not be subsequently reclassified to profit or loss.

The adoption of said amendments shall be applied for periods starting from or subsequent to 1 July 2012.

The Group adopted the amendment to IAS 1 as from 1 January 2013 without any effects on the measurement of financial statements captions and with limited effects on the disclosures provided herein.

The amendments to IAS 19 eliminated the option to defer the recognition of actuarial gains and losses using the corridor approach, providing for their recognition in other comprehensive income.

Moreover, the revised standard no longer allows the deferral of past service costs, introducing more severe rules that provide for immediate and full recognition of the costs for the increase in the obligation in profit or loss in the period when the plan is changed.

In addition, the aforementioned amendments require additional disaggregation of the items referring to employee benefits in profit or loss and introduce new additional disclosure requirements.

In compliance with the transition rules provided for in IAS 19.173 (2011), the Group applied said standard retrospectively as from 1 January 2013, adjusting the opening figures of the statement of financial position as at 1 January 2012 and the 2012 statement of comprehensive income as if the amendment to IAS 19 had always been applied.

Specifically, the Group calculated the following retrospective effects arising from application of IAS 19 (2011):

<u>Effects on financial position</u>	<u>31 December 2011 Published</u>	<u>Effects of application of IAS 19 (2011)</u>		<u>1 January 2012 Restated</u>
		<u>Reclassification of actuarial gains/losses to profit or loss</u>	<u>Unrecognised actuarial gains/losses</u>	
Effects on financial position				
<i>Liabilities</i>				
Employee benefits	7,926		(276)	7,650
<i>Equity attributable to the owners of the parent</i>				
Retained earnings	40,493	287		40,780
Other comprehensive expense	(37,151)	(288)	282	(37,157)
Profit for the year	71,195	1		71,195
<i>Equity attributable to non-controlling interests</i>				
Profit for the year attributable to non-controlling interests	729			729
Other comprehensive income attributable to non-controlling interests	282	(1)	(6)	276
Capital and other reserves attributable to non-controlling interests	4,046	1		4,047

<u>Effects on financial position</u>	<u>30 September 2012 Published</u>	<u>Effects of application of IAS 19 Amended</u>		<u>30 September 2012 Restated</u>
		<u>Reclassification of actuarial gains/losses to profit or loss</u>	<u>Unrecognised actuarial gains/losses</u>	
Effects on financial position				
<i>Liabilities</i>				
Employee benefits	9,127		(169)	8,958
<i>Equity attributable to the owners of the parent</i>				
Retained earnings	48,684	288		48,972
Other comprehensive expense . . .	(49,592)	(288)	179	(49,701)
Profit for the period	60,390			60,390
<i>Equity attributable to non-controlling interests</i>				
Loss for the period attributable to non-controlling interests	(162)			(162)
Other comprehensive income	688	(1)	(10)	677
Capital and other reserves attributable to non-controlling interests	47,601	1		47,602

Effects on financial position	31 December 2012 Published	Effects of application of IAS 19 (2011)		31 December 2012 Restated
		Reclassification of actuarial gains/losses to profit or loss	Unrecognised actuarial gains/losses	
Effects on financial position				
<i>Liabilities</i>				
Employee benefits	8,760		607	9,367
<i>Equity attributable to the owners of the parent</i>				
Retained earnings	48,682	288		48,971
Other comprehensive expense	(52,088)	(295)	(575)	(52,957)
Profit for the year	74,126	6		74,133
<i>Equity attributable to non-controlling interests</i>				
Loss for the year attributable to non-controlling interests	(177)			(177)
Other comprehensive expense	(63)	(1)	(32)	(97)
Capital and other reserves attributable to non-controlling interests	47,170	1		47,171

Commission Regulation (EU) no. 1255/2012 dated 11 December 2012, published in Official Journal L 360 of 29 December 2012: Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards (IFRS)—Severe hyperinflation and Removal of fixed dates for first-time adopters; to IAS 12 Income taxes—Recovery of underlying assets, to IFRS 13 Fair value measurement and to IFRIC 20 Stripping costs in the production phase of a surface mine.

The amendments to IFRS 1—First-time adoption of International Financial Reporting Standards (IFRS)—are aimed at providing guidance on the presentation of financial statements in accordance with the IFRS after a period of hyperinflation.

The amendments to IAS 12—Income Taxes—require deferred taxes arising from an asset to be measured in relation to the way in which the carrying amount of said asset will be recovered (through continuing use or sale).

IFRS 13 establishes a single IFRS framework for fair value measurement and provides comprehensive guidance on how to calculate the fair value of financial and non-financial assets and liabilities. IFRS 13 is applied when another standard requires or allows fair value measurement or requires additional information regarding fair value measurement.

The aim of IFRIC 20 is to provide information regarding the recognition of stripping costs.

The new standards, applied for annual periods beginning on or after 1 January 2013, did not affect the measurement of captions in these condensed interim consolidated financial statements.

Commission Regulation (EU) no. 1256/2012 dated 13 December 2012, published in Official Journal L 360 of 29 December 2012: Amendments to IFRS 7 Financial Instruments: Disclosures—Offsetting financial assets and financial liabilities and to IAS 32 Financial instruments: Presentation—Offsetting financial assets and financial liabilities.

The amendments to IFRS 7 are aimed at prescribing additional disclosures in order to allow users to better compare and reconcile IFRS and US GAAP financial information. The IASB also amended IAS 32 in order to provide additional guidance aimed at reducing inconsistency in practical application of the standard.

The amendments to IFRS 7 shall be applied for annual periods beginning on or after 1 January 2013, the additional amendments to IAS 32 shall apply to financial statements for annual periods beginning on or after 1 January 2014.

The Group adopted the amendment to IFRS 7 as from 1 January 2013 with limited effects on the disclosures provided herein.

EU) Commission Regulation no. 301/2013 dated 27 March 2013, published in Official Journal L 90 dated 28 March 2013: Improvements to IFRS—2009-2011.

The minor amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 related to inconsistencies found in the standards or terminological clarifications.

Specifically, the amendment to IFRS 1—First-time adoption of International Financial Reporting Standards—allows a company that has interrupted the application of IFRS to its financial statements to re-apply IFRS 1, or to apply IAS 8, as if no interruption had taken place, should it decide to return to drafting its financial statements in compliance with the IFRS. The revised standard also allows first-time adopters to choose whether to apply IAS 23 for the capitalisation of borrowing costs as from the date of first-time adoption, or from a previous date, in accordance with IAS 23.28.

The revised IAS 1—Presentation of financial statements —explains how the corresponding figures a company may decide to present voluntarily, in addition to that required by the IFRS, shall be presented in the financial statements.

The amendments to IAS 16—Property, plant and equipment—clarify that, if spare parts and equipment meet the requirements for being classified as “property, plant and equipment”, they shall be recognised and measured in accordance with IAS 16; otherwise they shall be classified as inventories.

The amendment to IAS 32—Financial instruments: presentation and disclosures—requires that income taxes linked to the distributions to holders of equity instruments and to transaction costs for capital transactions be recognised in accordance with the requirements of IAS 12.

The amendment to IAS 34—Interim Financial Reporting—requires that the total assets and liabilities of a specific business segment be presented in interim financial reports only if it is regularly provided to the chief operating decision maker and if it significantly differs to the figures presented in the latest annual financial statements.

The Group adopted the amendments as from 1 January 2013 without any effects on the measurement of financial statements captions and the disclosures provided herein.

Commission Regulation (EU) no. 183/2013 dated 4 March 2013, published in Official Journal L 61 of 5 March 2013: Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards—Government loans.

The aim of the amendments to IFRS 1 is to exempt first-time adopters, upon transition to IFRS, from full retrospective application of the provisions related to recognition of government loans with a below-market rate of interest. Therefore, the amendments to IFRS 1 introduce a new exception to retrospective application of IFRS, requiring first-time adopters to comply with the provisions set forth in IAS 39 Financial instruments: Recognition and measurement and IAS 20 Accounting for government grants and disclosure of government assistance as regards the sole government loans in force at the date of transition to IFRS.

The revised standard is applicable for first-time adopters in accordance with the provisions set forth in the Regulation, as from the financial statements for annual periods beginning on or after 1 January 2013 and, therefore, cannot generate any effects on the measurement of the financial statements captions and disclosures provided herein.

Endorsed standards and interpretations not adopted in advance by the Group

Commission Regulation (EU) no. 1254/2012 dated 11 December 2012, published in Official Journal L 360 of 29 December 2012: Adoption of IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements, IFRS 12 Disclosure of interests in other entities, amendments to IAS 27 Separate financial statements and IAS 28 Investments in associates and joint ventures.

The aim of IFRS 10 is to provide a sole reference standard to be applied to consolidated financial statements that provides for control as the basis for consolidation of all types of entities. Indeed, IFRS 10 replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC 12—*Consolidation—Special purpose entities (SPV)*.

IFRS 11 sets out the reporting requirements for entities that participate in joint arrangements and replaces IAS 31 *Interests in joint ventures* and SIC 13 *Jointly-controlled entities—Non-monetary contributions by venturers*.

IFRS 12 combines, reinforces and replaces disclosure obligations for subsidiaries, joint arrangements, associates and non-consolidated structured entities.

Further to these new standards, the IASB also issued an amendment to IAS 27 that will only cover the separate financial statements and to IAS 28 in order to implement the changes introduced under IFRS 11 as regards joint ventures.

The new standards will apply at the latest as from the opening date of the annual period beginning after 1 January 2014.

Assessments of the effects on consolidated financial information that may arise from application of the new standards, with specific reference to IFRS 11, are currently underway, also in light of expected statements by relevant authorities and technical bodies.

Commission Regulation (EU) no. 313/2013 dated 4 April 2013, published in Official Journal L 95 of 5 April 2013: Guide to provisional provisions (Amendments to IFRS 10, 11 and 12).

The amendments limit the obligation to provide adjusted corresponding figures for the transition to IFRS 10, IFRS 11 and IFRS 12 to the previous period presented for comparative purposes only.

Moreover, explanations are provided of how the corresponding figures shall be adjusted if the conclusions on consolidation at the “date of first application” are not the same as per IAS 27 / SIC 12 and IFRS 10.

Specifically, the following two circumstances may arise:

Consolidation under IFRS 10 of a previously non-consolidated company: IFRS 3 Business Combinations shall be applied retrospectively at the date of obtainment of control, as defined in IFRS 10. Any difference between assets, liabilities and non-controlling interests and the previous carrying amount of the investment shall be recognised under retained earnings at the start of the most distant comparative period presented, or subsequently in the event of control being obtained at a later date. Should the investment be disposed of prior to the date of first application, there will be no obligations.

Non-consolidation under IFRS 10 of a previously consolidated company: IFRS 10 shall be applied retrospectively. Any difference between previously recognised assets, liabilities and non-controlling interests and the carrying amount of the investment as per IFRS 10 shall be recognised under retained earnings at the start of the most distant comparative period presented, or subsequently in the event of control being lost at a later date.

The obligation to present corresponding figures related to non-consolidated structured entities for the periods prior to the date when IFRS 12 is applied for the first time has also been eliminated.

The amendments will apply, together with the relevant standards, at the latest as from the opening date of the annual period beginning after 1 January 2014.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS

1 Revenue: €1,658,951 thousand (€1,698,396 thousand)

Revenue for the period amounts to €1,658,951 thousand, substantially consistent with that for the same period of the previous year, despite the negative macroeconomic situation in both Italy and most of the European countries. The caption may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Revenue from goods and services	203,142	617,605	(414,462)
—Plant maintenance services	3,446	8,232	(4,786)
—Construction and management stage of concessions	24,634	93,013	(68,379)
—Change in contract work in progress	1,408,422	979,547	428,875
—Buildings and plant under construction	19,307	0	19,307
Total	1,658,951	1,698,396	(39,445)

“Revenue from goods and services” includes amounts for work completed and accepted by customers. The decrease on the first nine months of 2012 is mainly due to: (i) in Italy, the final tests of the works for the new Milan trade fair in the third quarter of 2012; and (ii) abroad, completion of certain hydraulic contracts in Central America in 2012. “Change in contract work in progress” shows the value of work performed during the period which has not been completed. The increase therein relates to the final testing of the works for the new Milan trade fair and completion of certain hydraulic contracts in Central America in the corresponding period of 2012. As a result, the carrying amount of these tested works was reclassified into “Revenue from goods and services” in 2012 (see above for comments on the change in this caption in this period).

“Plant maintenance services” refer to the services provided by NBI during the period. This subsidiary operates in the plant engineering and facility management sector, which is complementary to the Group’s current operations and ensures both significant industrial and commercial synergies as well as contributing high level specialist skills.

Revenue from concessions includes:

- construction services of €1,481 thousand provided to build the Etlik Hospital Complex in Ankara;
- the fee of €23,153 thousand for infrastructure management services, mainly earned on: (i) management of Milas-Bodrum Airport (€12,469 thousand); (ii) start-up of the management stage of the commercial services included in management of the four Tuscan hospitals, principally the San Jacopo di Pistoia Hospital opened in July 2013 (€1,202 thousand); and (iii) the contribution of Veneta Sanitaria Finanza di Progetto S.p.A. from management of the Mestre Hospital (€9,189 thousand) until its deconsolidation.

The caption “Buildings and plant under construction” includes the increase in the carrying amount of the plant built in Chile (Relaves Project) to treat and recover copper and molybdenum from the sludge at the Codelco (National Copper Corporation of Chile) mines.

The Chilean subsidiary Valle Aconcagua A.S. has the right to operate the plant for 20 years as part of the Relaves Project.

Codelco is committed to purchasing the copper and molybdenum recovered from the mine sludge, thus ensuring recovery of the investment over the concession period.

Based on the above, the Group deems that the related arrangement contains a lease under IFRIC 4 and has recognised it accordingly.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

1 Revenue: €1,658,951 thousand (€1,698,396 thousand) (Continued)

A breakdown of revenue by geographical segment is as follows:

	Nine months ended 30/09/2013	%	Nine months ended 30/09/2012	%	Variation
Italy	651,633	39.28%	670,772	39.49%	(19,140)
Europe	608,736	36.69%	610,147	35.92%	(1,411)
Americas	270,123	16.28%	240,679	14.17%	29,444
Africa	92,606	5.58%	126,787	7.47%	(34,182)
Asia	35,853	2.16%	50,011	2.94%	(14,158)
Total	1,658,951	100.00%	1,698,396	100.00%	(39,445)

This breakdown shows a significant rise in revenue earned in the Americas, thanks to the Group's recent entry into Canada in the third quarter of 2012 and development of activities in Chile, especially for the Proyecto Minero Chuquicamata Subterráneo contract and completion of the Relaves Project plant. This increase was partly offset by the smaller volume of railway works in Venezuela.

Europe benefitted from the upturn in work carried out in Russia (the international terminal of Pulkovo Airport and the St. Petersburg motorway ring road) and Turkey (phase 1 of the Gebze-Orhangazi-Izmir motorway). However, on a year on year basis, revenue in this area was affected by the programmed contraction in production volumes due to the substantial completion of certain contracts in Poland (National road NR-8) and Romania (motorway and airport contracts).

Production in Africa was down on the corresponding period of 2012, mainly due to certain complicated stages of the construction of the Saida—Moulay—Slissen railway in Algeria.

Revenue in Asia decreased by €14,158 thousand, principally as a result of the Group's steady exit from Saudi Arabia and Oman.

Italian revenue includes the positive progress of the railway contracts (Bologna Central high speed station and Milan metro Line 5), the Pedemontana Lombarda motorway and the four Tuscan hospitals (Lucca, Massa, Pistoia and Prato), which partly countered the effects of the planned slowdown in production for other projects that are now nearly complete (the Jonica highway, the Pantano-Centocelle section of the Rome metro Line C and the Turin railway connector).

The new plant engineering segment contributed positively to the Group's domestic revenue, mainly thanks to the subsidiary NBI Impianti ed Energia, although such contribution was smaller than in the corresponding period of 2012.

Note 34 Segment reporting pursuant to IFRS 8 provides more information about this caption.

2 Other revenue: €76,601 revenue (€94,716 revenue)

Other revenue of €76,601 thousand includes items not directly related to the Group's core business but accessory thereto.

It may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Revenue from the sale of goods	17,492	18,135	(643)
—Services—third parties	30,261	20,606	9,655
—Services—management of joint projects	1,925	5,082	(3,157)
—Leases and rent	2,490	3,659	(1,169)
—Net gains on disposals of property, plant and equipment	3,421	6,596	(3,175)
—Other	21,012	40,638	(19,626)
Total	76,601	94,716	(18,115)

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

2 Other revenue: €76,601 revenue (€94,716 revenue) (Continued)

This caption decreased by €18,115 thousand over the corresponding period of 2012, especially as regards the item “Other”. The decrease is principally due to non-recurring income of approximately €21,000 thousand recognised in the first nine months of 2012 following settlement of the proceedings with companies in liquidation with which the Group had difficult contractual relationships. It had recognised an expense of the same amount for the corresponding period of 2012 under “Other operating costs” (see note 7).

The increase in “Services—third parties” is mainly due to the higher volumes of services provided in Italy (Milan metro Line 5) during the period for certain transactions related to agreements with subcontractors and allocated to the individual contracts.

3 Purchase costs: €281,193 thousand (€351,425 thousand)

Purchases of raw materials and consumables amount to €281,193 thousand for the period, a decrease of €70,232 thousand on the corresponding period of 2012:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Purchase costs	274,134	337,619	(63,485)
—Change in raw materials, consumables and supplies	7,058	13,806	(6,747)
Total	281,193	351,425	(70,232)

The large reduction in “Purchase costs” and “Change in raw materials, consumables and supplies” is mainly due to completion of certain contracts in Turkey (Milas-Bodrum Airport), Romania (motorways) and Poland (National road NR-8).

The rise in consumption in Russia (the international terminal of Pulkovo Airport, St Petersburg) and Chile (Proyecto Minero Chuquicamata Subterráneo and the Relaves Project) is a direct result of the higher production volumes of the period.

A breakdown of the cost of purchasing raw materials and consumables by geographical segment is as follows:

	Nine months ended 30/09/2013	%	Nine months ended 20/09/2012	%	Variation
Italy	81,389	28.94%	96,379	27.43%	(14,990)
Europe	111,257	39.57%	183,244	52.14%	(71,987)
Americas	68,474	24.35%	40,077	11.40%	28,397
Africa	16,977	6.04%	20,124	5.73%	(3,147)
Asia	3,096	1.10%	11,600	3.30%	(8,504)
Total	281,193	100.00%	351,425	100.00%	(70,232)

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

4 Service costs: €974,828 thousand (€983,457 thousand)

This caption of €974,828 thousand shows a €8,629 thousand decrease on the corresponding period of 2012.

It may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Consortium costs	146,881	112,477	34,404
—Subcontracts and other services	642,709	677,185	(34,476)
—Technical, administrative and legal consultancy . .	76,447	59,990	16,457
—Directors' and statutory auditors' fees	2,868	2,488	380
—Utilities	10,579	12,437	(1,858)
—Business trips and travel	4,923	3,326	1,597
—Insurance	16,970	23,111	(6,141)
—Leases and other costs	49,962	63,739	(13,777)
—Lease and building management costs	5,997	7,064	(1,067)
—Maintenance of third party assets	538	867	(329)
—Other	16,954	20,772	(3,818)
Total	974,828	983,457	(8,629)

“Subcontracts and other services” decreased considerably on the corresponding period of the previous year (by €34,476 thousand).

A breakdown of the cost of subcontracts by geographical segment is as follows:

	Nine months ended 30/09/2013	%	Nine months ended 30/09/2012	%	Variation
Italy	255,252	39.71%	287,339	42.43%	(32,088)
Europe	259,923	40.44%	272,507	40.24%	(12,584)
Americas	90,140	14.03%	75,797	11.19%	14,343
Africa	8,869	1.38%	12,059	1.78%	(3,190)
Asia	28,525	4.44%	29,483	4.35%	(958)
Total	642,709	100.00%	677,185	100.00%	(34,476)

The variations in this caption are substantially in line with revenue trends by geographical segment (see note 1).

Lease costs decreased, mainly in Europe and principally as a result of the reduced production on the motorway contracts in Romania.

The consortium costs incurred to carry out contracts with other construction companies increased by roughly 30% on the corresponding period of 2012 mainly due to work on the Pedemontana Lombarda motorway.

Technical, administrative and legal consultancy costs increased principally on the contract work in progress in Russia, Poland and Italy. This variation is mainly due to the start-up stage of the related projects for which the Group is required to make considerable resort to legal and financial assistance services, necessary to draw up the contracts, and design services.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

5 Personnel expenses: €232,235 thousand (€223,026 thousand)

This caption of €232,235 thousand shows a slight increase on the corresponding period of 2012 and may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Wages and salaries	159,666	152,681	6,985
—Social security contributions	33,294	35,584	(2,290)
—Other costs	37,565	32,723	4,842
—Other post-employment benefits	629	1,302	(673)
—Cost of share-based payments	1,081	736	345
Total	232,235	223,026	9,209

Other costs mainly comprise costs for staff training, bed and board and the accrual for post-employment benefits which are comparable to a defined contribution plan under IAS 19.

The accrual for post-employment benefits, as part of the defined benefit plans, is recognised in the caption “Other post-employment benefits”.

A breakdown of personnel expenses by geographical segment is as follows:

	Nine months ended 30/09/2013	%	Nine months ended 30/09/2012	%	Variation
Italy	85,024	36.61%	92,037	41.27%	(7,013)
Europe	59,015	25.41%	55,670	24.96%	3,345
Americas	67,731	29.16%	48,310	21.66%	19,421
Africa	15,520	6.68%	16,336	7.32%	(817)
Asia	4,946	2.13%	10,672	4.79%	(5,727)
Total	232,235	100.00%	223,026	100.00%	9,209

Personnel expenses recognised by the foreign group companies increased significantly due to the greater production volumes on ongoing contracts in Russia and Chile. Subcontracting of suitable companies that can guarantee the Group’s standard quality levels is more complicated in Chile.

Average number of employees

The average number of employees by category is as follows:

	Nine months ended 30/09/2013	31.12.2012	Variation
—Managers	235	207	28
—Junior managers	187	163	24
—White collars	3,225	3,114	111
—Blue collars	6,058	6,479	(421)
Total	9,705	9,963	(258)

Senior management incentive plans

Stock grant plan

The caption “Share-based payments” includes the cost of the senior management incentive plan tied to attainment of set financial objectives. The plan’s main characteristics are described below.

The plan provides for the free assignment of the parent’s shares to the beneficiaries, of whom there are six: one chief executive officer and five general managers. The plan has a three-year assignment period from 2013 to 2015.

The chief executive officer may receive a maximum of 100,000 shares free of charge for each year of the plan while each general manager may be assigned a maximum of 40,000 shares free of charge per year.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

5 Personnel expenses: €232,235 thousand (€223,026 thousand) (Continued)

Each year, a total of 300,000 shares may be assigned to the beneficiaries for a maximum of 900,000 over the three years.

Assignment of the shares depends each year on the parent's attainment of the performance objectives defined annually by the board of directors. The assignment date is the date on which the board of directors resolves that such objectives and related conditions have been met for the purposes of the regulation. If so, the shares are assigned.

Measurement of the plan led to a cost of €1,081 thousand and the parent set up a reserve accordingly.

The actuarial assumptions used to measure the plan are as follows:

- Dividend rate: 3.22%
- Volatility: 28%
- Risk-free rate: deducted from the Euro swap rate at the measurement date

The board of directors assumed that the performance objectives had the following probability of being met:

- 95% for 2013;
- 90% for 2014;
- 85% for 2015.

Short-term management by objectives (MBO) incentive plan

"Other costs" includes the valuation of the short-term incentive plan for the chairman of the board of directors and the chief executive officer (€266 thousand) tied to attainment of certain objectives by 2014.

The maximum bonus to be paid is €1,700 thousand, should all the objectives be met.

6 Amortisation, depreciation and impairment losses: €44,363 thousand (€35,935 thousand)

This caption of €44,363 thousand shows an increase of €8,429 thousand on the corresponding period of the previous year.

It may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Amortisation	9,352	6,633	2,719
—Depreciation	32,220	29,201	3,018
—Impairment losses	2,792	101	2,691
Total	44,363	35,935	8,429

The rise in amortisation was mainly recognised for the Turkish contracts and, especially, the concession to operate the international Milas-Bodrum Airport, which opened in May 2012.

Depreciation also increased, mainly abroad and for the contracts underway in Chile, Peru and Russia.

The impairment test of loans and receivables considered their recoverable amount based on the counterparty's nature. The impairment loss recognised during the period relates mainly to the contracts in Latin America where work is basically at a standstill.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

7 Other operating costs: €31,068 thousand (€49,202 thousand)

Other operating costs of €31,068 thousand decreased by €18,134 thousand on the corresponding period of 2012.

The caption may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Provisions for risks and charges	3,787	143	3,644
—Prior year expense and fair value losses	1,783	2,926	(1,143)
—Tax expense	13,029	4,697	8,331
—Other administrative and sundry costs	12,469	41,436	(28,966)
Total	31,068	49,202	(18,134)

The decrease in this caption is due to settlement of complex contractual situations (€21,162 thousand) during the first nine months of 2012 (see note 2).

“Other administrative and sundry costs” for the period include the cost of settling disputes, mainly in Italy and the Americas, and administrative costs.

The increase in “Tax expense” mainly refers to contracts in Algeria for the tax due on the concession to extract aggregates from quarries.

Finally, the rise in the provisions for risks and charges, recognised for the Italian contracts, is directly related to past situations for which the Group estimated the settlement cost and provided therefor.

8 Capitalisation of internal construction costs: €248 thousand (€1,026 thousand)

This caption includes capitalised costs incurred for the in-house construction of non-current assets, mainly abroad and especially in Russia.

9 Financial income: €78,917 thousand (€42,190 thousand)

Financial income increased by €36,726 thousand and may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Income from associates	922	1,147	(225)
—Fair value gains on equity investments	11,729	0	11,729
—Income from other investees	0	414	(414)
—Income from financial transactions with banks . . .	4,294	5,088	(794)
—Commissions on sureties	2,031	1,260	771
—Exchange rate gains	21,863	15,503	6,360
—Income from derivatives	1,463	1,719	(256)
—Interest income on financial assets from concession activities	5,627	7,952	(2,325)
—Other financial income	30,987	9,108	21,880
Total	78,917	42,190	36,726

“Other financial income” includes the release of the provision for default interest risks, set up for the Venezuelan contracts, of approximately €14,000 thousand recognised as financial expenses, net of the effects of the depreciation of the Bolivar Fuertes. The Group released the provision as the reasons for its set up were no longer valid in 2013, thanks to the real and steady stabilisation of the political and administrative situation in Venezuela, which has included reorganisation of the government bodies responsible for developing the country’s infrastructures, as well as to the renewed commercial cooperation agreements entered into with Italy.

The site manager checked the contractually due interest as part of the normal certification of contract work which it does on behalf of customers.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

9 Financial income: €78,917 thousand (€42,190 thousand) (Continued)

“Fair value gains on equity investments” relate to the equity investment in Veneta Sanitaria Finanza di Progetto S.p.A. which has been measured at fair value as deemed cost pursuant to IAS 31. This equity investment was recognised as an interest in joint ventures up until 31 December 2012 and has been reclassified as an investment in associates following amendments to the shareholder agreements which substantially changed the governance method.

The equity investment’s fair value was calculated using an appraisal prepared by an independent expert (see the section on the change in consolidation scope).

10 Financial charges: €152,745 thousand (€94,949 thousand)

This caption increased by €57,796 thousand and may be analysed as follows:

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Interest on bonds	4,262	0	4,262
—Commissions on sureties	21,506	16,135	5,371
—Expense on financial transactions with banks . . .	39,962	33,038	6,924
—Exchange rate losses	54,696	14,010	40,686
—Expense on derivatives	13,472	11,694	1,778
—Lease expense	594	347	247
—Fair value losses on derivative embedded in convertible bonds	695	0	695
—Other financial expense	17,247	17,999	(752)
Total	152,432	93,222	59,210
—Impairment losses on equity investments	0	16	(16)
—Impairment losses on securities and loans and receivables	312	1,711	(1,399)
Total	312	1,727	(1,415)
Total financial expense	152,745	94,949	57,796

The increase in this caption is mainly due to:

- interest on the convertible bonds (€4,262 thousand) issued by the Group in January 2013;
- the increase in commitments for performance bonds due to the higher average value of contracts, mainly abroad, which led to higher commissions on sureties of €5,371 thousand;
- interest of €6,924 thousand on bank loans, related to investments made during the period and to the working capital necessary for certain ongoing contracts, especially those in Italy, affected by the well-known economic difficulties that impact the entire sector;
- exchange rate losses of €40,686 thousand. The increase referred to Eastern European countries (Russia, Poland and Romania) and Turkey for approximately €22,000 thousand and Venezuela for approximately €20,000 thousand due to depreciation of the Bolivar Fuertes. Measurement of the contracts’ operating profit (loss) using the cost to cost method is always based on risk factors and the operating and financial strategies designed to mitigate any effects that possible depreciation of the local currency could cause. This led to the substantial neutralisation of the related effects in the period. Moreover, as part of its prudent current risk management policy, the Group implements additional measures to hedge the depreciation risk by hedging assets in local currency with mirroring debt positions. In addition, a large part of contract fees are agreed and paid in Euros (roughly 50%) and any contract profit is earned in Euros. The Group also has specific contract clauses that provide for the ongoing adjustment of the contract fees to ensure their nominal amounts are recovered;
- fair value losses on the embedded derivative (€695 thousand) arising from the potential exercise of the cash settlement option for the convertible bonds (see note 28).

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

10 Financial charges: €152,745 thousand (€94,949 thousand) (Continued)

Other financial expense decreased, mainly due to the smaller expense recognised on specific financing transactions for credit positions agreed to ensure the transfer of the related risks and rewards to the counterparties, pursuant to the law and contracts.

11 Effect of equity accounting: €5,934 thousand (€2,082 thousand)

This caption includes the gains and losses on equity-accounted investees arising from: (i) the first-time recognition of the investment in A4 Holding S.p.A., as described at the beginning of these notes (€18,520 thousand); (ii) the loss recognised by the associate COMET JV on the Copenhagen metro contract after the issue of the arbitration award on 27 August 2013 for a dispute with the customer Metroselskabet I/S, already paid at the reporting date (€16,789 thousand); and (iii) other gains, mainly related to equity investments in Italian and foreign concession operators (€4,203 thousand).

12 Tax expense: €38,622 thousand (€40,190 thousand)

The Group estimated its tax expense on a provisional basis at the reporting date, based on the amount it expects to pay at year end, using the tax rates enacted by the different tax jurisdictions of the countries in which it operates.

The tax rate for the period (including IRAP) is 37% (30 September 2012: 40%). The decrease is due to the different geographical location of its contracts and, therefore, the effects of the tax rates applicable in the foreign countries in which the Group operates.

	Nine months ended 30/09/2013	Nine months ended 30/09/2012	Variation
—Current income tax ^(*)	20,286	24,984	(4,698)
—Deferred income tax ^(*)	16,539	8,935	7,603
—IRAP, current	4,431	5,263	(832)
—IRAP, deferred	119	140	(21)
—Substitute and other taxes	(2,752)	868	(3,620)
Total	38,622	40,190	(1,568)

(*) The income taxes refer to IRES for Italy and equivalent taxes for abroad.

The variation in deferred taxes mainly relates to release of the provision for default interest by the Venezuelan branch (see earlier).

13 Profit from discontinued operations: €153 thousand (€0 thousand)

This caption includes expense and income, net of taxes, related to the Car park business unit of Astaldi Concessioni classified as a discontinued operation at 30 June 2013 (see note 26).

	Income statement 1/07/2013 - 30/09/2013 disposal groups
—Revenue	128
—Personnel expenses	(16)
—Impairment losses	(954)
—Other operating costs	(67)
— Operating loss	(909)
—Net financial income	791
— Pre-tax loss	(118)
—Income taxes	270
— Profit for the period	153

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

14 Earnings per share: €0.63 thousand (€0.62 thousand)

Basic earnings per share are calculated as follows:

<u>Numerator</u>	<u>Nine months ended 30/09/2013</u>	<u>Nine months ended 30/09/2012</u>
Profit attributable to the ordinary shareholders of the parent . .	<u>61,374</u>	<u>60,390</u>
Denominator (in units)		
—Weighted average shares (ordinary)	98,424,900	98,424,900
—Weighted average treasury shares	<u>(553,487)</u>	<u>(610,794)</u>
—Weighted average shares used to calculate basic earnings per share	<u>97,871,413</u>	<u>97,814,106</u>
— Basic earnings per share	<u>0.6271</u>	<u>0.6174</u>

The dilutive effect of the Stock Grant plans for key management personnel is not significant. Considering the effect of potential shares, already assigned to beneficiaries to be delivered for 2011/2012 and those that may be assigned for 2013, the basic earnings per share are €0.6237.

In January 2013, the parent raised funds by issuing equity-linked bonds of €130,000,000, placed with qualified Italian and foreign investors.

The bonds become convertible into ordinary shares (existing or newly issued) at a price of €7.3996 *one year after their issue*.

The parent can settle the conversions in cash or by using ordinary shares and cash.

At the reporting date, the Group did not consider the hypothetical conversion of the bonds in the calculation of diluted earnings per share as the right to convert the bonds into ordinary shares only becomes effective from January 2014.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

15 Property, plant and equipment: €205,218 thousand (€221,094 thousand)

This caption decreased by €15,876 thousand during the period despite new investments of €33,455 thousand.

The following table shows the opening and closing balances and variations of the period:

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machines	Assets under const. and payments on account	Total
Balance at 31 December 2012, net of depreciation(1)	45,717	87,234	42,004	30,167	15,972	221,094
—Additions from acquisitions	134	9,126	18,543	5,514	138	33,455
	45,850	96,360	60,548	35,681	16,110	254,549
—Depreciation	(1,266)	(11,739)	(10,621)	(8,534)	0	(32,159)
—Other disposals	(111)	(4,780)	(1,821)	(3,073)	(568)	(10,353)
—Reclassifications and transfers	(52)	7,290	(511)	334	(7,060)	0
—Net exchange rate losses	(44)	(460)	(233)	(104)	(225)	(1,066)
—Change in consolidation scope and other changes	14	(3,197)	(1,741)	(742)	(87)	(5,753)
Balance at 30 September 2013, net of depreciation(2)	44,392	83,472	45,621	23,562	8,170	205,218
(1) of which:						
—Cost	55,097	160,469	133,022	90,082	15,972	454,643
—Acc. depreciation	(9,380)	(73,236)	(91,018)	(59,915)	0	(233,549)
Carrying amount	45,717	87,234	42,004	30,167	15,972	221,094
(2) of which:						
—Cost	55,038	163,081	140,361	82,394	8,170	449,044
—Acc. depreciation	(10,646)	(79,608)	(94,740)	(58,832)	0	(243,826)
Carrying amount	44,392	83,472	45,621	23,562	8,170	205,218

The more significant changes relate to:

- additions of €33,455 thousand, mainly related to investments made for contracts underway in Chile, Peru and Russia;
- depreciation of €32,159 thousand;
- disposals of €10,353 thousand, principally the assets of contracts nearing completion in Saudi Arabia and Nicaragua.

The caption “Change in consolidation scope and other changes” mainly reflects changes in property, plant and equipment following deconsolidation of Veneta Sanitaria Finanza di Progetto S.p.A., Metro Brescia S.r.l. and Astaldi-Ozcar JV (see earlier).

The caption includes leased assets for €22,965 thousand.

16 Investment property: €1,096 thousand (€1,105 thousand)

This caption of €1,096 thousand includes buildings and land held for investment purposes measured at cost. Their carrying amount is substantially stable compared to 31 December 2012. It decreases to reflect ordinary depreciation (€60.4 thousand) and increases due to a reclassification from property, plant and equipment (€51.6 thousand). The caption is not measured at fair value as the indicators are not wholly reliable and the investment is immaterial.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

17 Intangible assets: €91,175 thousand (€107,523 thousand)

Net intangible assets are as follows:

	30/09/2013	31/12/2012	Variation
—Intangible assets—rights to infrastructure under concession . . .	71,697	84,143	(12,446)
—Goodwill	14,745	14,745	0
—Other assets	4,733	8,635	(3,902)
Total	91,175	107,523	(16,348)

Intangible assets—rights to infrastructure under concession: €71,697 thousand (€84,143 thousand)

The following table gives a breakdown of this caption and changes during the period:

	31/12/2012	Amortisation	IFRS 5 reclassifications	30/09/2013
—Airports—Mondial Milas-Bodrum A.S.	80,193	(8,496)		71,697
—Car parks—Corso Stati Uniti (Turin)	258	(2)	(256)	0
—Car parks—Ex Manif. Tabacchi (Bologna) . . .	3,692	(66)	(3,626)	0
Total	84,143	(8,564)	(3,882)	71,697

The decrease in this caption is mainly due to ordinary amortisation expense and the reclassification of the Car parks business unit of Astaldi Concessioni S.r.l. as a discontinued operation pursuant to IFRS 5 (see note 26).

The cash flows from the investment made for the concession to operate the new international terminal of Bodrum Airport (Turkey) were lower than forecast during the period due to the general instability of this country which settled down during 2013. This situation was reflected in profit or loss.

The Group carefully analysed the events of 2013 to confirm the business plans for 2014 and 2015. It stress tested the plans by reducing the forecast gross operating profit and maintaining the other assumptions, already used for the impairment tests performed for the annual consolidated financial statements at 31 December 2012. The Group did not identify any reasons for drawing up a new business plan or re-performing the impairment test.

Intangible assets—Goodwill: €14,745 thousand (€14,745 thousand)

This caption is unchanged from 31 December 2012. The balance of €14,745 thousand comprises:

- goodwill of €11,634 thousand recognised on the acquisition of the Busi Impianti business unit (see the “Business combinations” section of these notes) active in the plant engineering and maintenance sectors. The goodwill was allocated to the “*Plant and maintenance*” CGU, which includes the assets of NBI and its investees. This combination is the Group’s primary CGU for which goodwill is monitored for management purposes and its inclusion or not in the financial statements;
- goodwill of €3,111 thousand recognised on the acquisition of *T.E.Q. Construction Enterprise Inc* (see the “Business combinations” section of these notes), allocated to the CGU representing the investee, which generates cash inflows due to the continuation of its business activities which are largely independent of those of the Group’s other operations.

With respect to calculation of the recoverable amount of goodwill, no new facts have arisen at the reporting date compared to the assumptions and prospective figures used to determine impairment in the 2012 annual financial statements which would alter the expectations already reflected in the calculations such to significantly affect the recoverable amount of the related CGUs.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

17 Intangible assets: €91,175 thousand (€107,523 thousand) (Continued)

Other assets: €4,733 thousand (€8,635 thousand)

The following table shows changes in this caption (there are no leased assets).

	Intellectual property rights	Other assets	Assets under development	Total
Balance at 31 December 2012, net of amortisation(1)				
—Additions from acquisitions	1,201	4,403	3,031	8,635
—disposals	201	0	0	201
—other changes and change in consolidation scope	0	0	(2,732)	(2,732)
	(255)	0	(299)	(554)
	1,146	4,403	0	5,549
Amortisation	(317)	(500)	0	(817)
—Balance at 30 September 2013, net of amortisation(2)				
	829	3,903	0	4,733
(1) of which:				
—Cost	3,148	11,645	3,031	17,824
—Acc. amortisation	(1,948)	(7,242)	0	(9,189)
Carrying amount	1,201	4,403	3,031	8,635
(2) of which:				
—Cost	2,371	11,628	0	13,999
—Acc. amortisation	(1,542)	(7,725)	0	(9,267)
Carrying amount	829	3,903	0	4,733

Disposals of assets under development refer to the transfer of the design and building site start-up costs, capitalised in 2012, to SP M4 S.c.p.a.. These costs relate to the start-up of the concession for the Milan metro Line 4 temporarily awarded by the Milan municipality to the private sector joint venturers until the operator took over the contract in 2013.

“Other changes and change in consolidation scope” mainly relate to changes in non-current assets following deconsolidation of Veneta Sanitaria Finanza di Progetto S.p.A., Metro Brescia S.r.l. and Astaldo-Ozcar JV (see the beginning of these notes).

18 Investments: €382,028 thousand (€257,441 thousand)

Investments in associates and other companies net of impairment losses amount to €382,028 thousand, up €124,587 thousand on 31 December 2012.

	30/09/2013	31/12/2012	Variation
—Equity investments measured at cost	2,012	153,027	(151,014)
—Equity-accounted investments	380,016	104,414	275,602
Total	382,028	257,441	124,587

The decrease in “Equity investments measured at cost” is solely due to the reclassification of the stake in A4 Holding S.p.A. to “Equity-accounted investments” as described earlier in these notes.

In addition to the effects of equity accounting, the increase in “Equity-accounted investments” is attributable to the following reasons:

- changes in the consolidation scope (€159,606 thousand), due to the reclassification of the investment in A4 Holding S.p.A. after the Group obtained significant influence thereover in the third quarter of 2013 (see earlier in these notes);

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

18 Investments: €382,028 thousand (€257,441 thousand) (Continued)

- changes in the consolidation scope (€24,433 thousand), due to the reclassification of the investment in Veneta Sanitaria Finanza di Progetto S.p.A. (€23,500 thousand) and Metro Brescia S.r.l. (€933 thousand) following the Group's loss of joint control (see earlier in these notes);
- capital injections of €56,921 thousand to the SPE Otoyol Yatirim Ve Isletme S.A., a Turkish company which will develop the concession to design, construct and operate the new Gebze-Orhangazi-Izmir motorway in Turkey;
- capital injections of €10,108 thousand to the SPE Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu Yatirim Ve Isletme A.S., a Turkish company which will develop the concession to construct and operate the third bridge over the Bosphorus River and the Odayeri-Pasakoy section of the North Marmara Highway in Turkey.

With respect to recoverability of the carrying amount of equity investments recognised in these condensed interim consolidated financial statements, no indicators of impairment have come to light at present that would make it necessary to test certain of the equity investments for impairment.

The carrying amounts of the equity investments are shown net of the capital proceeds to be paid in for shares and/or quotas subscribed, like at 31 December 2012.

19 Financial assets

Non-current financial assets: €85,464 thousand (€193,448 thousand)

The following table gives a breakdown of non-current financial assets:

	30/09/2013	31/12/2012	Variation
—Financial assets from concession activities	19,311	135,419	(116,107)
—Non-current loan assets	28,710	50,531	(21,821)
—Other financial assets—investees	12,381	7,498	4,883
—Finance lease receivables	25,062	0	25,062
Total	85,464	193,448	(107,984)

The financial assets from concession activities include the non-current portion of the present value of the minimum payments guaranteed by the grantors, mainly related to concessions in Turkey and especially that for Milas-Bodrum Airport (€16,907 thousand).

The large decrease on 31 December 2012 is mainly a result of:

- deconsolidation of Veneta Sanitaria Finanza di Progetto (€42,593 thousand) following the Group's loss of joint control over the company (see earlier for more details);
- reclassification of the Car parks business unit of Astaldi Concessioni S.r.l. to discontinued operations under IFRS 5 (€61,797 thousand).

“Non-current loan assets” mostly refers to loans given to associates, principally operating in the concessions segment, in line with the Group's investment policy.

The reduction in this caption is mainly due to utilisation of part of the loans given to Otoyol Yatirim Ve Isletme A.S. to cover the Group's share of its capital increase approved in July 2013.

The finance lease receivables relate to the transaction undertaken by Valle Aconcagua A.S. for the Relaves Project, classifiable as such under IFRIC 4 (see note 1).

Pursuant to the IFRS and IFRIC, the Group has derecognised the plant for the treatment and recovery of copper and molybdenum (the object of the arrangement) from assets and has substituted its carrying amount with a financial asset and the recognition of the related financial income over the lease term using the effective interest rate applicable to the arrangement.

Reference should be made to the annex on related party transactions attached hereto for information on the other financial assets—investees.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

19 Financial assets (Continued)

Current financial assets: €39,245 thousand (€17,653 thousand)

The following table gives a breakdown of current financial assets:

	30/09/2013	31/12/2012	Variation
—Financial assets from concession activities	16,092	16,306	(214)
—Securities in portfolio	1,367	1,347	20
—Current loan assets	21,786	0	21,786
Total	39,245	17,653	21,592

Current financial assets show an increase of €21,592 thousand on 31 December 2012, due to the financial resources made available temporarily to finance the start-up stage of certain projects in Turkey carried out with other venturers. The related agreements provide for the recovery of the amounts and interest.

20 Other assets

Other non-current assets: €33,759 thousand (€39,874 thousand)

This caption may be analysed as follows:

	30/09/2013	31/12/2012	Variation
—Indirect taxes claimed for reimbursement	8,023	7,976	47
—Direct taxes claimed for reimbursement	5,373	5,305	68
Tax assets	13,397	13,281	116
—Advances to suppliers and subcontractors	2,282	2,433	(151)
—Guarantee deposits	4,789	6,507	(1,718)
—Prepaid insurance premiums	10,863	12,661	(1,798)
—Prepaid surety commissions	1,336	447	889
—Other prepayments	1,053	3,804	(2,751)
—Receivables from social security institutions	0	16	(16)
—Loans and receivables with employees	1	0	1
—Other sundry loans and receivables	38	725	(687)
Other assets	20,362	26,594	(6,232)
Total	33,759	39,874	(6,116)

The decrease in this caption is mainly due to the smaller prepaid insurance premiums and other prepayments of €4,549 thousand and the €1,718 thousand reduction in guarantee deposits.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

20 Other assets (Continued)

Other current assets: €395,381 thousand (€381,022 thousand)

They may be analysed as follows:

	30/09/2013	31/12/2012	Variation
—Loans and receivables with associates	20,728	25,321	(4,594)
—Loans and receivables with other companies	158	138	20
—Advances to suppliers and subcontractors	218,489	167,808	50,680
—Receivables from third parties for the sale of goods and services	134,352	126,364	7,988
—Receivables from employees	4,495	2,403	2,092
—Receivables from social security institutions	3,771	2,894	877
—Prepaid insurance premiums	5,098	4,202	896
—Prepaid commissions on sureties	1,653	2,890	(1,237)
—Other prepayments	3,334	2,752	582
—Other sundry loans and receivables	3,304	46,250	(42,946)
Total	395,381	381,022	14,359

Other current assets increased by €14,359 thousand on 31 December 2012, mainly due to the increase in “Advances to suppliers and subcontractors”, especially in Central and Eastern Europe.

Specifically, the greater production volumes on contracts underway in Russia made it necessary for the Group to resort to subcontractors of a sufficiently high quality level. This entailed payment of larger contractual advances for the works to be constructed in line with sector practices in Russia.

“Other sundry loans and receivables” show a large decrease due to reclassification of €38,786 thousand to contract work in progress. The amount had already been transferred to a factor with which the related contracts had expired.

“Receivables from third parties for the sale of goods and services” of €134,352 thousand increased by €7,988 thousand on 31 December 2012. Similarly to that commented on in the note to Other revenue, the increase relates to individual components not directly related to the Group’s core business but which are accessory thereto and ongoing.

A breakdown of loans and receivables with third parties by geographical segment is as follows:

	30/09/2013	%	31/12/2012	%	Variation
Italy	32,152	23.93%	25,793	20.41%	6,358
Europe	66,441	49.45%	61,653	48.79%	4,787
Americas	20,680	15.39%	25,459	20.15%	(4,779)
Africa	13,212	9.83%	12,132	9.60%	1,080
Asia	1,868	1.39%	1,325	1.05%	542
Total	134,352	100.00%	126,364	100.00%	7,988

The annex on related party transactions provides more information about loans and receivables with associates of €20,728 thousand.

The recoverable amount of loans and receivables with third parties was adjusted as follows:

	31/12/2012	Accruals	Utilisation		Other	30/09/2013
			profit or loss	st. of fin. pos.		
Allowance for impairment	(4,398)	(2,738)	37	0	11	(7,088)
Total	(4,398)	(2,738)	37	0	11	(7,088)

As disclosed in note 6, the increase in the allowance for impairment reflects contracts that are no longer operational in Latin America.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

21 Inventories: €65,457 thousand (€84,343 thousand)

This caption may be analysed as follows:

	30/09/2013	31/12/2012	Variation
—Raw materials, consumables and supplies	63,378	71,971	(8,593)
—Work in progress and semi-finished products	0	7,245	(7,245)
—Finished goods	1,597	1,854	(257)
—Goods and materials in transit	482	3,272	(2,790)
Total	65,457	84,343	(18,886)

The next table gives a breakdown of the caption by geographical segment:

	30/09/2013	%	31/12/2012	%	Variation
Italy	5,802	8.86%	14,780	17.52%	(8,978)
Europe	21,512	32.86%	22,651	26.86%	(1,138)
Americas	30,212	46.16%	34,078	40.40%	(3,866)
Africa	7,732	11.81%	10,965	13.00%	(3,233)
Asia	198	0.30%	1,869	2.22%	(1,671)
Total	65,457	100.00%	84,343	100.00%	(18,886)

The large reduction in Italian inventories is mainly due to completion of certain construction stages of the Milan metro Line 5 and related use of the inventories in stock at 31 December 2012 (€7,659 thousand).

The decrease in African inventories principally relates to the Algerian railway contracts (Saida—Moulay—Slissen railway and Saida Tiaret railway).

With respect to the Americas, (i) the change in “Work in progress and semi-finished products” is due to completion of the copper and molybdenum recovery plant (Relaves Project) and the subsequent reclassification of the related carrying amount of under Financial assets—lease receivables (see note 18) (ii) partly offset by the increase in “Raw materials, consumables and supplies” for the Proyecto Minero Chuquicamata Subterráneo contract in Chile.

22 Receivables from customers: €1,181,915 thousand (€1,058,039 thousand)

Payables to customers: €539,694 thousand (€479,397 thousand)

These captions may be analysed as follows:

	30/09/2013	31/12/2012	Variation
CURRENT ASSETS			
—Contract work in progress	9,085,001	7,462,049	1,622,952
—Provision for contract losses to complete	(11,995)	(12,374)	379
—Total contract work in progress	9,073,006	7,449,676	1,623,330
—Progress billings	(7,891,091)	(6,391,637)	(1,499,454)
Total amounts due from customers	1,181,915	1,058,039	123,876
CURRENT LIABILITIES			
—Contract work in progress	1,053,935	1,256,318	(202,383)
—Provision for contract losses to complete	(674)	(7,602)	6,928
—Total contract work in progress	1,053,262	1,248,716	(195,455)
—Progress payments	(1,240,305)	(1,430,773)	190,467
—Sub total	(187,044)	(182,057)	(4,987)
—Contractual advances	(352,650)	(297,340)	(55,309)
Total amounts due to customers	(539,694)	(479,397)	(60,297)

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

22 Receivables from customers: €1,181,915 thousand (€1,058,039 thousand) (Continued)

Contract work in progress, recognised separately under amounts due from and to customers increased with respect to foreign contracts, mainly due to the higher production volumes on the international terminal of Pulkovo Airport in St Petersburg (Russia) and start-up of the construction of the third bridge over the Bosphorus River and the Odayeri-Pasakoy section of the North Marmara Highway in Turkey.

Contract work in progress decreased in the Americas, principally related to the railway contracts in Venezuela.

It increased in Italy, mainly in the transport infrastructure sector (Lots DG-21 of the Jonica highway, the Bologna Central high speed station and Milan metro Line 5).

“Contractual advances” increased principally as a result of the amounts collected in the second quarter of 2013 for the motorway ring road around St Petersburg, Russia as well as for the construction work on the Proyecto Minero Chuquicamata Subterráneo contract in Chile.

With respect to the foreign contracts, moreover, the contractual advance received for the Gebze-Orhangazi-Izmir motorway decreased as a result of the greater production volumes carried out during the period.

23 Trade receivables: €1,045,287 thousand (€835,077 thousand)

Trade receivables increased by approximately €210,210 thousand on 31 December 2012 as follows:

	30/09/2013	31/12/2012	Variation
—Customers	992,085	838,285	153,800
—Associates	61,972	30,691	31,280
—Parents	6	74	(68)
—Other investees	4,924	750	4,174
—Allowance for impairment	(13,700)	(34,724)	21,024
Total	1,045,287	835,077	210,210

The next table gives a breakdown of the caption by geographical segment:

	30/09/2013	%	31/12/2012	%	Variation
Italy	487,807	46.67%	407,575	48.81%	80,232
Europe	134,245	12.84%	115,026	13.77%	19,220
Americas	380,542	36.41%	264,895	31.72%	115,647
Africa	34,639	3.31%	39,049	4.68%	(4,411)
Asia	8,055	0.77%	8,532	1.02%	(477)
Total	1,045,287	100%	835,077	100.00%	210,210

The breakdown of trade receivables by geographical segment shows an increase in the Americas due to the contracts underway in Canada and Venezuela. In fact, the customer continued certification of the work performed in previous years during the period, in line with 2012 in Venezuela. This led to an approximate €75,000 thousand reduction in contract work in progress awaiting certification and allowed the Group to invoice all the work performed up to July 2013 for the Puerto Cabello—La Encrucjada section, leading to the reclassification of the related amounts to trade receivables. Based on the recent meetings with the Venezuelan government, the renewed political and commercial agreements between Italy and Venezuela and confirmation by the new political leaders of the importance of infrastructural works to the country, including the above railway section, the Group does not believe recovery of the receivable to be doubtful and expects to receive part of the amounts outstanding during the year.

The rise in Italian trade receivables mainly refers to the Pedemontana Lombarda motorway and the Rome metro Line C.

The increase in Europe is principally due to the contract work in progress in Poland.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

23 Trade receivables: €1,045,287 thousand (€835,077 thousand) (Continued)

The decrease in African trade receivables is mainly a result of collection of amounts due for the Algerian railway contracts. The allowance for impairment shows a decrease on 31 December 2012 as follows:

	31/12/2012	Accruals	Utilisations profit or loss	st. of fin. pos.	Exchange rate differences and other changes	30/09/2013
Allowance for impairment (trade receivables)	(11,281)	(54)	0	570	(368)	(11,133)
Allowance for impairment (default interest)	(23,443)	0	14,239	153	6,484	(2,567)
Total	(34,724)	(54)	14,239	723	6,116	(13,700)

The reduction in the allowance for impairment (default interest) refers to the Venezuelan contracts (see note 9).

24 Tax assets: €100,623 thousand (€143,067 thousand)

This caption may be analysed as follows:

	30/09/2013	31/12/2012	Variation
—Indirect tax assets	65,157	94,350	(29,193)
—Direct tax assets	35,663	48,915	(13,252)
—Allowance for impairment	(198)	(198)	0
Total	100,623	143,067	(42,445)

The decrease in this caption is mainly due to indirect tax assets, mostly recognised abroad and, specifically, in Romania, Algeria, Venezuela and Turkey as well as in Italy.

Direct tax assets also decreased in Italy, Turkey and Venezuela, mainly due to the use of tax assets to offset tax liabilities by the parent and its investees, as allowed by law.

25 Cash and cash equivalents: €306,347 thousand (€400,215 thousand)

This caption decreased by €93,868 thousand over 31 December 2012 as follows:

	30/09/2013	31/12/2012	Variation
—Bank and post office accounts	305,802	399,689	(93,888)
—Cash-in-hand and cash equivalents	546	526	20
Total	306,347	400,215	(93,868)

A breakdown of this caption by geographical segment is as follows:

	30/09/2013	31/12/2012	Variation
Italy	117,654	171,237	(53,583)
Europe	151,016	133,027	17,989
Asia	2	794	(792)
Americas	29,629	75,461	(45,832)
—Africa	8,046	19,696	(11,650)
Total	306,347	400,215	(93,868)

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

25 Cash and cash equivalents: €306,347 thousand (€400,215 thousand) (Continued)

The main changes in the statement of cash flows for the nine months ended 30 September 2013 are commented on below to give a clearer view of the cash flows of the period:

Disclosure on the statement of cash flows

Cash flows for the first nine months of 2013 led to a decrease of €93,868 thousand in net cash and cash equivalents compared to a €83,879 thousand reduction in the corresponding period of 2012.

Cash flows used in operating activities

Cash flows of €133,689 thousand used in operating activities increased by €77,427 thousand over the corresponding period of 2012 (€56,262 thousand).

This variation is due to: (i) the increase in trade receivables and contract work in progress related mainly to Russia and Turkey contracts, where the new contracts for the St. Petersburg motorway ring road and the third bridge of the Bosphorus River have started, and in Italy, Canada and Poland; (ii) the Group's policy to boost production achieved by reducing its payables to subcontractors and suppliers, mainly in Italy, Algeria and Romania, given the particularly complex macroeconomic situation; and (iii) advances paid to subcontractors and suppliers, mainly for the contracts underway in Russia.

Cash flows from investing activities

Cash flows of €112,700 thousand used in investing activities during the period mainly related to:

- injections of €59,943 thousand to cover capital increases approved by concession companies, mainly in Turkey (for the concessions to construct and operate the Gebze-Orhangazi-Izmir motorway and the third bridge over the Bosphorus River) and Italy (A4 Holding S.p.A.);
- funding of €19,447 thousand of general construction contracts being started up in Turkey (third bridge over the Bosphorus River);
- capital of €17,817 thousand invested in a Chilean contract and recognisable as a financial lease.

Cash flows from financing activities

During the period, financing activities generated net cash flows of €152,522 thousand, mainly related to:

- net cash and cash equivalents of €130,000 acquired as part of the issue of equity-linked bonds in January 2013;
- net cash and cash equivalents acquired after the financing transactions, (i) the term loan agreed in May 2013 (€125,000 thousand) and (ii) the committed bilateral facility agreed with Banca del Mezzogiorno in May 2013 (€30,000 thousand); and
- partly offset by: (i) cash and cash equivalents used by the parent and other group companies to pay dividends to non-controlling investors (€16,803 thousand); and (ii) repayments of principal of the committed facilities during the period (approximately €121,000 thousand).

26 Assets/liabilities associated with disposal groups classified as held for sale: €65,848 thousand (€0 thousand) – €42,427 thousand (€0 thousand)

On 28 June 2013, the group company Astaldi Concessioni S.r.l. signed a non-binding letter of intent with leading investment funds for the sale of Concession segment assets held to be “mature”, as part of the Group's strategies approved with the related business plan.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

26 Assets/liabilities associated with disposal groups classified as held for sale: €65,848 thousand (€0 thousand) – €42,427 thousand (€0 thousand) (Continued)

Specifically, the letter provides for the disposal of the Car parks business unit of Astaldi Concessioni, which includes the concessions to operate the following car parks as joint ventures. The sale is expected to be completed before the end of 2013.

Grantor	Concession expiry date (year)	Non-current assets held for sale	Directly associated liabilities
—Turin municipality (Porta Palazzo car park)	2076	1,264	(394)
—Turin municipality (Corso Stati Uniti car park)	2079	1,013	62
—Bologna municipality (Piazza VIII Agosto car park)	2058	15,207	(4,661)
—Bologna municipality (former Manif.ra tabacchi car park)	2040	12,722	(12,122)
—Verona municipality (Cittadella car park) . .	2048	35,642	(25,312)
Total		65,848	(42,427)

Pursuant to IFRS 5, assets classified as held for sale are measured at the lower of their carrying amount and fair value net of costs to sell when they are recognised as such. The fair value of the assets of the five car parks is substantially in line with their carrying amount.

27 Equity: €603,619 thousand (€553,948 thousand)

Share capital: €196,850 thousand (€196,850 thousand)

The parent's subscribed and fully paid-in share capital consists of 98,424,900 ordinary shares with a nominal amount of €2 and a total of €196,850 thousand.

At the reporting date, according to the shareholders' register and other related information (which is mandatory by law—article 120 of Legislative decree no. 58/98), the parent's shareholders with investments of more than 2% are as follows:

DIRECT SHAREHOLDER	No. of shares	Investment %
Fin.Ast S.r.l.	39,505,495	40.138%
Finetupar International S.A.	12,327,967	12.525%
Total Fin.Ast. S.r.l.	51,833,462	52.663%
Odin Forvaltning AS	4,828,885	4.906%
Norges Bank	2,118,499	2.152%
Pictet Asset Management Ltd	2,065,633	2.099%
ING Investment Management Belgium S.A.	2,046,354	2.079%
FMR LLC	1,999,104	2.031%
Total shareholders with a significant investment	64,891,937	65.930%
Treasury shares	533,242	0.542%
Market	32,999,721	33.528%
Total	98,424,900	100.000%

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

27 Equity: €603,619 thousand (€553,948 thousand) (Continued)

At the reporting date, outstanding shares number 97,891,658 showing an increase of 74,945 shares on the 31 December 2012 balance of 97,816,713.

Shares outstanding in 2013

01/01/2013	97,816,713
Outgoing for buyback	(184,566)
Incoming for buyback and the Stock Grant plan	259,511
30/09/2013	97,891,658

There are no shares subject to restrictions at the reporting date.

The parent's shares granted to the employees as part of the Stock Grant plan numbered 1,063,300 at the reporting date (31 December 2012: 1,038,300).

Other financial instruments giving the right to subscribe newly issued shares

On 23 January 2013, the parent issued equity-linked bonds with a maturity of six years for a total nominal amount of €130 million. They were all placed with qualified Italian and foreign investors on 24 January 2013.

The bonds may be converted into the parent's ordinary shares (existing or newly issued) *one year after their issue*. The conversion price is €7.3996 which includes a conversion premium of 35% of the weighted average price of the Astaldi shares traded on the Italian stock exchange in the period from the bond issue date to the pricing date (€5.4812).

The parent can settle the conversions in cash or by using ordinary shares and cash (cash settlement option).

To this end, on 23 April 2013, the parent's board of directors approved a capital increase of a maximum nominal €35,137 thousand reserved solely and irreversibly to service the equity-linked bond issue in cash against payment in more than one transaction. This capital increase excludes the pre-emption right pursuant to article 2441.5 of the Italian Civil Code. The parent will issue a maximum of 17,568,517 ordinary shares with a nominal amount of €2.00 and the same characteristics as the outstanding ordinary shares. The number of shares servicing the bond conversion will be calculated by dividing the nominal amount of the bonds (for which conversion requests are made) by the conversion price.

Treasury shares held by the parent: €1,066 thousand (€1,216 thousand)

At the reporting date, the parent holds 533,242 treasury shares, equal to 0.542% of its share capital (31 December 2012: 608,187 shares). The nominal amount of these treasury shares (€1,066 thousand) is offset against share capital as required by the IFRS.

Reserves: €300,020 thousand (€237,285 thousand)

The following table shows the reserves:

	30/09/2013	31/12/2012	Variation
—Legal reserve	26,201	23,930	2,271
—Extraordinary reserve	244,536	218,262	26,274
—Retained earnings	76,351	48,971	27,380
—Other reserves	(281)	(921)	640
—Other comprehensive expense	(46,788)	(52,957)	6,169
Total	300,020	237,285	62,735

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

27 Equity: €603,619 thousand (€553,948 thousand) (Continued)

—Legal reserve

The legal reserve increased by €2,271 thousand in line with the provisions of article 2430 of the Italian Civil Code.

—Extraordinary reserve

The extraordinary reserve increased by €26,274 thousand over 31 December 2012 as follows: €25,823 thousand coming from the parent's 2012 profit; €144 thousand as a result of the buyback transactions; and €307 thousand coming from the subsidiaries' 2012 profit.

With respect to the buyback transactions, the reserve for treasury shares in portfolio set up as per article 2357-ter of the Italian Civil Code amounts to €2,725 thousand. As required by the IFRS, this balance is the sum of €1,659 thousand which was offset against the extraordinary reserve and €1,066 thousand, which is the nominal amount of the treasury shares in portfolio, offset against share capital.

—Retained earnings

This caption of €76,351 thousand shows the effects of consolidating investments in subsidiaries and jointly controlled entities and the application of the equity method to measure investments in associates.

The balance also includes the acquisitions of additional interests in companies already controlled by the Group as per IAS 27.

—Dividends

During the period, the parent paid dividends of €16,639,053 (2012: €16,630,295.22). On 23 April 2013, the shareholders resolved to pay a dividend of €0.17 per share (2012: €0.17), which was paid on 6 June 2013 with an ex dividend date of 3 June 2013. This dividend was paid to 97,876,784 shares (2012: 97,825,266) out of a total of 98,424,900 shares, net of the 548,116 treasury shares. Part of the 2012 profit (€681 thousand) was allocated to the reserve as per article 27 of the by-laws.

—Other reserves

Other reserves include:

	30/09/2013	31/12/2012	Variation
—Stock Grant reserve	2,560	2,026	534
—FTA	(13,373)	(13,373)	0
—Reserve for IFRIC 12 FTA	10,396	10,396	0
—Reserve for trading in treasury shares	2,311	2,205	106
—Other	(2,175)	(2,175)	0
Total	(281)	(921)	640

Changes in other reserves mainly related to the Stock Grant reserve (€534 thousand).

This reserve includes the value of the shares assigned to employees but not yet delivered, calculated in line with the current regulation and related actuarial appraisal.

The IFRS FTA reserve comprises: (i) all the adjustments made in the opening statement of financial position of the first set of financial statements prepared pursuant to the IFRS; (ii) the amount recognised after subsequent endorsements of new standards compared to the FTA; (iii) the cumulative translation differences existing at the FTA date which were not recalculated as the Group used the exemption allowed by IFRS 1.13; and (iv) the consolidation differences arising on business combinations that took place before the IFRS transition date which were not recalculated as the Group exercised the option provided by IFRS 1.13.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

27 Equity: €603,619 thousand (€553,948 thousand) (Continued)

The reserve for IFRIC 12 FTA was set up when the Group first applied IFRIC 12 to its service concession arrangements to identify, measure and classify its investments (as financial assets or intangible assets).

The reserve for trading in treasury shares shows the gains and losses arising from the buyback plan.

The caption “Other” includes small items related to the measurement of investments in certain associates using the equity method.

—Other comprehensive income

Other comprehensive income includes the effects of the hedging reserve, the translation reserve and net actuarial losses on defined benefit plans as follows:

	Hedging reserve	Translation reserve	Net actuarial losses on defined benefit plans	Total
Balance at 1 January 2012	(31,799)	(5,352)	(6)	(37,157)
Changes	(13,876)	(1,060)	(863)	(15,800)
Balance at 31 December 2012 .	(45,676)	(6,412)	(869)	(52,957)
Changes	19,268	(13,274)	175	6,169
Balance at 30 September 2013	(26,408)	(19,686)	(694)	(46,788)

The hedging reserve may be analysed as follows:

	30/09/2013	31/12/2012	Variation
Parent/Subsidiaries	17,042	34,486	(17,444)
Tax effect	(4,542)	(9,129)	4,587
Carrying amount, net of tax effect	12,500	25,357	(12,857)
Associates	14,140	20,830	(6,690)
Total	26,640	46,186	(19,546)
Owners of the parent	26,408	45,676	(19,268)
Non-controlling interests	231	510	(279)

Equity attributable to non-controlling interests: €46,442 thousand (€46,897 thousand)

This caption, with a carrying amount substantially in line with that at 31 December 2012, shows the following changes:

- decrease of €6,848 thousand, mainly as a result of changes in the consolidation scope during the period and specifically: (i) acquisition of part of the non-controlling interests in A.I.2 S.r.l. for €5,806 thousand by the subsidiary Astaldi Concessioni S.r.l.; and (ii) acquisition of the remaining interest in Mondial Milas—Bodrum for €1,042 thousand;
- increase, due to the capital increase of the subsidiary A.I.2 S.r.l. (€2,112 thousand) and the comprehensive income for the period (€4,446 thousand).

Changes in other comprehensive income attributable to non-controlling interests are shown below:

	Hedging reserve	Translation reserve	Net actuarial losses on defined benefit plans	Total
Balance at 1 January 2012	(61)	344	(7)	276
Changes	(449)	103	(26)	(372)
Balance at 31 December 2012 . . .	(510)	447	(33)	(96)
Changes	279	(240)	31	71
Balance at 30 September 2013 . .	(231)	207	(2)	(25)

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

27 Equity: €603,619 thousand (€553,948 thousand) (Continued)

Capital management

The disclosure required by IAS 1.134 is provided below.

A) Qualitative information

By “capital”, the Group means shareholder contributions and its operating profits (retained earnings and other reserves). It does not include equity items recognised as a result of measuring cash flow hedging derivatives in this definition as they will be offset against income components in future years to allow the Group to meet its hedging objective.

The Group’s capital management objectives are to create value for its shareholders, ensure it can continue as a going concern and promote its development. The Group intends to maintain a suitable capitalisation level in order to both provide a satisfactory return for shareholders and enable it to resort to external sources of financing at good conditions. The Group closely monitors its debt/equity ratio and especially its net debt and the cash flows generated by operating activities. In order to attain these objectives, the Group aims to steadily improve the profitability of its businesses.

Moreover, the Group has complied with the financial covenants of the committed corporate bank loans. The next section of these notes (Covenants and negative pledge) provides more information about this.

B) Quantitative information

The following table provides a quantitative analysis of the individual capital items, as defined in the paragraph above.

	30/09/2013	31/12/2012
A.—Total financial debt	(898,399)	(626,005)
Total equity	603,619	553,948
Less amounts accumulated in equity for cash flow hedges	(26,640)	(46,187)
B.—Adjusted capital	630,259	600,135
C—Debt/capital ratio (A/B)	1.43	1.04

28 Financial liabilities

The increase in this caption is due to the investments made in the concessions segment in Italy and Turkey and to the financing of capital invested in ongoing contracts.

This increase should be reabsorbed in the fourth quarter of the year as a result of the Group’s debt containment programme.

Given its nature, the liability for the concessions segment is “*without recourse*”, considering also the financial assets guaranteed by the concession grantors.

The next section on “Covenants and negative pledges” describes the main transactions performed during the period.

Lastly, the Group’s has reorganised most of its debt structure to the medium to long term, with a view to consolidating the best sources/application of funds ratio and meeting its funding and business development requirements.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

28 Financial liabilities (Continued)

Non-current financial liabilities: €852,169 thousand (€734,920 thousand)*

This caption increased by €117,249 thousand and may be analysed as follows:

	30/09/2013	31/12/2012	Variation
—Bonds	127,826	0	127,826
—Bank loans and borrowings	700,339	719,431	(19,092)
—Non-current portion of loans	5,034	3,797	1,236
—Finance lease payables	17,265	9,575	7,691
—Loan and borrowings—associates	1,705	2,117	(412)
Total	852,169	734,920	117,249

(*) included in net financial debt for €840,725 thousand (31 December 2012: €706,007 thousand)

Bonds include their nominal amount, calculated using the amortised cost method, and the fair value of the cash settlement option of €695 thousand.

Based on the market prices at 30 September 2013, the fair value of the bonds is €146,873 thousand.

Bank loans and borrowings include hedging derivatives of €9,739 thousand compared to €26,796 thousand at 31 December 2012 (the next section of these notes provides more details).

Current financial liabilities: €517,877 thousand (€537,661 thousand)*

This caption shows an increase on 31 December 2012 and may be analysed as follows:

	30/09/2013	31/12/2012	Variation
—Bonds	409	0	409
—Bank loans and borrowings	445,911	470,573	(24,662)
—Current portion of loans	60,080	51,030	9,050
—Loans and borrowings from other financial backers	1,408	4,788	(3,380)
—Finance lease payables	10,069	11,271	(1,202)
Total	517,877	537,661	(19,785)

(*) included in net financial debt for €511,565 thousand (31 December 2012: €527,614 thousand).

The caption includes hedging derivatives of €6,312 thousand compared to €10,047 thousand at 31 December 2012 (the next section of these notes provides more details).

Bonds include the accrued unpaid coupon.

Covenants and negative pledges

The financial covenants on the Group's main committed corporate bank loans are as follows:

- debt/equity ratio: less than or equal to 1.45x at 31 December and less than or equal to 1.60x at 30 June;
- debt/gross operating profit ratio: less than or equal to 3.00x at 31 December and less than or equal to 3.30x at 30 June;
- the parent's gross operating profit 65% higher than the Group's gross operating profit.

These covenants are applied to the condensed interim consolidated financial statements at 30 June and the annual consolidated financial statements starting from 30 June 2013.

Non-compliance, if not renegotiated within a set period indicated in the agreements (the cure period), may led to cancellation of the loan and trigger the acceleration clause.

At the last calculation date (30 June 2013), the Group fully complied with the covenants.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

28 Financial liabilities (Continued)

They are applied to the following loan agreements:

- revolving Forward Start Facility of €325 thousand, agreed on 2 December 2011, organised by Unicredit S.p.A., BNP Paribas, Intesa Sanpaolo and The Royal Bank of Scotland and granted by a syndicate of national and international banks: expires in December 2016;
- loan of €110 thousand, agreed with Banca Popolare di Milano and Centrobanca, as agents of a bank syndicate, on 16 July 2009 with the final repayment to be made in September 2017;
- committed revolving facility of €45 thousand, to be used to cover gaps between costs and revenue of the branches in Venezuela and El Salvador, agreed in February 2013 with BNP Paribas (and counter-guaranteed by SACE for 70% of the amount): expires in August 2014;
- committed revolving facility of €35 thousand, to be used to cover gaps between costs and revenues of the Group's foreign branches and joint ventures, agreed with Cariparma (and counter-guaranteed by SACE for 70% of the amount): expires in January 2015;
- committed loan of €10 thousand for investments in motorway concessions agreed with Centrobanca and ING Bank in February 2012: expires in June 2016;
- committed loan of €60 thousand for the preparation of contracts and investments made in foreign concessions, mainly in Turkey, agreed in July 2012 with BBVA and Crédit Agricole (guaranteed by SACE for 67% of the amount): expires in July 2017;
- committed term loan of €50 million agreed with Banco Popolare on 14 July 2008: expires in July 2016;
- committed bilateral facility of €30 million agreed with Banca del Mezzogiorno in May 2013: expires in June 2016;
- term loan of €250 thousand agreed in May 2014 with a syndicate of Italian and international banks: expires in November 2014;
- committed bilateral facility with a half-yearly repayment plan of €30 thousand agreed with Portigon (former WestLB): expires in August 2015.

The following financial covenants are applied to the €35 thousand committed loan agreed with Centrobanca and ING Bank in June 2011, which has a five-year term and two one-year renewal options:

- debt/equity ratio: less than or equal to 1.60x at 31 December and less than or equal to 1.75x at 30 June;
- debt/gross operating profit ratio: less than or equal to 3.50x at 31 December and less than or equal to 3.75x at 30 June.

These covenants are also applicable to the following loans and financing of the subsidiaries, taken out for special projects:

- committed term loan of €10 million signed in June 2012 with BBVA: expires in December 2015;
- bilateral committed loan of an original €18.5 million agreed on 4 June 2009 with GE Capital (former Interbanca S.p.A.) to cover the costs of designing and constructing the Verona car park with a 19-year term expiring in June 2027. The loan, taken out by Astaldi Concessioni S.r.l., is secured by a mortgage on surface rights, the transfer of receivables arising from the guaranteed minimum payments and the transfer of the insurance policy on the minimum payments as well as a corporate guarantee provided by the parent;
- bilateral committed loan of an original €12.3 million agreed in May 2008 with Banco Popolare (former Efibanca) to cover the costs of designing and constructing the Bologna car park expiring in May 2025. The loan, taken out by Astaldi Concessioni S.r.l., is secured by a mortgage on surface rights, the transfer of receivables arising from the guaranteed minimum payments and the transfer of the insurance policy on the minimum payments as well as a corporate guarantee provided by the parent;

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

28 Financial liabilities (Continued)

- loan of €80 thousand agreed in August 2011 for the Bodrum Airport concession contract in Turkey by the SPE Mondial AS, controlled by Astaldi Concessioni, and the bank syndicate comprising HSBC and Turkiye IS Bankasi, expiring in July 2015; the loan is secured by a corporate guarantee provided by the parent.

The same covenants are also applied to a committed credit facility for the issue of endorsement credits (guarantees and sureties) with an original amount of €175 thousand, now equal to €50 thousand, agreed on 30 November 2006 with a seven-year term, organised by Unicredito (former Mediocredito Centrale) and The Royal Bank of Scotland and granted by a bank syndicate: expires in November 2013.

The main transactions carried out during the period include:

- an equity-linked bond issue reserved for qualified Italian and foreign investors. The issue of €130,000,000 has a six-year term (maturing on 31 January 2019) and pays a six-monthly coupon at a fixed rate of 4.50% per annum on 31 January and 31 July of each year. The bonds may be converted into existing or newly issued ordinary shares starting from 1 February 2014 although the parent has the option to settle conversion requests by delivering ordinary shares or paying cash or a combination of the two (cash settlement option). The conversion price is €7.3996 and includes a conversion premium of 35% of the average price of the Astaldi shares traded on the Italian stock exchange on 14 January 2013. Banca IMI S.p.A., BNP Paribas and The Royal Bank of Scotland Plc acted as the joint bookrunner and joint lead manager;
- committed bilateral facility of €30 million agreed with Banca del Mezzogiorno in May 2013: expires in June 2016;
- term loan of €250 thousand agreed in May 2014 with a syndicate of Italian and international banks: expires in November 2014;
- renewal of the committed revolving facility of €35 thousand, to be used to cover gaps between costs and revenues of the Group's foreign branches and joint ventures, agreed with Cariparma (and counter-guaranteed by SACE for 70% of the amount): originally due to expire in July 2013, renewed until January 2015;
- prepayment, in August, of 44% of the loan with an original principal of USD36 thousand agreed on 5 August 2009 with Unicredit and MPS Capital Services for the equity investment in the Chacayes Hydroelectric Project in Chile. At 30 September 2013, USD10.5 million had been used. The repayment plan ends on 8 August 2016. The loan beneficiary is Inversiones Assimco Limitada. Repayment is 100% guaranteed by the parent with a corporate surety and a lien on the beneficiary's shares (held by Astaldi S.p.A.).

When negotiating loans, the Group tends to align the negative pledge clauses with those defined in the Forward Start Facility agreement signed in December 2011.

This agreement establishes that the Group may not give its assets as collateral (mortgages, liens, etc.) except in special cases.

Specifically, this commitment is not applicable to:

- guarantees existing when the new loan agreement was signed;
- guarantees given for loans obtained for individual contracts carried out under general contracting or project financing formats as well as, within certain limits, guarantees given for loans obtained to invest in concession activities.

Hedging derivatives

IFRS 7 requires that hedging derivatives measured at fair value in the statement of financial statement be classified using a fair value hierarchy which reflects the significance of the inputs used to measure fair value. There are three levels:

- Level 1—quoted prices in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices (level 1) observable directly (prices) or indirectly (price derivatives) on the market;
- Level 3—inputs that are not based on observable market data.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

28 Financial liabilities (Continued)

All the derivatives existing at the reporting date are classified as Level 2. Specifically, the fair value of the derivatives and the hedge effectiveness are measured using internal valuation models, such as the dollar offset method, using the hypothetical derivative to determine changes in the fair value of the underlying.

The main inputs used for the fair value measurement include interest rates, yield curves and exchange rates observable on the market.

Interest rate risk

At the reporting date, the notional amount of the interest rate hedging derivatives amounts to €415,806 thousand, including €18,232 thousand which does not qualify for hedge accounting.

The percentage of fixed rate debt, including the fixed rate bonds of €130,000 thousand, issued in January 2013, is just below 50% of the Group's gross debt.

The following table summarises cash flow hedges of interest rate risk, split between those that qualify for hedge accounting and those that do not.

Hedges that qualify for hedge accounting:

€'000 Type of derivative	Residual notional amount	Fair Value 30.09.13
IRS	391,324.0	(17,257.4)
OPTIONS	6,250.0	
Total	397,574.0	(17,257.4)

Hedges that do not qualify for hedge accounting:

€'000 Type of derivative	Residual notional amount	Fair Value 30.09.13
IRS	18,231.8	(1,365.0)
Total	18,231.8	(1,365.0)

€'000 Hedging reserve—interest rate risk	30/09/13	31/12/2012
Opening balance	(34,507)	(23,098)
Impact on reserve net of release to profit or loss	17,465	(11,409)
Closing balance	(17,042)	(34,507)
Ineffectiveness	(216)	(283)

Currency risk

The Group does not have currency hedges at the reporting date.

Hedges agreed in Poland during the first nine months of 2013 to hedge shortfalls between revenue in local currency and costs in dollars generated a gain of €153 thousand.

€'000 Hedging reserve—currency risk	30/09/2013	31/12/2012
Opening balance	22	1,130
Impact on reserve net of release to profit or loss	(22)	(1,108)
Closing balance	0	22
Ineffectiveness	0	(10)

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

28 Financial liabilities (Continued)

Net financial debt

The following table shows the Group's net financial debt and a breakdown of its main components as required by Consob communication no. DEM/6064293 of 28 July 2006 which is based on the European Securities and Markets Authority's (ESMA, former CESR) recommendation of 10 February 2005.

	30/09/2013	31/12/2012	30/09/2012
A Cash	306,347	400,215	372,232
B Securities held for trading	1,367	1,347	1,350
C Cash and cash equivalents (A.+B)	307,714	401,562	373,582
—Current loan assets	21,786	3,393	2,474
—Current portion of financial assets from concession activities	16,092	16,306	15,053
D Current loan assets	37,878	19,700	17,527
E Current portion of bank loans and borrowings	(439,599)	(460,526)	(408,552)
F Current portion of bonds	(409)	0	0
G Current portion of non-current debt	(60,080)	(51,030)	(83,339)
H Other current loans and borrowings	(11,477)	(16,059)	(8,186)
I Current financial debt (E+F+G+H)	(511,565)	(527,614)	(500,077)
J Net current financial debt (I+D+C)	(165,973)	(106,353)	(108,968)
K Non-current portion of bank loans and borrowings	(695,633)	(696,432)	(755,849)
L Bonds	(127,132)	0	0
M Other non-current financial liabilities	(17,265)	(9,575)	(9,972)
N Non-current financial debt (K+L+M)	(840,030)	(706,007)	(765,821)
O Net financial debt from continuing operations (J+N)	(1,006,003)	(812,359)	(874,789)
—Non-current loan assets	25,098	7,683	0
—Subordinated loans	28,710	43,252	52,124
<i>of which: related parties</i>	28,710	43,252	52,124
—Non-current portion of financial assets from concession activities	19,311	135,419	151,486
P Non-current loan assets	73,120	186,354	203,610
Q Net financial debt of discontinued operations	34,484	0	0
R Total financial debt (O+P+Q)	(898,399)	(626,005)	(671,179)

Total financial debt includes the net financial debt of continuing operations (line O of the above table), calculated as recommended by the EMSA in its recommendation of 10 February 2005, and the non-current loan assets mostly with associates set up for project financing activities, the financial assets from concession activities and the net financial debt of discontinued operations.

The parent has treasury shares of €2,725 thousand in portfolio which gives total financial debt of €895,674 thousand. Moreover, the group's net financial debt does not include hedging derivatives that do not qualify as financial assets given their nature in either the reporting period or 2012.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

29 Other liabilities

Other non-current liabilities: €13,513 thousand (€13,721 thousand)

Other non-current liabilities of €13,513 thousand are substantially in line with the balance at 31 December 2012 and mainly include the liability with Simest S.p.A. to acquire non-controlling interests in the subsidiary Inversiones Assimco Limitada.

Other current liabilities: €170,917 thousand (€164,527 thousand)

This caption of €170,917 thousand comprises:

	30/09/2013	31/12/2012	Variation
—Associates	1,498	1,386	112
—Other companies	730	33	697
—Personnel	20,039	18,533	1,505
—Social security institutions	10,486	10,766	(280)
—Accrued expenses and deferred income	9,934	3,815	6,118
—Other	128,231	129,992	(1,761)
Total	170,917	164,527	6,390

The caption shows an increase of €6,390 thousand over 31 December 2012, mainly due to (i) the rise in payables to personnel, mostly a result of the development of production in Russia which entailed greater resort to human resources; and (ii) the increase of €3,728 thousand in accrued expenses for thirteen and fourteen month remuneration included under “Accrued expenses and deferred income”, mainly for the Italian employees.

30 Trade payables: €1,161,347 thousand (€1,128,798 thousand)

Trade payables increased by €32,549 thousand as follows:

	30/09/2013	31/12/2012	Variation
—Suppliers	945,901	985,346	(39,445)
—Associates	208,132	142,241	65,891
—Other investees	7,314	1,210	6,103
Total	1,161,347	1,128,798	32,549

Payables to suppliers decreased by €39,445 thousand due to the Group’s policy aimed at improving its production activities notwithstanding the very complicated macroeconomic situation and the unfavourable global economy.

Specifically, there was a large decrease in payables to suppliers in Italy, Algeria and Romania. (approximately €151,000 thousand), partly countered by an increase of roughly €115,000 thousand for production in Russia and Turkey.

Payables to associates increased in Italy due to the recharging of consortium costs, especially for the Pedemontana Lombarda motorway and Rome metro Line 3 contracts.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

31 Tax liabilities: €59,480 thousand (€93,387 thousand)

This caption decreased by €33,907 thousand on 31 December 2012 as follows:

	30/09/2013	31/12/2012	Variation
—Indirect tax liabilities	33,647	37,414	3,766
—Direct tax liabilities	21,488	50,774	(29,286)
—Withholding tax liabilities	4,345	5,200	(855)
Total	59,480	93,387	(33,907)

This caption's decrease is mainly due to the direct tax liabilities, tied to the change in direct tax assets in Italy, Turkey and Venezuela and, especially, the use of tax assets to offset tax liabilities by the parent and its investees as allowed by law.

32 Provisions for current risks and charges: €23,414 thousand (€28,578 thousand)

This caption may be analysed as follows:

	Provisions for contractual obligations	Provisions for risks on equity investments	Provision for potential losses	Provision as per article 27 of the bylaws	Total
Balance at					
31 December 2012	22,468	2,608	1,700	1,802	28,578
Accruals	3,731	0	0	0	3,731
Utilisations	(7,100)	0	0	0	(7,100)
Allocation of 2012 profit	0	0	0	682	682
Other and change in consolidation scope	(2,507)	30	0	0	(2,477)
Balance at					
30 September 2013	16,592	2,638	1,700	2,484	23,414

- The provisions for contractual obligations mainly refer to the prudent estimate of losses on works nearing completion for which the final stage of the related contracts has not been defined as well as activities for work in progress.
- The provisions for risks on equity investments are set up to cover the group's share of deficit of investees considering the investment's carrying amounts. They also include gains or losses on equity-accounted investees with negative carrying amounts.
- The provision for potential losses includes the accrual for legal costs, calculated on a case-by-case basis considering objective and subjective elements and assisted by external experts.
- The provision as per article 27 of the bylaws was used for charitable donations and was increased by allocating part of the profit for the year, as provided for by the relevant resolutions.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

32 Provisions for current risks and charges: €23,414 thousand (€28,578 thousand) (Continued)

The following table summarises the provisions and allowances recognised in the financial statements, their nature and utilisation:

		30/09/2013	31/12/2012	note
Provisions deducted directly from assets		32,981	51,702	
—Allowance for impairment (equity investments)	Equity investments	8	8	18
—Provision for contract losses to complete	Amounts due from customers	11,995	12,374	22
—Allowance for impairment	Trade receivables	11,133	11,281	23
—Allowance for impairment (default interest)	Trade receivables	2,567	23,443	23
—Allowance for impairment of other assets	Other current assets	7,088	4,398	20
—Provision for default interest due to tax authorities	Tax assets	198	198	24
Provisions recognised under liabilities				
Provisions for risks and charges of which:		24,087	36,180	32
b) —for risks on equity investments	provisions for risks and charges (equity investments)	2,638	2,608	32
c) —for contract losses to complete	provisions for risks and charges	15,829	21,305	32
d) —for losses to complete	amounts due to customers	674	7,602	22
e) —other provisions for risks and charges	provisions for risks and charges	4,946	4,665	32
Total provisions		57,068	87,882	

Disclosure on potential risks

The Group is involved in civil and administrative proceedings and legal actions as part of its normal business activities. Based on the information currently available and the existing provisions for risks, the Group does not believe that these proceedings and actions will have a significant negative impact on its consolidated financial statements. Reference should be made to the information provided in the notes to the consolidated financial statements at 31 December 2012.

33 Related party transactions

Annex B provides the amounts and balances of commercial and financial transactions and relationships with related parties. They are carried out on an arm's length basis.

Transactions with consortia and consortium companies (the SPEs) relate to financial assets from concession activities from third parties recognised under trade receivables given the special nature of the sector in which the Group operates. They are not included in the table in Annex B.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

34 Segment reporting

The operating segments are defined based on the reports used by senior management for decision-making purposes. Specifically, these reports are split by geographical segment and are prepared using the same accounting policies used for the consolidated financial statements.

The following tables shows revenue and operating profits determined pursuant to IFRS 8.

Nine months ended 30/09/2013

(€'000)	Italy	Europe	Americas	Africa	Asia	Other activities	Adjustments and eliminations	Total
Revenue	795,487	616,285	297,338	92,927	26,992	434	(170,513)	1,658,951
Operating profit (loss) . .	81,016	92,054	6,316	18,959	(4,338)	(9,438)	(12,456)	172,112
Net financial expense . . .								(73,828)
Net gains on equity-accounted investees . .								5,934
Profit before tax and non-controlling interests								104,218
Tax expense								(38,622)
Profit for the period								61,374

The amounts shown in the “Other activities” column and the “Operating profit (loss)” line mainly consist of general costs incurred by the parent.

Nine months ended 30/09/2012

(€'000)	Italy	Europe	Americas	Africa	Asia	Other activities	Adjustments and eliminations	Total
Revenue	894,148	684,520	243,508	117,531	49,838	1,398	(292,546)	1,698,396
Operating profit (loss) .	74,249	37,727	20,933	36,616	(17,109)	(3,731)	2,409	151,094
Net financial expense .								(52,758)
Net gains on equity-accounted investees .								2,082
Profit before tax and non-controlling interests								100,417
Income taxes								(40,190)
Profit for the period . . .								60,390

35 Other information

Guarantees and sureties

Personal guarantees

The Group has given personal guarantees of €3,000,143 thousand as follows:

- sureties of €127,386 thousand to open credit facilities to ensure regular cash flows for contracts, given on behalf of associates and other investees set up for special purposes as per the current sector regulations;
- sureties of €2,809,647 thousand for contract work given on the Group's behalf by banks and insurance companies to customers for the parent, its subsidiaries, associates and other investees;
- other sureties of €63,110 thousand given for various reasons.

ANALYSIS OF THE MAIN CHANGES IN THE FINANCIAL STATEMENTS CAPTIONS (Continued)

35 Other information (Continued)

Third party sureties given to the Group

Banks and insurance companies have given guarantees of €253,916 thousand on behalf of Italian and foreign suppliers and subcontractors with respect to their contractual commitments with the Group.

Events after the reporting period

In October 2013, the Group achieved its first significant commercial breakthrough in Canada with the Muskrat Falls hydroelectric project contract worth CAD1 billion. It entails the construction of the civil works for an 820 MW hydroelectric plant on the Lower Churchill River (Labrador, NL). The contract consists of construction of the power plant and the related intakes and spillways. It is part of a larger investment project which includes construction of two dams. Work will commence before year end and will take four years. The customer is Nalcor Energy, the Canadian provincial energy company for the development, transmission and provision of energy in Newfoundland and Labrador.

Again in October, the foundation stone laying ceremony of the Etlik Hospital Complex in Ankara was held and attended by the Turkish Prime Minister. The Group will continue negotiations over the next few months to finalise this concession contract's financial closing.

Authorisation for publication

On 11 November 2013, the parent's board of directors approved these condensed interim consolidated financial statements pursuant to the ruling regulations and authorised their issue.

Stefano Cerri

Paolo Citterio

**(signed on the original)
Chief Executive Officer**

**(signed on the original)
Manager in charge of financial reporting**

Annex A—Astaldi group companies at 30 September 2013

a) Line-by-line consolidation

Company name	Registered office	Nominal amount of share/quota capital		Functional currency	Investment %
A.I.2 Società a responsabilità limitata	Via G.V. Bona, 65—Rome—Italy	EUR	100,000,000	EUR	75.43%
AR.GI S.c.p.A.	Via G.V. Bona, 65—Rome—Italy	EUR	35,000,000	EUR	99.99%
AS. M. S.c.r.l.	Via Vannella Gaetani, 27—Naples—Italy	EUR	10,000	EUR	75.91%
Asocierea Astaldi Spa-Astalrom SA (Mihai Bravu)	Nicolae Caramfil n 53 Sector 1 Bucurest-Romania	EUR	0	EUR	99.91%
Ast VT Parking S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	10,000	EUR	100.00%
Ast B Parking S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	10,000	EUR	100.00%
Astaldi Aedifica Società a responsabilità limitata	Via G.V. Bona, 65—Rome—Italy	EUR	10,000	EUR	100.00%
Astaldi Algerie—E.u.r.l.	25 Cité Mohamed Hadj Ahmed Hydra wilaya d'Alger—Algeri—Algeria	DZD	50,000,000	DZD	100.00%
Astaldi Arabia Ltd.	P.O. Box 58139—Riad—Saudi Arabia	SAR	5,000,000	USD	100.00%
Astaldi Bulgaria LTD	67 Tsanko Tserkovski Str., Entrance V, 4 floor—Sofia—Bulgaria	BGN	5,000	BGN	100.00%
Astaldi Canada Inc	4001 Rue Saint-Antoine O Montréal- Québec-Canada	CAD	20,000	CAD	100.00%
Astaldi Concessioni S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	83,000,000	EUR	100.00%
Astaldi Construction Corporation	8220 State Road 85 Davie—Florida—U.S.A.	USD	66,005,000	USD	100.00%
Astaldi de Venezuela C.A.	C.C. C.T. 1ra Etapa Piso 6 Of. 620—Caracas—Venezuela	VEB	110,300,000	EUR	99.80%
Astaldi International Inc.	Bank of Liberia Building P.O. Box 660—Monrovia—Liberia	US\$	3,000,000	EUR	100.00%
Astaldi International Ltd.	34-36 Gray's Inn Road—Londra—Regno Unito	GBP	2,000,000	GBP	100.00%
Astaldi-Astaldi International J.V.	R. Armando Tivane, 466—Matola Maputo—Mozambico	USD	10,000	EUR	100.00%
Astaldi-Max Bogl-CCCF JV S.r.l.	Str.Carol Davilla n°70—Bucarest—Romania	EUR	10,000	EUR	66.00%
ASTALROM S.A.	Varianta Nord, 1—Calarasi—Romania	RON	3,809,898	RON	99.62%
Astur Construction and Trade A.S.	Aydinpinar Cad. Kucukmehmetler Koyu—Ankara—Turkey	TRY	3,000,000	EUR	99.98%
Bielle Impianti S.c.a.r.l.	Viale Lincoln 84/A—Bologna—Italy	EUR	100,000	EUR	75.00%
Bussentina S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	25,500	EUR	78.80%
C.O.MES. In liquidation S.C.r.l.	Via G.V.Bona, 65—Rome—Italy	EUR	20,000	EUR	55.00%
Cachapoal Inversiones Limitada	Avenida Apoquindo 3846, oficinas 1101 y 1102—Santiago—Cile	USD	49,164,761	USD	100.00%
CO.ME.NA. S.c.r.l. in liquidation	Via Vannella Gaetani, 27—Naples—Italy	EUR	20,658	EUR	70.43%
CO.MERI S.p.A.	Via G.V. Bona, 65—Rome—Italy	EUR	35,000,000	EUR	99.99%
CO.VA. Società a Responsabilità Limitata (S.c.r.l.)	Via del Tappezziere, 4—Bologna—Italy	EUR	10,000	EUR	60.00%
Consorcio Rio Pallca	Avenida Camino Real 390, Torre Central Oficina 810, San Isidro—Lima—Perù	PEN	0	USD	60.00%
Consorzio Stabile Busi	Via del Tappezziere, 4—Bologna—Italy	EUR	100,000	EUR	95.00%

Company name	Registered office	Nominal amount of share/quota capital		Functional currency	Investment %	Direct investment %
Constructora Astaldi Cachapoal Limitada . . .	Avenida El Condor 844, Oficina 401, Ciudad Empresarial, Huechuraba—Santiago—Cile	CLP	10,000,000	CLP	99.90%	99.90%
Euroast S.r.l. In liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	15.300	EUR	100.00%	100.00%
Forum S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	51,000	EUR	79.99%	79.99%
Garbi Linea 5 S.c.a.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	10,000	EUR	100.00%	100.00%
Groupeement de Raccordement de la Station d'El Hamma (G.R.S.H.)	25 Rue Mohamed Hadj Ahmed Hydra— Algeri—Algeria	DZD	0	EUR	100.00%	72.00%
Infralegrea Progetto S.p.A.	Via privata D. Giustino, 3/A—Naples—Italy	EUR	500,000	EUR	51.00%	51.00%
Inversiones Assimco Limitada	Avenida Apoquindo 3846, oficinas 1101 y 1102—Santiago—Cile	USD	40,633,000	USD	100.00%	0.00%
Italstrade CCCF JV Romis S.r.l.	Piata Pache Protopopescu, 9—Bucarest— Romania	LEI	5,400,000,000	EUR	51.00%	51.00%
Italstrade IS S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	232.200	EUR	100.00%	100.00%
Messina Stadio S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR	45.900	EUR	100.00%	100.00%
Mondial Milas—Bodrum Havalimani Uluslararası Terminal Isletmeciligi Ve Yatirim A.S.	Kizkulesi Sokak, 38/4, Gaziosmanpasa, Cankaya—Ankara—Turkey	TRY	37,518,000	EUR	100.00%	0.00%
Mormanno S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	10,200	EUR	74.99%	74.99%
nBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve Ticaret L.S.	Inonu Caddesi Devres Han No.50 Kat.1 Gumussuyu Beyoglu—Istanbul—Turkey	TRY	200,000	TRY	100.00%	0.00%
nBI S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	1,000,000	EUR	100.00%	100.00%
Ospedale del Mare S.C.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	50,000	EUR	100.00%	100.00%
Partenopea Finanza di Progetto S.c.p.A.	Via Luca Pacioli s.n.c.—Naples—Italy	EUR	9,300,000	EUR	99.99%	99.99%
Portovesme S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR	25,500	EUR	99.98%	99.98%
Quattro Venti S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	51,000	EUR	60.00%	60.00%
Redo-Association Momentanée	Av. De la Justice, 1257—Kinshasa—Rep. Dem. del Congo	ZRZ	50,000	EUR	100.00%	75.00%
Romairport S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	500,000	EUR	99.26%	99.26%
Romstrade S.r.l.	Piata Pache Protopopescu, 9—Bucarest— Romania	LEI	10,000,000,000	EUR	51.00%	51.00%
S. Filippo S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	10,200	EUR	80.00%	80.00%
S.P.T.—Società Passante Torino S.C.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	50,000	EUR	74.00%	74.00%
Sartori Tecnologie Industriali S.r.l.	Via Bettolo, 17—Brindisi—Italy	EUR	1,000,000	EUR	100.00%	100.00%
Scuola Carabinieri S.C.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	50,000	EUR	61.40%	61.40%
Seac S.p.a.r.l. in liquidation	Avenue des Fleurs—Kinshasa/Gombe— Rep.Dem. del Congo	ZRZ	200,000,000	EUR	100.00%	100.00%
SIRJO Società Consortile per Azioni	Via G.V. Bona, 65—Rome—Italy	EUR	30,000,000	EUR	60.00%	60.00%
Susa Dora Quattro S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	51,000	EUR	90.00%	90.00%
T.E.Q. Construction Enterprise Inc.	4001 Saint Antoine Quest—Montreal— Quebec—Canada	CAD	323	CAD	100.00%	0.00%
Tione 2008 Srl	Via del Tappezziere, 4—Bologna—Italy	EUR	100,000	EUR	76.00%	0.00%
Toledo S.c.r.l.	Via Vannella Gaetani, 27—Naples—Italy	EUR	50,000	EUR	90.39%	90.39%
Valle Aconcagua S.A.	Calle Badajoz 130, Oficina 1501, Comuna La Condes, Santiago—Cile	CLP	5,000,000,000	CLP	55.00%	0.00%
3E System Srl	Via del Tappezziere, 4—Bologna—Italy	EUR	50,000	EUR	100.00%	0.00%

b) Proportionate consolidation

Company name	Registered office	Nominal amount of share/quota capital		Functional currency	Investment
Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim A.s.	Ilkbahar Mahallesi Turan Gunes Bulvari 15. Cad.No. 11 Yildiz Cankaya—Ankara—Turkey	TRY	15,000,000	TRY	51.00
Avrasya Metro Grubu Srl	Via S. Michele, 35—Agliaia (PT)—Italy	EUR	10,000	EUR	42.00
CO.SAT Società Consortile a responsabilità limitata . . .	Via G.V. Bona, 65—Rome—Italy	EUR	10,000	EUR	50.00
Cona Impianti Scarl	Viale Lincoln, 84/A—Bologna—Italy	EUR	10,000	EUR	50.00
Consorcio Rio Mantaro	Calle Las Palmeras n. 326, Camacho, Distrito de la Molina—Lima—Perù	—	0	USD	50.00
Consorcio Rio Urubamba	Av. Paseo de la Republica 4675, Surquillo—Lima—Perù	—	0	PEN	40.00
IC Ictas-Astaldi Insaat A.S.	Konur Sokak n. 58/207, Kizilay—Ankara—Turkey	TRY	2,000,000	EUR	50.00
ICA Astaldi-IC Ictas WHSD Insaat A.S.	Konur Sokak n. 58/208, Kizilay—Ankara—Turkey	TRY	2,000,000	RUB	50.00
M.O.MES S.c.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR	10,000	EUR	55.00
Metro Blu S.c.r.l.	Via Adige, 19—Milan—Italy	EUR	10,000	EUR	50.00

c) Equity Method

Company name	Registered office	Nominal amount of share/quota capital		Functional currency	Investment %
A4 Holding S.p.A.	Via Flavio Gioia, 71—Verona—Italy	EUR	134,057,937	EUR	11.65%
Adduttore Ponte Barca S.c.r.l. in liquidation . . .	Via di Pietralata, 140—Rome—Italy	EUR	45,900	EUR	24.33%
Autostrada Nogara Mare Adriatico Scpa	Via Flavio Gioia, 71 Verona—Italy	EUR	120,000	EUR	23.00%
Avola S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR	10,200	EUR	50.00%
Biomedica Scrl	Via delle Violette, 12 Z.I.—Modugno (BA)—Italy	EUR	10,000	EUR	42.66%
Blufi 1 S.c.r.l. In liquidation	Zona Industriale—Agrigento—Italy	EUR	25,823	EUR	32.00%
C.F.M. S.c.r.l. in liquidation	Via privata D. Giustino , 3/A—Naples—Italy	EUR	40,800	EUR	50.00%
Colli Albani S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	25,500	EUR	60.00%
Consorcio Contuy Medio	Avida Andres Bello, Ed. Atlantic Piso 7, Of. 1-7— Venezuela	US\$	40,000	VEF	28.30%
Consorzio A.F.T. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	46,481	EUR	33.33%
Consorzio A.F.T. Kramis	Via G.V. Bona, 65—Rome—Italy	EUR	100,000	EUR	50.00%
Consorzio C.I.R.C. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	51,000	EUR	25.00%
Consorzio Consarno	Via Naples, 329—Castellammare di Stabia (NA)—Italy	EUR	20,658	EUR	25.00%
Consorzio Consavia S.c.n.c. in liquidation	Via F. Tovaglieri, 17—Rome—Italy	EUR	20,658	EUR	25.00%
Consorzio Europeo Armamento Alta Velocità— C.E.A.A.V.	Via G.V. Bona, 65—Rome—Italy	EUR	206,583	EUR	25.00%
Consorzio Ferrofir in liquidation	Via F.Tovaglieri, 17- Rome—Italy	EUR	30,987	EUR	66.67%
Consorzio Gi.It. in liquidation	Via privata D. Giustino, 3/A—Naples—Italy	EUR	2,582	EUR	50.00%
Consorzio Iricav Due	Via F. Tovaglieri, 413—Rome—Italy	EUR	510,000	EUR	37.49%
Consorzio Iricav Uno	Via F. Tovaglieri, 17—Rome—Italy	EUR	520,000	EUR	27.91%
Consorzio Ital.Co.Cer.	Via Giovanni da Procida, 36—Rome—Italy	EUR	51,600	EUR	30.00%
Consorzio Italvenezia	Via Salaria, 1039—Rome—Italy	EUR	77,45	EUR	25.00%
Consorzio Metrofir in liquidation	Via Salaria , 1033—Rome—Italy	EUR	25,823	EUR	33.32%
Consorzio MM4 (CMM4)	Via dei Missaglia, 97—Milan—Italy	EUR	200,000	EUR	31.05%
Consorzio Novocen in liquidation	Via Orazio, 143—Naples—Italy	EUR	51,610	EUR	40.76%
Consorzio Pedelombarda 2	Via dei Missaglia, 97—Milan—Italy	EUR	10,000	EUR	17.96%
Consorzio Ponte Stretto di Messina in liquidation	Via G.V.Bona, 65—Rome—Italy	EUR	100,000	EUR	51.97%
Consorzio Qalat	Corso Carlo Marx, 19—Misterbianco (CT)—Italy	EUR	10,327	EUR	40.00%
Copenhagen Metro Construction Group J.V. (COMET)	Refshaleoen, 147 P.O. Box 1920—Copenhagen— Denmark	DKK	0	DKK	15.00%
Diga di Blufi S.c.r.l. in liquidation	Via Adige,19—Milan—Italy	EUR	45,900	EUR	50.00%
Ecosarno S.c.r.l.	Viale Italy,1—Sesto S. Giovanni (MI)—Italy	EUR	50,490	EUR	33.33%
Fosso Canna S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR	25,500	EUR	32.00%
GEI—Grupo Empresas Itálnyas	C.C.C. Tamanaco 1ra Etapa, Piso 6, Oficina 620, Chuaó—Caracas—Venezuela	VEB	2,000,100,000	VEF	33.34%
Ge.Sat S.c.r.l.	Via Rimini, 27- Prato- Italy	EUR	10,000	EUR	35.00%
Groupement Italgisas	Angle Boulevard de la Resistance et Rue de Puissesaux—Casablanca—Marocco	MAD	207,014,000	MAD	40.00%

Company name	Registered office	Nominal amount of share/quota capital		Functional currency	Investment %
Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu Yatirim Ve Isletme Anonim Sirketi	Kavaklidere Mahallesi Konur. Sokak 58/304, postcode:06640 Çankaya/Ankara.	TRY	230,000,000	TRY	33.33%
Infralegrea S.c.r.l. in liquidation	Via privata D. Giustino, 3/A—Naples—Italy	EUR	46,600	EUR	50.00%
M.N. Metropolitana di Naples S.p.A.	Via Galileo Ferraris, 101—Naples—Italy	EUR	3,655,397	EUR	22.62%
Metro Brescia S.r.l. (MB-S.r.l.)	Via Leonida Magnolini, 3—Brescia—Italy	EUR	4,020,408	EUR	24.50%
Metro 5 S.p.A.	Via Adige, 19—Milan—Italy	EUR	53,300,000	EUR	38.70%
METRO C S.c.p.a.	Via di Torre Spaccata, 172—Rome—Italy	EUR	150,000,000	EUR	34.50%
Metrogenova S.c.r.l.	Via IV Novembre snc -Spianata Acquasola—16121 Genova—Italy	EUR	25,500	EUR	21.81%
Monte Vesuvio S.c.r.l. in liquidation	Via dei Missaglia, 97—Milan—Italy	EUR	45,900	EUR	50.00%
Mose-Treporti S.c.r.l.	Via C.Battisti n°2—Venice- Mestre—Italy	EUR	10,000	EUR	35.00%
N.P.F.—Nuovo Polo Fieristico S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	40,000	EUR	50.00%
Nova Metro S.c.r.l. in liquidation	Via Montello, 10—Rome—Italy	EUR	40,800	EUR	24.10%
Otoyol Yatirim Ve Isletme A.S.	Bugday Sokak n. 9, Kavaklidere, Cankaya—Ankara— Turkey	TRY	1,000,000,000	TRY	18.84%
Pacific Hydro Chacayes	9th floor, Isidora Goyenechea Avenue, Santiago—Cile -	USD	138,466,579	USD	27.35%
Pedelombarda S.c.p.A.	Via dei Missaglia, 97—Milan—Italy	EUR	80,000,000	EUR	24.00%
Pegaso S.c.r.l. in liquidation	Via F. Tovaglieri, 17—Rome—Italy	EUR	260,000	EUR	43.75%
Piana di Licata S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR	10,200	EUR	43.75%
Pont Ventoux S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	51,000	EUR	56.25%
Principe Amedeo S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	10,200	EUR	50.00%
S. Leonardo S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	10,200	EUR	51.00%
S.A.C.E.S. S.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	26,000	EUR	37.00%
S.E.I.S. S.p.A.	Via P. Delitala, 11—Cagliari—Italy	EUR	3,877,500	EUR	48.33%
S.A.T. S.p.A.	Via Rimini, 27- Prato- Italy	EUR	19,126,000	EUR	35.00%
Sharaf—Astaldi LLC	Emirato di Dubai—Emirati Arabi Uniti	AED	3,000,000	AED	49.00%
Società di Progetto Consortile per Azioni M4	Via dei Missaglia, 97—Milan—Italy	EUR	120,000	EUR	29.00%
Tangenziale Seconda S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	45,900	EUR	42.73%
TME—Busi Srl in liquid.	Via del Molo, 3—La Spezia—Italy	EUR	12,000	EUR	23.75%
Veneta Sanitaria Finanza di Progetto S.p.A.— V.S.F.P. S.p.A.	Via Paccagnella, 11—Mestre (VE)—Italy	EUR	20,500,000	EUR	37.00%

d) Cost method

Company name	Registered office	Nominal amount of share/quota capital	Investment %	inv
Aguas de San Pedro S.A. de C.V.	Barrio Las Palmas entre 20 y 27 calle, 3a avenida—San Pedro Sula—Honduras	HNL 100,000,000	15.00%	
Area Bersaglio S.r.l.	Via G. Devitofrancesco, 31—Bari—Italy	EUR 1,000,000	0.00%	
Astaldi Bayindir J.V.	Ilkadam Sokak, 19 Gaziomanpasa- Ankara—Turkey	— 0	50.00%	
Association en participation SEP Astaldi-Somatra-Bredero	Tunisia	— 0	40.00%	
Astaldi—Ozkar JV	Al Masriq Building, office 45 - 4 floor Azaibah—Muscat—Oman Sultanate	EUR 0	0.01%	
Astaldi-Sarantopulos J.V.	Atene—Grecia	— 0	14.00%	
C.F.C. S.c.r.l.	Via privata D. Giustino, 3/A—Naples—Italy	EUR 45,900	0.01%	
C.I.T.I.E. Soc. coop.	Viale Lincoln, 84/a , Bologna—Italy	EUR 0	0.48%	
Co.Sa.Vi.D. S.c.r.l.	Carini—Contrada Foresta Z.I.—Palermo—Italy	EUR 25,500	0.01%	
Consorcio Astaldi-ICE	Av. Libertador Bolivar, 1842—Cochabamba—Bolivia	— 0	50.00%	
Consorcio Grupo Contuy—Proyectos y Obras de Ferrocarriles	CCC T. 1ra Etapa Piso 6 Of. 620 Chuao—Caracas—Venezuela	— 0	32.33%	
Consorzio Asse Sangro in liquidation	Via della Fonte di Fauno, 2/A bis—Roma—Italy	EUR 464,811	4.76%	
Consorzio C.U.B.O.	Via Murri, 24- Bologna- Italy	— 0	0.00%	
Consorzio Centro Uno in liquidation	C.so Vittorio Emanuele, 130—Naples—Italy	EUR 154,937	2.00%	
Consorzio CONA	Via Carlo Pisacane,2—Carpi—Italy	EUR 1,500,000	2.91%	
Consorzio Dipenta S.p.A.—Ugo Vitolo in liquidation	Via Chiatamone, 57—Naples—Italy	EUR 2,582	50.00%	
Consorzio Ferroviario Vesuviano	Via Argine, 425—Naples—Italy	EUR 153,000	0.00%	
Consorzio Groupement Lesi-Dipenta	Via Indonesia, 100—Rome—Italy	EUR 258,228	0.01%	
Consorzio Italy Costruttori	Corso di Porta Romana, 6—Milan—Italy	EUR 120,000	16.70%	
Consorzio TRA.DE.CI.V.	Via Galileo Ferraris, 101—Naples—Italy	EUR 154,937	17.73%	
Fondazione Accademia Nazionale di S. Cecilia	Via Vittoria, 6—Rome—Italy	— 0	0.00%	
Fondazione Filarmonica Arturo Toscanini	Strada della Repubblica, 57—Parma—Italy	— 0	0.00%	
FSC S.c.r.l. in liquidation	Via Scapacchiò, 41—Selvazzano Dentro (PD)—Italy	EUR 3,000	30.00%	
Fusaro S.C.r.l.	Via privata D. Giustino, 3/A—Naples—Italy	EUR 10,200	0.01%	
G.G.O. S.c.r.l. in liquidation	Zona Industriale—Agrigento—Italy	EUR 25,500	10.00%	
Groupement Eurolep	Shifflandestrasse, 35—Aaran 5000—Switzerland	CHF 100,000	22%	
Guida Editori S.r.l. in liquidation	Via D. Morelli, 16/8—Naples—Italy	— 0	0.02%	
IGI—Istituto Grandi Infrastrutture	Via Ovidio, 32—Rome—Italy	— 0	0.00%	
Imprese Riunite Genova S.c.r.l. in liquidation	Brigata Liguria, 1/18—Genova—Italy	EUR 25,500	16.10%	
Imprese Riunite Genova Seconda S.c.r.l. in liquidation	Via Serra, 2/9—Genova—Italy	EUR 25,000	16.10%	
I.S.V.E.UR. Istituto per lo Sviluppo Edilizio ed Urbanistico S.p.A.	Via Lungotevere de' Cenci n°9—Rome—Italy	EUR 2,500,000	0.92%	
Italsagi Sp. Zo. O.	Ul. Powstancow—Katowice—Poland	PLN 100,000,000	34.00%	
Italstrade CCCF JV Bucuresti S.r.l.	Gheorghe Manu, 20 Sector 1—Bucarest—Romania	LEI 2,000,000	1.00%	
M.N.6 S.C.r.l.	Via G.Ferraris n.101—Naples—Italy	EUR 51,000	1.00%	
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l.	Riviera di Chiaia, 72—Naples—Italy	EUR 10,329	0.01%	
Pantano S.c.r.l.	Via Montello, 10—Rome—Italy	EUR 40,800	10.00%	
Pavimental S.p.A.	Piazza Ferdinando De Lucia, 15—Rome—Italy	EUR 4,669,132	1.30%	
Platamonas Sarantopulos J.V.	Athens—Greece	— 0	14.45%	
Primus Partners S.r.l.	Via Santa Radegonda n. 8, Milan	EUR 100.000	10.00%	
Prog. Este S.p.A.	Via Carlo Pisacane,2—Carpi—Italy	EUR 13,250,000	5.04%	
Skiarea Valchiavenna S.p.A.	Via del Crotto, 52—Campodolcino—Italy	EUR 8,118,182	0.23%	
Sociedad Concesionaria BAS S.A.	Santiago del Chile—Chile	CLP 8,876,340,000	0.10%	
Teheran Laviran	Iran	— 0	16.50%	

ANNEX B—RELATED PARTIES

€'000 Company name	Non-current financial assets	Amounts due from customers	Trade receivables	Other current assets	Non-current financial liabilities	Amounts due to customers	Trade payables	Other current liabilities	Re
A4 Holding S.p.A.	0	0	5	0	0	0	0	0	
Adduttore Ponte Barca S.c.r.l. in liquidation	0	0	6	0	0	0	1	0	
Astaldi—UTI—Romairport Joint Venture	403	0	1,913	1,173	0	0	73	0	
Astaldi Bayindir J.V.	0	0	470	5,984	0	0	1,272	0	
Autostrada Nogara Mare Adriatico S.c.p.a.	0	0	0	0	0	0	104	0	
Avola S.c.r.l. in liquidation	84	0	778	41	0	0	162	0	
Biomedica Scrl	0	0	0	0	0	0	189	0	
Blufi 1 S.c.r.l. in liquidation	0	0	0	48	0	0	0	0	
C.F.M. S.c.r.l. in liquidation	0	0	80	113	0	0	124	0	
Colli Albani S.c.r.l. in liquidation	5	0	815	5	0	0	343	0	
Consorzio Astaldi-ICE	0	0	416	0	0	0	0	0	
Consorzio Contuy Medio	0	0	567	510	0	0	1,392	16	
Consorzio Grupo Contuy—Proyectos y Obras de Ferrocarriles	0	0	1,012	3,293	0	0	3,355	32	
Consorzio A.F.T. in liquidation	354	0	144	801	0	0	35	655	
Consorzio A.F.T. Kramis	560	0	2,483	2,913	0	0	801	379	
Consorzio C.I.R.C. in liquidation	0	0	22	0	0	0	108	0	
Consorzio Consarno	127	0	70	0	0	0	24	0	
Consorzio Consavia S.c.n.c. in liquidation	0	0	5	1	0	0	1	0	
Consorzio Dipenta S.p.A.—Ugo Vitolo in liquidation	0	0	0	0	0	0	2	0	
Consorzio Europeo Armamento Alta Velocità—C.E.A.A.V.	90	0	0	0	0	0	42	0	
Consorzio Ferrofir in liquidation	0	0	0	0	0	0	108	0	
Consorzio Gi.It. in liquidation	0	0	0	0	0	0	220	0	
Consorzio Iricav Due	0	0	132	0	0	0	2,421	0	
Consorzio Iricav Uno	0	0	431	109	0	0	4,348	0	
Consorzio Ital.Co.Cer.	0	0	0	0	0	0	521	0	
Consorzio Italvenezia	0	0	0	0	0	0	147	0	
Consorzio MM4	311	7,124	134	0	0	0	531	0	
Consorzio Novocen in liquidation	82	0	0	0	0	0	214	0	
Consorzio Pedelombarda 2	0	0	0	0	0	0	40	0	
Consorzio Ponte Stretto di Messina in liquidation	217	0	0	1	0	0	0	0	
Consorzio Qalat	0	0	0	0	0	0	91	0	
Diga di Blufi S.c.r.l. in liquidation	0	0	6,198	637	0	0	5,463	0	
Ecosarno S.c.r.l.	0	0	0	0	0	0	226	0	
Fosso Canna S.c.r.l. in liquidation	205	0	247	6	0	0	78	0	
G.T.J Etude et Réalisation d'un Tunnel	0	0	0	30	0	0	0	0	
GE. SAT S.c.a. r.l.	0	0	1,447	0	0	0	635	45	
GEL—Grupo Empresas Italianas	0	0	1,07	1,62	0	0	4,877	17	
Groupement Eurolep	0	0	0	0	0	0	0	26	
Groupement Italgisas	838	0	123	190	0	0	0	0	

€'000 Company name	Non-current financial assets	Amounts due from customers	Trade receivables	Other current assets	Non-current financial liabilities	Amounts due to customers	Trade payables	Other current liabilities	Re
Ica Ic Ictas-Astaldi Kuzey Marmara Otoyolu	0	0	0	0	0	0	0	0	
Infraclegrea S.c.r.l. in liquidation	0	0	523	85	0	0	518	0	
Italsagi Sp. Zo. O.	340	0	14	28	0	0	0	0	
M.N. Metropolitana di Napoli S.p.A.	0	0	13	0	0	0	1	0	
Metro Brescia S.r.l.	1,912	0	1	0	0	0	55	0	
Metro 5 Lilla S.r.l.	0	0	610	0	0	0	0	0	
Metro 5 S.p.A.	4,849	0	3,322	65	0	27,586	87	0	11
METRO C S.c.p.a.	0	1,113	1,018	5	0	0	103,698	0	
Metrogenova S.c.r.l.	0	0	87	432	0	0	321	14	
Monte Vesuvio S.c.r.l. in liquidation	250	0	255	0	0	0	0	0	
Mose-Treporti S.c.r.l.	0	0	612	0	0	0	3,636	0	
N.P.F.—Nuovo Polo Fieristico S.c.r.l. in liquidation	0	0	5	580	0	0	0	0	
Nova Metro S.c.r.l. in liquidation	0	0	2	0	0	0	33	0	
Otoyol Yatirim Ve Isletme A.S	18,146	0	1,981	0	0	0	14	11	
Pacific Hydro Chacayes	729	0	128	0	0	0	0	0	
Pedelombarda S.c.p.A.	0	0	19,298	64	0	0	60,09	18	
Pegaso S.c.r.l. in liquidation	0	0	62	875	0	0	0	0	
Piana di Licata S.c.r.l. in liquidation	307	0	257	2	0	0	139	0	
Pont Ventoux S.c.r.l. in liquidation	0	0	72	0	0	0	1,946	0	
Principe Amedeo S.c.r.l. in liquidation	0	0	339	114	0	0	232	0	
S. Leonardo S.c.r.l. in liquidation	10	0	2,628	2	0	0	698	0	
S.A.C.E.S. S.r.l. in liquidation	0	0	0	0	1,645	0	0	0	
S.E.I.S. S.p.A.	2,851	0	0	0	0	0	0	0	
SA.T. S.p.A.	2,38	7,148	175	0	0	0	0	0	4
Sharaf—Astaldi LLC	0	0	0	0	0	0	0	0	
SP M4 S.C.p.A	2,89	0	3,265	0	0	0	3,014	0	
Tangenziale Seconda S.c.r.l. in liquidation	0	0	71	4	0	0	14	0	
Veneta Sanitaria Finanza di Progetto S.p.A.—V.S.F.P. S.p.A.	2,014	0	10	1	0	0	0	0	
Totale	39,954	15,385	53,314	19,731	1,645	27,586	202,447	1,213	16
Percentuale di incidenza delle operazioni	46.75%	1.30%	5.10%	4.99%	0.19%	5.11%	17.43%	0.71%	



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Report of the auditors

To the shareholders of
Astaldi S.p.A.

- 1 We have audited the consolidated financial statements of the Astaldi Group as at and for the year ended 31 December 2012, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards issued by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 3 April 2012 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

- 3 In our opinion, the consolidated financial statements of the Astaldi Group as at and for the year ended 31 December 2012 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Astaldi Group as at 31 December 2012, the results of its operations and its cash flows for the year then ended.

Rome, 29 March 2013

KPMG S.p.A.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia Cagliari
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Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Udine Varese Verona

Società per azioni
Capitale sociale
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20124 Milano MI ITALIA

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	Notes	2012	2011
OPERATING PERFORMANCE			
Revenue	1	2,325,299	2,265,284
<i>of which with related parties</i>		238,111	210,863
Other operating revenue	2	131,598	94,975
<i>of which with related parties</i>		5,453	3,326
Total revenue		2,456,897	2,360,259
Purchase costs	3	(487,584)	(458,640)
Service costs	4	(1,340,552)	(1,349,308)
<i>of which with related parties</i>		(161,114)	(149,612)
Personnel expenses	5	(305,439)	(262,492)
Amortisation, depreciation and impairment losses	6	(52,616)	(51,568)
Other operating costs	7	(60,456)	(38,409)
<i>of which with related parties</i>		(290)	(1,432)
Total costs		(2,246,648)	(2,160,418)
(Capitalisation of internal construction costs)	8	1,565	850
Operating profit		211,813	200,691
Financial income	9	78,550	44,772
<i>of which with related parties</i>		2,195	1,301
Financial charges	10	(163,681)	(120,444)
<i>of which with related parties</i>		(627)	(5)
Effect of equity accounting	11	3,146	401
TOTAL FINANCIAL AREA AND INVESTMENTS		(81,985)	(75,271)
PRE-TAX PROFIT FROM CONTINUED OPERATIONS		129,829	125,420
Tax expense	12	(55,879)	(53,496)
PROFIT FOR THE YEAR		73,949	71,924
Profit attributable to owners of the parent		74,126	71,195
Profit (loss) attributable to non-controlling interests		(177)	729
Basic earnings per share	13	Euro 0,76	Euro 0,73
Diluted earnings per share		Euro 0,75	Euro 0,73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)	Notes	2012	2011
Profit for the year		73,949	71,924
Change in Subsidiaries' hedging reserve		(8,656)	(696)
Change in Associates' hedging reserve		(5,220)	(10,210)
Change in Subsidiaries' Translation Reserve		(2,382)	1,601
Change in Associates' Translation Reserve		1,322	(2,236)
Loss of other Group components	25	(14,937)	(11,540)
Change in third party hedging Reserve		(449)	1,021
Change in third party Translation Reserve		103	(590)
Profit (loss) of other third party components		(345)	431
Total income		58,667	60,815
of which attributable to owners of the parent		59,189	59,655
of which attributable to non-controlling interests		(522)	1,160

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)	Notes	31/12/12	31/12/11
Non-current assets			
Property, plant and machinery	14	221,094	192,278
Investment property	15	1,105	1,141
Intangible assets	16	107,523	44,132
Investments	17	257,441	195,964
of which:			
Equity-accounted investees		104,414	94,188
Non-current financial assets	18	193,448	159,671
of which with related parties		49,926	20,606
Other non-current assets	19	39,874	28,413
Deferred tax assets	12	8,589	3,361
Total Non-current assets		829,074	624,961
Current assets			
Inventories	20	84,343	93,369
Receivables from customers	21	1,058,039	1,010,416
of which with related parties		41,954	62,753
Trade receivables	22	835,077	820,963
of which with related parties		30,435	32,325
Current financial assets	18	17,653	6,248
Tax assets	23	143,067	116,981
Other current assets	19	381,022	308,420
of which with related parties		27,948	24,791
Cash and cash equivalents	24	400,215	456,210
Total current assets		2,919,417	2,812,608
Total assets		3,748,491	3,437,569
EQUITY AND LIABILITIES			
Equity			
Share capital	25	196,850	196,850
Treasury shares		(1,216)	(1,222)
Reserves:			
Legal reserve		23,930	20,797
Extraordinary reserve		218,262	175,968
Retained earnings		48,682	40,493
Other reserves		(921)	(1,709)
Other comprehensive income		(52,088)	(37,151)
Total share capital and reserves		433,499	394,027
Profit for the year		74,126	71,195
Total Equity attributable to owners of the parent		507,625	465,222
Profit (loss) attributable to non-controlling interests		(177)	729
Other comprehensive income items attributable to non-controlling interests		(63)	282
Consolidation Reserve attributable to non-controlling interests		47,170	4,046
Equity attributable to non-controlling interests		46,930	5,057
Total equity		554,555	470,278
Non-current liabilities			
Non-current financial liabilities	26	734,920	672,612
of which with related parties		1,749	1,645
Other non-current liabilities	27	13,721	13,716
Employee benefits	28	8,760	7,926
Deferred tax liabilities	12	4,188	1,273
Total non-current liabilities		761,588	695,528
Current liabilities			
Payables to customers	21	479,397	472,120
of which with related parties		103,130	56,480
Trade payables	29	1,128,798	1,118,769
of which with related parties		142,218	116,637
Current financial liabilities	26	537,661	453,026
Tax liabilities	30	93,387	73,142
Provisions for current risks and charges	31	28,578	29,159
Other current liabilities	27	164,527	125,547
of which with related parties		1,120	327
Total current liabilities		2,432,348	2,271,763
Total liabilities		3,193,936	2,967,291
Total equity and liabilities		3,748,491	3,437,569

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity at 31 December 2012							
Attributable to owners of the parent							
(Thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Other comprehensive income	Other reserves	Retained earnings	Profit or loss
Balance at 01 January 2012 IFRS	195,628	20,797	175,968	(37,151)	(1,709)	40,493	71,000
Profit from continued operations 2012	0	0	0	0	0	0	74,000
Cash flow hedge for the year	0	0	0	(13,877)	0	0	
Translation of foreign operations for the year	0	0	0	(1,060)	0	0	
COMPREHENSIVE INCOME (EXPENSE)	0	0	0	(14,937)	0	0	74,000
Treasury shares	5	0	(20)	0	74	0	
Dividends	0	0	0	0	0	0	(16,000)
Provision as per Art. 27	0	0	0	0	0	0	
Transactions with non-controlling interests	0	0	0	0	0	11	
Changes in Consolidation scope	0	0	0	0	0	0	
Allocation of profit from continued operations 2011	0	3,133	42,314	0	0	8,178	(53,000)
Other changes	0	0	0	0	(279)	0	
Stock grant allocation reserve	0	0	0	0	993	0	
Balance at 31/12/2012 IFRS	**195,634	23,930	**218,262	*(52,088)	(921)	48,682	74,000

* The effect of other comprehensive income produced a hedging reserve at 31/12/2012 totalling Euro (45,676) and a translation reserve of Euro (6,412).

** The amount stated in the items is shown net of total investment in treasury shares totalling Euro 3,019 thousand of which Euro 1,216 thousand recognised as a reduction of share capital, and Euro 1,803 thousand recognised as a reduction of the Extraordinary Reserve.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Changes in equity at 31 December 2011							
Attributable to owners of the parent							
(Thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Other comprehensive income	Other reserves	Retained earnings	Profit or loss
Balance at 01 January 2011 IFRS	195,206	18,453	146,046	(25,610)	256	27,581	63,000
Profit from continued operations 2011	0	0	0	0	0	0	71,000
Cash flow hedge for the year	0	0	0	(10,906)	0	0	
Translation of foreign operations for the year	0	0	0	(635)	0	0	
COMPREHENSIVE INCOME (EXPENSE)	0	0	0	(11,541)	0	0	71,000
Treasury shares	422	0	723	0	(1,263)	0	
Dividends	0	0	0	0	0	0	(14,000)
Provision as per Art. 27	0	0	0	0	0	0	
Transactions with non-controlling interests	0	0	0	0	0	(3,252)	
Changes in Consolidation scope	0	0	0	0	0	0	
Allocation of profit from continued operations 2010	0	2,344	29,198	0	0	16,164	(47,000)
Other changes	0	0	1	0	(1,896)	0	
Stock grant allocation reserve	0	0	0	0	1,194	0	
Balance at 31/12/2011 IFRS	**195,628	20,797	**175,968	*(37,151)	(1,709)	40,493	71,000

* The effect of other comprehensive income produced a hedging reserve at 31/12/2011 totalling Euro (31,799) thousand and a translation reserve of Euro (1,709) thousand.

** The amount stated in the items is shown net of total investment in treasury shares totalling Euro 3,005 thousand of which Euro 1,222 thousand was recognised as a reduction of share capital, and Euro 1,783 thousand recognised as a reduction of the Extraordinary Reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro/000	2012	2011
A—CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year attributable to owners of the parent and non-controlling interests	73,949	71,924
<i>Adjustments to reconcile profit with the cash flow from (used in) operating activities:</i>		
Deferred tax	4,799	4,868
Amortisation, depreciation and impairment losses	52,616	51,568
Provision for risks and charges	1,427	7,960
Post-employment benefits and defined benefit plans	1,568	757
Costs for employee incentive plans	993	1,034
Losses on disposals of non-current assets	7,916	4,229
Effects of equity accounting	(3,146)	(401)
Gains on disposals of non-current assets	(6,438)	(2,527)
Sub-total	59,735	67,488
<i>Changes in operating assets and liabilities (working capital):</i>		
Trade receivables	(14,113)	(169,507)
of which with related parties	1,890	(5,325)
Inventories and receivables from customers	(80,830)	(164,284)
of which with related parties	20,800	(16,018)
Trade payables	10,029	196,423
of which with related parties	25,581	(130)
Provision for risks and charges	(2,606)	(578)
Payables to customers	56,755	133,631
of which with related parties	46,650	46,916
Other operating assets	(115,378)	(17,193)
of which with related parties	(3,157)	3,540
Other operating liabilities	56,352	17,791
of which with related parties	793	(138)
Payments of post-employment benefits and defined benefit plans	(735)	(1,291)
Sub-total	(90,526)	(5,008)
Cash flow from operating activities	43,158	134,404
B—CASH FLOW USED IN INVESTING ACTIVITIES:		
<i>—Construction</i>		
Purchases of investment property	(22,575)	(8,249)
Investment in intangible assets	(70,286)	(39,293)
Investment in property, plant and equipment		
Sale (Purchase) of other investments net of cash acquired, coverage of losses of unconsolidated companies and other changes of the consolidation scope	(191)	18
Receipts from the sale of property, plant and equipment, intangible assets and investment property	(1,478)	(1,702)
Change in subsidiary financing activity	(8,058)	434
of which with related parties	(8,058)	434
Sub-total cash flow used in construction investing activities	(102,588)	(48,792)
<i>—Concessions</i>		
Net investment in assets under construction	(7,245)	
Investment in intangible assets	(51,327)	(39,402)
Sale (Purchase) of other investments net of cash acquired, coverage of losses of unconsolidated companies and other changes of the consolidation scope	(63,737)	(122,292)
Change in subsidiary financing activities	(28,384)	(452)
of which with related parties	(28,384)	(452)
Change in receivables rights from concessions	(10,774)	(41,080)
Sub-total cash flow used in concession investing activities	(161,467)	(203,225)
Cash flows used in investing activities	(264,055)	(252,018)
C—CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	16,630	(14,645)
Non-current borrowing (repayment) net of commissions	62,307	61,990
of which with related parties	104	0
Net change in current financial debt (including leases)	84,636	115,716
Sale (purchase) securities/bonds and treasury shares	2,034	2,601
Change in consolidation scope and other changes	32,555	7,096
Cash flows from financing activities	164,902	158,566
NET DECREASE IN CASH AND CASH EQUIVALENTS	(55,995)	40,951
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	456,210	415,259
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	400,215	456,210
	2012	2011
Additional information to the statement of cash flows		
Income tax paid	49,949	62,762
Net financial charges paid in the year	39,422	43,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

The Astaldi Group has been active for over 90 years in Italy and abroad in the sector of the design and construction of major civil engineering works, and is one of the most important corporate groups operating in the construction sector on an international level; it is a leader in Italy as general contractor and a sponsor of project finance initiatives.

The Group operates through the Parent Astaldi S.p.A., a public company with registered offices in Rome, Via Giulio Vincenzo Bona 65, listed on the STAR division of the Milan Stock Exchange since June 2002.

The duration of the Parent is currently set up to 31 December 2100.

On the date of the drawing up of the financial statements, Astaldi S.p.A. was not subject to the management and coordination of any of its shareholders since the Parent's Board of Directors makes, in full and complete independence and autonomy, any and the most appropriate decisions with regard to managing the Parent's activity. These consolidated financial statements were approved by the Board of Directors of the Parent at the meeting of 13 March 2013.

FORM, CONTENTS AND SEGMENT REPORTING

The consolidated financial statements of the Astaldi Group at 31 December 2012 have been drawn up in compliance with International Financial Reporting Standards—IFRS issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the European Union pursuant to EC Regulation no. 1606/2002 in force at the end of the year.

Reference has likewise been made to CONSOB regulations implementing para. 3, Art. 9 of Legislative Decree no. 38/2005.

The 2012 consolidated financial statements include the following statements:

1. Consolidated income statement;
2. Consolidated statement of comprehensive income;
3. Consolidated statement of financial position;
4. Consolidated statement of cash flows;
5. Consolidated statement of changes in equity;
6. Notes to the consolidated financial statements.

It should be pointed out that the Group decided to present the Statement of comprehensive income in two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit (loss) items for the year (*consolidated income statement*) and a statement which starts from the profit (loss) for the period and algebraically adds "other comprehensive income" (*consolidated statement of comprehensive income*). In this respect, it should be pointed out that for the Astaldi Group the other items of the statement of comprehensive income include only the hedging reserve and the translation reserve. It should likewise be highlighted that including these reserves in the statement of comprehensive income does not alter their nature as deferred items, and therefore not for items referring to the year, pursuant to the provisions in IAS 39 and IAS 21.

It should likewise be highlighted that the income statement is prepared based on a classification of each individual item by nature. This classification reflects the management reporting methods used in the Group and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific segment.

As far as the statement of financial position is concerned, it was decided to enter items by separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and following of IAS 1.

The statement of cash flows shows cash flow for the year, broken down into operating, investing and financing activities; cash flows from operating activities are recognised using the indirect method.

It should likewise be observed that investing activities are distinguished between those regarding construction and those regarding concessions.

The statement of changes in equity was prepared in compliance with IAS 1, obviously taking into account comprehensive income.

Finally, with regard to segment reporting, the so-called management approach was applied, meaning that the elements that top management uses for taking its strategic and operational decisions are considered. The operating segments subject to disclosure referred in particular to the various geographical areas where the Group works, and were determined on the basis of the same accounting standards used for drawing up the consolidated financial statements. Refer to note 34 for the presentation of the models of the segment reporting.

It is observed that some comparative items in the financial statements at 31 December 2011 have, for a better and more correct comparative indication, been restated, without however modifying the overall equity at 31 December 2011 and the profit for 2011.

Specifically, this involved:

- Separate indication of the current and non-current quota of derivatives, reclassifying the debt for derivatives at 2011 rates totalling Euro 26,263 thousand, originally recognised under current tax liabilities. This amount in the comparative for 2011 is shown at Euro 16,698 thousand under non-current financial liabilities and with Euro 9,566 thousand as the debt under current tax liabilities;
- Classification of the equity items referring to treasury shares handed over to employees as part of the stock grant plan in such a way as to include: in the Stock Grant Reserve, the amount of the treasury shares assigned to employees, but not handed over, calculated on the basis of actuarial valuations, and (ii) in the Treasury Share Negotiation Reserve the progressive effects (surplus/deficit) accruing from the buy-back plan. Up to the year 2011, the single item Stock Grant and Buy-back Reserve included the effects of the plan as accrued progressively, consisting of the amount of the costs recorded on the basis of actuarial valuations and the result of buy-back activity.

BASIS OF PREPARATION

The consolidated financial statements were prepared on the basis of the historical cost principle, except for derivatives, which were measured at fair value. In this regard, it should be pointed out that since no fair value hedging transactions were performed, there are no financial instruments having their cost adjustment in relation to changes in the fair value attributable to the hedged risk.

All the amounts are shown in thousands of Euro unless otherwise stated. Therefore, in some statements, the total amounts could slightly deviate from the sum of the single addenda that compose the amount due to round-offs.

The consolidated financial statements, moreover, were drawn up on the assumption of the Group's ability to continue as a going concern.

ACCOUNTING STANDARDS

The most significant accounting standards adopted for drafting the consolidated financial statements at 31 December 2012 are shown below.

Consolidation scope and consolidation standards

The consolidated financial statements of the Group include the financial statements of the Parent Astaldi S.p.A. and of the Italian and foreign companies under direct or indirect control of Astaldi, including joint control, and have been prepared for consolidation purposes in accordance with the IFRS adopted by the Astaldi Group. At the end of these notes there is a list of the companies included in the consolidation scope with the corresponding direct or indirect interests of the Group together with other significant information. There follows a list of companies in the consolidation scope at 31 December 2012, reporting the changes with respect to 2011.

Astaldi S.p.a.
Construction—Italy

<u>Name</u>	<u>Method</u>	<u>Area</u>	<u>%</u>
Euroast S.r.l. in liquid.	Full	Italy	100.00%
Garbi Linea 5 S.c.a.r.l.	Full	Italy	100.00%
Italstrade IS S.r.l.	Full	Italy	100.00%
Messina Stadio S.c.r.l. in liquid.	Full	Italy	100.00%
Ospedale del Mare S.C.r.l.	Full	Italy	100.00%
P.F.P. S.c.p.A.	Full	Italy	99.99%
AR.GI S.c.p.A.	Full	Italy	99.99%
CO.MERI S.p.A.	Full	Italy	99.99%
Portovesme S.c.r.l. in liquid.	Full	Italy	99.98%
Toledo S.c.r.l.	Full	Italy	90.39%
Susa Dora Quattro S.c.r.l. in liquid.	Full	Italy	90.00%
S. Filippo S.c.r.l. in liquid.	Full	Italy	80.00%
Forum S.c.r.l. in liquid.	Full	Italy	79.99%
Bussentina S.c.r.l. in liquid.	Full	Italy	78.80%
AS. M. S.c.r.l.	Full	Italy	75.91%
Mormanno S.c.r.l. in liquid.	Full	Italy	74.99%
S.P.T. S.C.r.l.	Full	Italy	74.00%
CO.ME.NA. S.c.r.l. in liquid.	Full	Italy	70.43%
Scuola Carabinieri S.C.r.l.	Full	Italy	61.40%
Quattro Venti S.c.r.l. in liquid.	Full	Italy	60.00%
Sirjo Scpa	Full	Italy	60.00%
C.O.MES. in liquid. S.C.r.l.	Full	Italy	55.00%
Infralegrea Progetto S.p.A.	Full	Italy	51.00%
M.O.MES S.c.r.l.	Proportionate	Italy	55.00%
CO.SAT S.c.r.l.	Proportionate	Italy	50.00%
Metro Blu S.c.r.l.	Proportionate	Italy	50.00%
Avrasya Metro Grubu Srl	<u>Proportionate</u>	Italy	42.00%
Total Construction Italy	27		

Construction—Foreign

<u>Name</u>	<u>Method</u>	<u>Area</u>	<u>%</u>
Astaldi Bulgaria LTD	Full	Europe	100.00%
Astaldi International Ltd.	Full	Europe	100.00%
Astur Construction and Trade A.S.	Full	Europe	99.98%
ASTALROM S.A.	Full	Europe	99.61%
Romairport S.r.l.	Full	Europe	99.26%
Astaldi-Max Bogl-CCCF JV S.r.l.	Full	Europe	66.00%
Italstrade CCCF JV Romis S.r.l.	Full	Europe	51.00%
Romstrade S.r.l.	Full	Europe	51.00%
Ic İctas—Astaldi Insaat A.S.	Proportionate	Europe	50.00%
Ica Astaldi -Ic İctas WHSD Insaat AS	Proportionate	Europe	50.00%
Astaldi Canada Inc.	Full	America	100.00%
Astaldi Construction Corporation	Full	America	100.00%
Astaldi de Venezuela C.A.	Full	America	99,80%
Consorcio Rio Pallca	Full	America	60.00%
Constructora Astaldi Cachapoal Limitada	Full	America	99,90%
T.E.Q. Construction Enterprise Inc.	Full	America	100.00%
Consorcio Rio Mantaro	Proportionate	America	50.00%
Consorcio Rio Urubamba	Proportionate	America	40.00%
Astaldi Algerie E.u.r.l.	Full	Africa	100.00%
Astaldi International Inc.	Full	Africa	100.00%
Astaldi-Astaldi International J.V.	Full	Africa	100.00%
G.R.S.H.	Full	Africa	100.00%
Redo-Association Momentanée	Full	Africa	100.00%
Seac S.p.a.r.l. in liquid.	Full	Africa	100.00%
Astaldi Arabia Ltd.	Full	Asia	100.00%
Astaldi-Ozcar JV	Proportionate	Asia	51.00%
Total Construction Foreign	26		

Concessions

<u>Name</u>	<u>Method</u>	<u>Area</u>	<u>%</u>
Astaldi Concessioni S.r.l.	Full	Italy	100.00%
A.I.2 S.r.l.	Full	Italy	71.75%
V.S.F.P. S.p.A.	Proportionate	Italy	34.50%
Mondial Milas—Bodrum A.S.	Full	Europe	92.85%
Ankara etlik Hastante A.S.	Proportionate	Europe	51.00%
Inversiones Assimco Limitada	Full	America	100.00%
Cachapoal Inversiones Limitada	Full	America	100.00%
Valle Aconcagua S.A.	Full	America	55.00%
Total Concessions	8		

Maintenance and plant

<u>Name</u>	<u>Method</u>	<u>Area</u>	<u>%</u>
nBI Srl	Full	Italy	100.00%
3E System S.r.l	Full	Italy	100.00%
Consorzio Stabile Busi	Full	Italy	95.00%
Tione 2008 Srl	Full	Italy	76.00%
Bielle Impianti S.c.r.l.	Full	Italy	75.00%
CO.VA S.c.r.l.	Full	Italy	60.00%
Sartori Tecnologie Industriali S.r.l.	Full	Italy	100.00%
CONA Impianti S.c.rl.	Proportionate	Italy	50.00%
Metro Brescia S.r.l.	Proportionate	Italy	50.00%
nBI Elektrik Elektromekanik Ve	Full	Europe	100.00%
Total Maintenance and plant	10		

The following table shows the changes of the consolidation scope compared to the previous year:

Consolidation scope at 31/12/2011 Consolidated companies no. 58

New companies/Acquisitions 2012

no.	Name	method
1	3E System S.r.l.*	Full
2	Consorzio Stabile Busi*	Full
3	Tione 2008 Srl*	Full
4	Bielle Plant S.c.r.l.*	Full
5	CO.VA S.c.r.l.	Full
6	Sirjo Scpa	Full
7	A.I.2 S.r.l.	Full
8	Valle Aconcagua S.A.	Full
9	Astaldi Canada Inc.	Full
10	nBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve	Full
11	T.E.Q. Construction Enterprise Inc.**	Full
12	CONA Plant S.c.r.l.*	Proportionate
13	Metro Blu S.c.r.l.	Proportionate
14	Ankara etlik Hastante A.S.	Proportionate

Liquidations 2012

no.	Name	method
1	Italstrade Somet JV Rometro S.r.l.	Full

Consolidation scope at 31/12/2012 Consolidated companies no. 71

* Acquired at the end of July 2012 in the context of the purchase of the business unit BUSI IMPIANTI

** Acquired on 31 October 2012

For more details on acquisitions made in the year, see the section below on business combinations, mentioned in the premises to the Notes.

It is also pointed out that for the Company Astaldi-Ozcar JV, after the agreements made by the shareholders at the end of September 2012, the rules for company governance were revised. In particular the shareholders agreed on the need to regulate JV activities by contract, with reference to strategic management and financial issues, basing their decisions on the necessary unanimous consent. On the basis of this act and starting from 30 September 2012 the Company is classified among jointly controlled entities, pursuant to the provisions of IAS 31, and consequently the relative financial effects on the Group are recorded by proportionate consolidation.

Furthermore, applying IAS 27, this case is considered as a loss of control over the company, though without any actual change in the percentage investment held in that company, but only due to the effect of the application of the new joint venture agreements. For purposes of verifying, pursuant to the aforesaid standard, the fair value of the assets and liabilities corresponding to the residual shareholding after the loss of control, it is pointed out that the carrying amounts shown in the company's financial statements are considered as corresponding to the relative fair value, without indicating some differences. This is because the company: (i) has been set up recently; (ii) has a purpose limited to undertaking works for doubling the BidBid—Sur motorway section in the Sultanate of Oman and (iii) in this regard has recently acquired machinery necessary for undertaking these works.

For consolidation, the financial statements approved by the shareholders at the general meetings were used, or in their absence, the draft statements prepared by the Boards of Directors. The reporting dates of the consolidated entities coincide with that of the Parent except for the subsidiary Astaldi de Venezuela C.A. which closes its financial year at 30 November 2012. In this regard, the consolidation of this company was applied taking into account the provisions of IAS 27 for these cases. The financial statements included in the consolidation have been drafted in accordance with the accounting standards adopted by the Parent, while making, when necessary, any suitable adjustments in order to adjust the measurement of specific items already determined in accordance with different standards. Specifically, the companies in which Astaldi has a controlling interest have been fully consolidated. Such controlling interest consists in the direct or indirect holding of shares with voting rights, or the powers to determine the Company's financial and management choices, obtaining the relevant benefits regardless of shareholder composition.

Investments in companies where control is exercised jointly with third parties are consolidated on a proportionate basis in accordance with the provisions of IAS 31.

Subsidiaries are consolidated fully and jointly controlled entities are consolidated on a proportionate basis starting from the date of acquisition of controlling interest, and cease to be consolidated as from the date on which the controlling interest is transferred outside the Group.

All intragroup balances and transactions, including possible unrealised profit and loss deriving from relations between Group Companies, are completely eliminated.

Shareholdings in companies where considerable influence is exercised, generally involving an investment percentage between 20% and 50%, are measured with the equity method. In the event of application of the equity method, the carrying amount of the investment is aligned with equity, adjusted where necessary to reflect the application of IFRSs, and includes goodwill (net of impairment losses) 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 deriving from transactions between the Group and the associate is eliminated in proportion to the investment in the associate.

With regard to investments in associates, any impairment losses exceeding the carrying amount are recognised into the provision for risks on investments solely to the extent to which the associate has undertaken legal or implicit obligations, or made payments on behalf of the Company.

Translation of items and financial statements into foreign currency

The consolidated financial statements of the Astaldi Group are drafted in Euro, which is the Parent's presentation and operating currency.

The balances included in each Group Company's financial statements have been recognised in the currency of the company's main economic environment (operating currency). The items expressed in a currency other than the operating currency, whether monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-set or determinable sums of money) or non-monetary (inventories, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets etc.) are initially recognised at the exchange rate in force on the transaction date. The monetary items are subsequently translated into the operating currency on the basis of the exchange rate on the reporting date, and the resulting differences are recognised in the income statement. With regard to the latter it should be pointed out that the exchange rate differences are classified on the income statement, on the basis of the type of equity item that has generated them.

The non-monetary items are kept at the translation rate at the transaction date, except in the end of an ongoing unfavourable trend in the reference exchange rate. The exchange rate differences relating to non-monetary items are recognised (income statement or equity) in the same way as changes in the amounts of these items.

The rules for translating financial statements expressed in foreign currency into the presentation currency are as follows:

- The assets and liabilities recognised in financial statements are translated at the exchange rate on the reporting date;
- Costs and revenue, income and charges recognised in the financial statements are translated at the average exchange rate for the year, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- Equity items, excluding profit for the year, are translated at historical exchange rates;
- The "translation reserve" includes both the translation differences generated by translation of income statement items at a different exchange rate from the year-end rate, and those generated by translation of opening equity balances at a different exchange rate from the year-end rate.

There follow the main exchange rates used for the translation into Euro of the income statement and statement of financial position amounts of companies with operating currencies other than the Euro:

Currency	2012		2011	
	Exact	Average	Exact	Average
Dinar—Algeria	103.384	99.815	97.466	101.503
New Lev—Bulgaria	1.956	1.956	1.956	1.956
Dollar—Canada	1.314	1.285	1.322	1.376
Peso—Chile	631.729	625.073	671.997	672.468
Kroner—Denmark	7.461	7.444	7.434	7.451
Dirham—Arab Emirates	4.846	4.722	4.752	5.112
Dirham—Morocco	11.142	11.099	11.113	11.261
Rial—Oman	0.508	0.495	0.498	0.536
Nuevo Sol—Peru	3.368	3.392	3.487	3.834
Pound—UK	0.816	0.811	0.835	0.868
New Leu—Romania	4.445	4.458	4.323	4.239
Dollar—US	1.319	1.286	1.294	1.392
Lira—Turkey	2.355	2.315	2.443	2.335
Bolivar—Venezuela	5.666	5.521	5.557	5.977

These exchange rates show the amount of foreign currency required to purchase 1 Euro.

In case of economies showing hyper-inflation under the definition set forth in IAS 29, the measurement provided in this standard shall apply.

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accrued depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the 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 are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or the improvement of facilities owned or used by third parties are capitalised exclusively within the limits in which they can meet the requirements for separate classification as an asset or part of an asset. Financial charges incurred are capitalised when the conditions set forth in IAS 23 are met.

The carrying amount of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of its 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 asset, depreciation is calculated separately for each of the components forming the asset, applying the component approach policy.

Profits and losses deriving from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant carrying amount.

Leased property, plant and equipment

Property, plant and equipment owned through finance leases, which basically transfer all the risks and benefits of ownership to the Group, are recognised in the financial statements at the effective date of the lease as Group assets at their current amount or, if lower, at the current amount of the minimum

payments due for the lease, including the sum to be paid in the financial year for exercising the purchase option. The corresponding liabilities vis-à-vis the lessor are included under financial payables.

If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the lease, the finance leased assets are depreciated over a period equal to the duration of the lease 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 recognised in the income statement in the financial years of the duration of the lease.

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 them into operation, net of accrued amortisation (with the exception of assets with an indefinite useful life) and any impairment losses. Amortisation is calculated 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 recognised for the first time.

Industrial patent rights and rights for the use of intellectual works are recorded at cost net of amortisation and impairment losses accrued over time.

Amortisation is calculated starting from the financial year in which the rights for which ownership has been acquired make the asset available for use, and takes into account the useful life (2-5 years).

Licenses and similar rights are recognised at cost net of amortisation and impairment losses accrued over time. Amortisation is calculated starting from the financial year in which the purchased right is available for use and takes into account the useful life.

Rights on infrastructures under concession, on the other hand, are amortised over the duration of the concession, with criteria reflecting the estimate of how the economic benefits will accrue to the Company. To this end, amortisation is calculated taking into account, among other things, the dynamics, when significant, of the fees receivable on the basis of estimated traffic over the duration of the concession (revenue-based method). Amortisation starts from the time when concession rights start to produce economic benefits.

Goodwill, if related to business combination transactions, is allocated to each cash-generating unit identified and recognised under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a business or a business unit and the acquired share in relation to the current amount of the assets and liabilities forming the capital of that business or business unit. Potential purchased assets and liabilities (including respective non-controlling interests) identified are recognised at their current amount (fair value) at the purchase date. The negative difference, if any, is recognised in the income statement at the time of purchase. After its initial identification, goodwill is not amortised but is tested for impairment.

Annually, or more often if specific events or changed circumstances indicate that goodwill may have been impaired, it is subjected to checking to indicate any impairment in accordance with IAS 36 (Impairment of assets).

Business combinations

At the time of the first application of IFRS-EU, the Group opted not to apply IFRS 3 (Business combinations) retrospectively to the acquisitions made before 1 January 2004.

The business combinations previous to 1 January 2010 and completed within that financial year are recognised in accordance with the provisions of IFRS 3 (2004). In particular, these combinations are recognised using the purchase method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition. This cost is allocated by entering the assets, liabilities and contingent liabilities identifiable for the entity acquired to the relative fair value. Any surplus of acquisition costs compared to fair value of the share in net assets attributable to owners of the parent is recorded as goodwill; if the difference is

negative, it is taken to profit or loss. When the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognised by using these provisional amounts. The amount of equity attributable to non-controlling interests is determined proportionally to the non-controlling share held in net assets. In business combinations undertaken in several phases, at the time of acquisition of the controlling share, the adjustments at fair value for the net assets previously owned by the purchaser are shown under equity. Any adjustments deriving from the completion of the valuation process are detected within twelve months of the acquisition date.

Business combinations after 1 January 2010 are recognised in accordance with the provisions of IFRS 3 (2008). In particular, these combinations are recognised using the purchase method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition, plus any capital instruments issued by the purchaser. The costs directly attributable to the acquisition are taken to profit or loss. The acquisition cost is allocated by entering the assets, liabilities and contingent liabilities identifiable for the acquired entity at fair value on the acquisition date. Any surplus between the amount of the assets transferred, and the amount of any non-controlling interests, compared to the net amount of assets and liabilities identifiable in the acquisition, measured at fair value, is recognised as goodwill; or, if the balance is negative, in the income statement. The amount of non-controlling interests is determined proportionally to the non-controlling share held in net assets identifiable in the acquisition, or their fair value on the acquisition date.

When the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognised by using these provisional amounts. Any adjustments deriving from the completion of the valuation process are detected within twelve months of the acquisition date, with adjustment of corresponding figures.

In business combinations undertaken in several phases, at the time of acquisition of the controlling share, the net assets previously owned by the purchaser are adjusted at fair value, and any differences (positive or negative) are shown in the income statement.

Temporary allocation of purchase price of the assets acquired and the liabilities undertaken by the Busi Impianti business unit

At the end of July 2012, the definitive deed of purchase was signed for the business unit BUSI IMPIANTI, already managed on a lease basis by NBI, a wholly-owned subsidiary of ASTALDI S.p.A. The deed of purchase consolidates the effects of a transaction started in September of last year with the purpose of: (i) strengthening the ASTALDI GROUP in a sector (plant, facility management) complementary to its current activities, but also (ii) to guarantee major industrial and commercial synergies for the group, and bring top level professional skills. The specific skills of BUSI IMPIANTI in the plant and maintenance sector, together with the volumes of business and the business management capacities of ASTALDI have already completed the range and the know-how available in the Group, thus reinforcing its capacity to offer integrated solutions.

The current amount of assets and liabilities acquired has been identified on the basis of an estimate undertaken by an independent expert. The final result of these valuations involved a reduction of Euro 3,173 thousand in the carrying amount of assets acquired.

The following table, for the purposes of the process of Purchase Price Allocation (PPA), summarises the fair values of the assets acquired and the liabilities undertaken at the time of purchase of the business unit:

	<u>Euro/000</u>
Assets	
Property, plant and machinery	102
Intangible assets	73
Investments	383
Receivables from customers	10,991
Trade receivables	18,233
Other assets	3,935
Cash and cash equivalents	982
Total assets	34,699
Liabilities	
Employee benefits	197
Trade payables	15,524
Current tax liabilities	864
Provisions for risks and charges	797
Other liabilities	15,555
Total Liabilities	32,937
Net Assets acquired	1,762
Non-controlling interests	66
Cost of business combination	13,330
Goodwill	(11,634)

Considering the possible developments in the reference market and the current and expected orders, the difference between the cost of combination and the fair value of the assets and liabilities acquired has been provisionally recognised under “goodwill” under the assumption, which has been confirmed, that the amount can be recovered pursuant to IFRS 3 (application of IAS 36).

The Group intends to avail itself of the 12-month period provided by IFRS 3 for the final definition of PPA, and in any case, although this option has been used, no significant differences are expected from the final allocation of the fair values to the assets and liabilities acquired.

It should also be pointed out, pursuant to the information provided under IFRS 3 App.B64 (k) that in this case, goodwill paid on a monetary basis with the purchase of the business unit and directly recognised in the financial statements of NBI, is fiscally relevant under the current system in Italy.

The Italian tax system provides for the deduction at the time of income tax returns of the goodwill over a minimum of 18 financial years, and consequently, as provided for under IAS.12 par. 21 b, the deferred taxation due to the difference between the carrying amount of goodwill (subject to impairment) and the relative tax value (amortised off the books) was recognised in 2012.

With reference to the identification of non-controlling interests in the investees acquired with the business unit, it is pointed out that these have been determined with the same criteria used for the determination of the fair value of the net assets attributable to owners of the parent.

There follows a table showing the amount of liquid assets used for the purchase:

	<u>Euro/000</u>
Cost of business combination	13,330
Deduction of liquid assets acquired	(982)
Deduction of payables to the seller	(13,330)
Liquid assets net of the assets acquired and utilised (received) for the purchase	(982)

It is furthermore pointed out that pursuant to IFRS 3 the impact on the consolidated income statement of the acquisition of the company business unit is substantially in line with what would have occurred if conducted under the lease started in September 2011.

Provisional allocation of the purchase price for the assets acquired and the liabilities undertaken with regard to the company T.E.Q. Construction Enterprise Inc.

On 31 October 2012, to consolidate its recent entry into the Canadian market, the Astaldi Group, through Astaldi Canada Inc., purchased from Groupe Stel Inc. the entire share capital of the company T.E.Q. Construction Enterprise Inc.

T.E.Q. is a company registered under Canadian law, and since the 1970s it has operated in the construction and project management sector; its annual sales are approximately 50 million Canadian dollars.

The transaction, in line with the commercial development policies usually adopted, by which entry in new markets also takes place through partnerships and/or acquisitions of local partners, will enable the Astaldi Group to have an operational presence equipped to take immediate advantage of the major opportunities available on the market.

The following table, for the purposes of the Purchase Price Allocation (PPA) process, summarises the fair values of the assets acquired and the liabilities undertaken at the time of purchase of the Company translated at the Euro/Canadian Dollar exchange rate of 31/10/2012 equalling 1.3005.

	Euro/000
Assets	
Property, plant and machinery	151
Trade receivables	14,705
Other assets	1,582
Cash and cash equivalents	1,741
Total assets	18,180
Liabilities	
Trade payables	15,936
Other liabilities	2,243
Total Liabilities	18,180
Net Assets acquired	0
Non-controlling interests	0
Cost of business combination	3,111
Goodwill	(3,111)

It is pointed out that the purchase price of 2 million CAD is subject to adjustments if certain income targets are achieved in the coming years.

The potential amounts (contingent consideration) totalling an overall maximum of another 2 million CAD, to be calculated with reference to the targets defined on EBITDA figures resulting from the financial statements of the subsidiary for each of the years between the effective date of the agreement and the 31 July 2015 “Final Period”, have been calculated at the fair value on the purchase date and included in the cost of business combination in accordance with IFRS 3.

Considering the possible developments in the reference market and the current and expected orders, the difference between the cost of combination and the fair value of the assets and liabilities acquired has been provisionally recognised under “goodwill” under the assumption, which has been confirmed, that the amount can be recovered pursuant to IFRS 3 (application of IAS 36).

The Group intends to avail itself of the 12-month period provided by IFRS 3 for the final definition of PPA, also in the light of the fact that the cost of the business combination is in any case subject to the occurrence of the events referred to in the previous sections, and in any case, although this option has been used, no significant differences are expected from the final allocation of the fair values to the assets and liabilities acquired.

It should also be pointed out, pursuant to the information provided under IFRS 3 App.B64 (k) that in this case, goodwill is only recognised in the Group’s consolidated financial statements and is not fiscally relevant in Italy.

There follows a table showing the amount of liquid assets used for the purchase:

	Euro/000
Cost of business combination	3,111
Deduction of liquid assets acquired	(1,741)
Deduction of payables to the seller	(1,903)
Liquid assets net of the assets acquired and utilised (received) for the purchase	(533)

The following table shows the main income statement figures of the Company recorded starting from the purchase date up to the end of the year:

	Euro/000
Revenue	19,359
Operating costs	(18,865)
Operating profit	494
Financial income	3
Pre-tax profit	497
Taxes	(125)
Profit	372

It is furthermore pointed out that pursuant to IFRS 3, the revenue from the company in question that would have been recorded if the purchase date had occurred at the beginning of the relevant financial year, would have been Euro 43,153 thousand and the profit Euro 1,294 thousand.

Investment property

Investment property is recognised as an asset when it is 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 measured at purchase or production cost, increased by any additional costs, net of accrued depreciation and any impairment losses.

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 losses on intangible assets and property, plant and equipment

Assets with an indefinite useful life are not subject to amortisation or depreciation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the amount recognised in the financial statements. For assets subject to amortisation and depreciation, the presence of any indicators leading to the possibility of impairment is assessed; consequently the realisable amount of the asset is estimated. Such amount is defined as the greater between the fair value net of costs to sell and the asset's value in use, with any surplus recognised in the income statement.

Should the prerequisites for the previously performed impairment cease to exist, such impairment loss is reversed within the limits of the carrying amount of the asset had such impairment loss not been recognised. Any reversal of impairment loss is taken to profit or loss. Conversely, impairment losses on goodwill or an intangible asset with an indefinite useful life are never reversed.

When the recoverable value of an individual asset cannot be estimated, the Group estimates the recoverable value of the cash generating unit to which it belongs.

It is pointed out that in 2012 the impairment procedures, conducted in accordance with IAS 36, did not lead to any need to apply impairment to property, plant and equipment, intangible assets and investments.

Agreements for concession activities

Agreements for concession activities, in which the authority granting the concession is an entity of the public sector and the concessionaire is an entity of the private sector, fall under the application of IFRIC 12 if the following conditions occur:

- The authority granting the concession controls or regulates the services that the concessionaire must provide with the infrastructure, to whom it must supply them and at what price;
- 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.

In accordance with IFRIC 12, the right to use the infrastructure (asset under concession) to supply the service is not recorded under property, plant and equipment but as:

- A financial asset, when there is an unconditioned right of the concessionaire to receive a payment regardless of the actual use of the infrastructure;
- An intangible asset, when there is a right to charge the users for the use of the public service;
- As both an intangible asset and a financial asset (so-called “mixed method”) when the concessionaire is paid for the construction of the infrastructure with both of the above forms. In this case the intangible asset is calculated as the difference between the fair value of the investment made and the amount of the financial asset obtained by the discounting of cash flows deriving from the minimum guaranteed amount.

For the measurement of the current amount of the minimum guaranteed amounts, it is pointed out that the discount rates applied by the Group for concession agreements incorporate both the time value component and the counterpart risk. The current amount measured in this way (fair value of minimum guaranteed amount) is then compared with the fair value of the construction service and, when higher, is entirely recorded at the current amount under financial assets and subsequently measured at amortised cost; when lower, the difference is recorded under intangible assets. The intangible asset is then amortised over the duration of the concession in accordance with the provisions of IAS 38. There follows a table summarising the concessions of the Astaldi Group in which IFRIC 12 is applied.

Concessions deriving from subsidiaries

Type of concession: Car Parks			
Investee holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
Astaldi Concessioni S.r.l.	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 (ex—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: Airports			
Mondial Milas-Bodrum A.S.	DHMI	Design, construction and management of the new International terminal at the Bodrum Airport (Turkey)	Year: 2015

Concessions from jointly-controlled entities

Type of concession: Healthcare

Investee holding the concession	Authority granting concession	Purpose of concession	Expiry of concession
Veneta Finanziaria Finanza di Progetto S.P.A.	ULSS 12 Veneziana	Design, construction and management of non-core services of the new hospital in Mestre	Year: 2032
Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S.	Turkish Ministry of Health	Design, construction and management of non-healthcare and commercial services at the new Etlik hospital complex. The facility will include six separate hospitals, providing a total of over 3,500 beds.	Year: 2041

Concessions deriving from associates

Type of concession: Healthcare

Investee holding the concession	Authority granting concession	Purpose of concession	Expiry of concession
S.A.T. S.p.A.	ASL 1,2,3,4 Tuscany	Design, construction and management of the non-core services of the 4 new hospitals of Apuane, Lucca, Pistoia and Prato (*)	Year: 2033

Type of concession: Underground

M 4 S.p.A.	Municipality of Milan	Design, performance of civil and technological works and management of the new line 4 of the Milan Underground, in the section San Cristoforo—Linate. The new line will be 15.2 km long, with 15 stations	Year: 2042
M 5 S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of the new line 5 of the Milan Underground, in the section Bignami—Garibaldi. The new line will be 4.9 km long, with 9 stations	Year: 2040
M 5 Lilla S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of the Milan Underground line in the section Garibaldi—San Siro which will be 7 km long with 10 stations	Year: 2040

Type of concession: Healthcare			
Investee holding the concession	Authority granting concession	Purpose of concession	Expiry of concession
Type of concession: Motorways			
Otoyol Yatirim Ve Isletme Anonim Sirketi	KGM	Design, construction and management of the motorway between Gebze and Izmir (Turkey). The work is the most important project in the motorway sector ever conducted in the country, and involves the construction of 431 km of new motorway and a suspension bridge about 3 km long over the Marmara Sea.	Year: 2034

Investments

The investments in companies other than subsidiaries, associates and joint ventures, for which the consolidation scope should be referred to (generally with share of less than 20%) are classified, at the time of purchase, under “investments” classifiable in the category of financial instruments available for sale as defined in IAS 39, are initially recognised at cost recorded on the settlement date, as representative of fair value, inclusive of directly assigned transaction costs.

After initial accounting entry, these investments are measured at fair value, if this can be determined, with recording of the effects in the statement of comprehensive income and therefore in a specific equity reserve. At the time of disposal or the recording of impairment, the profits and losses accrued in this reserve are reclassified in the income statement.

Impairment losses, if any, are reversed in other comprehensive income if the reasons for impairment have been eliminated.

If the fair value cannot be reliably determined, investments classified under financial instruments available for sale are measured at cost, adjusted for impairment.

Inventories

Inventories are recognised at cost or the net realisable value, whichever is lower. The amount of inventories is calculated, at the time of its recognition, at the weighted average cost, applied to homogenous categories of assets. 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.

Construction contracts

Contract work in progress is recognised in accordance with the percentage of completion method, calculated by applying the cost to cost criterion.

This measurement reflects the best estimate of works performed at the reporting date. Assumptions, underlying measurements, are periodically updated. Any income statement effects deriving therefrom are accounted for in the year in which such update is made.

Contract revenue includes:

The contract amounts agreed, changes in works, price reviews and incentives, to the extent to which these are likely to be reliable, with application of the conditions set forth in IAS 11 “construction contracts”. In this regard they refer to:

- Specific legislation regarding public works and international legislation;

- Contract clauses;
- The status of negotiations with the customer and likelihood that these negotiations will have a positive result;
- When necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the measurements made are reliable.

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 project activity (for example, periodic maintenance, assistance and supervision during the first phase of operation of individual works).

It is likewise pointed out that contract costs include financial charges, as allowed by the amendment to IAS 11 in connection with the IAS 23, resulting from financing specifically referred to works carried out. Indeed, during the call for tenders, specific terms of payment are defined on the basis of legal conditions that require the Group to perform structured financing transactions on the contract's invested capital, the relative charges have an impact on the calculation of contract fees.

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 amount 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 the reporting date occur after such date, the amounts recognised in the financial statements are adjusted to reflect the consequent income statement and statement of financial position effects.

Contract work in progress is presented net of any allowance for impairment and/or losses on contracts, as well as of any advances for the contract in progress.

In this regard, it is noted that invoiced amounts related to individual progress reports (Advances) reduce the gross contract amount, if the latter is higher, and any surplus is recognised 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 recognised 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 the allowance for losses on contracts, it is noted that if such allowance exceeds the contract amount recognised among assets, such excess is recorded under "Payables to customers".

Such analyses are carried out on a contract-by-contract basis: in the case the differential is positive (due to work in progress being greater than the amount of advances), such amount is classified among assets under "Receivables from customers"; on the other hand, in case this differential is negative, the amount is classified among liabilities, under "Payables to customers".

Receivables and financial assets

The Group classifies financial assets in the following categories:

- Assets at fair value through profit or loss;

- Receivables and loans;
- Held to maturity investments;
- Financial assets available for sale.

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

All financial assets are initially measured at fair value, increased by additional charges in the case of assets other than those classified at fair value through profit or loss.

The Group determines the classification of its own financial assets after initial recognition and, if appropriate and allowed, reviews such classification at the end of each financial year. In this regard, it is noted that during 2012, as in the previous year, the categories adopted were receivables and loans and assets at fair value through profit or loss; the latter includes derivatives and some securities of a minor amount.

Financial assets at fair value through profit or loss

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 separated derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in the income statement. Upon initial recognition, financial assets may be classified as financial assets at fair value through profit or loss, if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency of recognition which would arise by measuring the assets or entering gains 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 measured on the basis of their fair value, in accordance with a documented risk management strategy.

Receivables 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 measured at the amortised cost based on the effective interest rate method. Any impairment losses calculated through the impairment test are recognised 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.

Held to maturity investments

This category includes assets which are not derivatives, with a pre-set maturity and for which the Group has the intention and capacity to hold to maturity. Such assets are measured at the amortised cost based on the effective interest rate method. Assets with a contract maturity within the subsequent 12 months are included under current assets. Any impairment losses calculated through the impairment test are recognised in the income statement.

Financial assets available for sale

This category includes financial assets which are not derivatives and that have been designated as such or are not classified in any of the three previous categories. They are measured at fair value, with impairment losses shown against a specific equity reserve ("reserve for assets available for sale"). This reserve is recognised in the income statement only when the financial asset is effectively transferred, or if there is real evidence that it has undergone a significant impairment loss. Its classification as a current or non-current asset depends on the intentions of management and the real negotiability of the asset; items expected to be realised in the subsequent 12 months are recorded under current assets.

Impairment losses on financial assets

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

Assets measured at amortised cost

If there is actual evidence that financing or a receivable recognised at amortised cost might be impaired, an impairment test is performed in order to determine the difference between the carrying amount of the asset and the current amount of estimated future cash flows (excluding losses on future bad debts 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 recognition). The carrying amount of the asset will be reduced by application of an allowance. The amount of the loss will be recognised in the income statement.

In particular, with reference to trade receivables, impairment losses are recorded when there is evidence, largely based on the nature of the counterpart, that there is no possibility of collecting such receivables due under the original conditions. If, subsequently, the amount of impairment losses decreases, and such decrease can be objectively referred to an event occurred after the impairment recognition, the previously impaired amount may be reversed. Any subsequent reversals of impairment losses are recognised in the income statement, to the extent in which the asset's carrying amount does not exceed the amortised cost at the date of reversal.

Financial assets available for sale

In the case of impairment losses on 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 recognised in the income statement, net of any impairment loss previously recognised in the income statement.

Reversals of impairment losses relating to investments classified as available for sale are not recognised in the income statement. Reversals of impairment losses relating to debt instruments are recognised in the income statement if the increase in the instrument's fair value may be objectively attributed to an event which occurred after the impairment losses were recognised 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 trading and measured at fair value through profit or loss.

In particular, 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). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recognised, limited to the "effective" share only, in a specific reserve charged to the statement of comprehensive income ("hedging reserve"), which is then recognised in the income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately recognised in the income statement for the year. If the derivative instrument is transferred or no longer qualifies as an effective hedge against the risk for which the transaction had been made, or the occurrence of the underlying transaction is no longer considered highly probable, the relative share of the "hedging reserve" is immediately reversed to the income statement. These derivatives are initially recognised at fair value at the stipulation date; subsequently, such amount is periodically adjusted. Derivative instruments are recognised as assets when the fair value is positive, and as liabilities when the fair value is negative. Possible gains or losses deriving from changes in the fair value of derivatives not suitable for hedge accounting are recognised directly in the income statement during the year. The effectiveness of hedging transactions 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 pointed out that the Group does not stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are recognised 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 flows from the asset have expired;
- The right to receive cash flows 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 flows 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 recognised 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 measured at the initial carrying amount of the asset or the maximum amount 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 with the consequent entering in the income statement of any differences between carrying amounts.

Hierarchical levels for fair value measurement of financial instruments

With regard to the instruments measured at fair value recognised in equity, under IFRS 7 "Financial instruments: disclosures" such instruments must be classified on a hierarchy of levels reflecting the significance of the inputs used in calculating fair value.

The standard distinguishes the following levels for financial instruments measured at fair value:

- a) Level 1—when the prices are recorded on an active market;
- b) Level 2—when the amounts, different from the quoted prices in the previous point, can be observed directly (prices) or indirectly (derived from prices) on the market;
- c) Level 3—when the amounts are not based on observable market data.

No transfers between different levels of the hierarchy of fair value have ever occurred.

Cash and cash equivalents

These include cash, deposits or other amounts with banks or other financial institutions, 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 recognised at fair value, which normally corresponds to their nominal value.

Equity

Share capital

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

Treasury shares

Treasury shares are recognised as a reduction of equity. Specifically, the nominal value of treasury shares is recognised 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 at the Shareholders' Meeting. Therefore, profits or losses relating to the purchase, sale, issue, or cancellation of treasury shares are not recognised in the income statement.

Retained earnings

This includes the profits or losses of the previous financial years for the part not distributed or allocated to reserves (in case of profit) or balanced (in case of loss).

Other reserves

These are reserves deriving from first application of international financial reporting standards and other equity reserves (such as stock grant reserve).

Other comprehensive income

The item includes the hedging reserve related to the fair value of hedging derivatives related to the effective component and the translation reserve.

Financial liabilities

Financial liabilities are initially recognised in the financial statements at fair value net of transaction costs, and are subsequently measured at their amortised cost.

Any difference between the sum received (net of transaction costs) and the nominal value of the payable is recognised 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 its obligations at least more than 12 months after the reporting date.

It is noted that the Group has not designated any financial liability at fair value through profit or loss.

Trade payables and other payables

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

Tax expense

Current taxes

Current taxes for the year and those of previous years are recognised at the amount expected to be paid to the tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the reporting date 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 amount of assets and liabilities recognised in the financial statements and the taxable amount.

Deferred tax liabilities are recognised against all temporary taxable differences, except when:

- Deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which at the moment of the transaction does not

affect the profit for the year, calculated for the purpose of the financial statements, or the profit or loss calculated for tax purposes;

- Temporary taxable differences related to interests in subsidiaries, associates and joint ventures, the reversal of the temporary differences may be checked and it is likely that it will not occur in the future.

Deferred tax assets are recognised against all deductible temporary differences and for tax losses carried forward, to the extent to which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial recognition 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 amount of deferred tax assets to be recognised in the financial statements is reassessed at each reporting date 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 recognised are reassessed on an annual basis at the reporting date, and are recognised to the extent to 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 reporting date.

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.

Tax expense (deferred and current) directly related to equity items are recognised under equity and not in the income statement.

Employee benefits

Post-employment benefits

At 31 December 2006, post-employment benefits (TFR) of Italian companies were considered to be a defined benefit plan. The rules in this regard were changed by Law no. 296 27 December 2006 (2007 Finance Law) and subsequent decrees and regulations issued in the early months of 2007. Following these changes, and with particular reference to companies with more than 50 employees, this system is now considered to be a *defined benefit plan exclusively for the amounts accrued up to 1 January 2007* (and not yet paid out at the reporting date), *while after that date it is considered to be a defined contribution plan*.

Post-employment benefits, recorded in the Group's statement of financial position, net of advances paid out, if any, therefore reflect: (i) for companies with over 50 employees, the residual obligation of the Group regarding benefits accrued to employees up to 31 December 2006 to be settled upon termination of employment; (ii) for the other companies, the progressive amount of benefits payable to employees and allocated over their period of employment, recorded on a time basis according to the employment services required to obtain such benefits.

In defined benefit plans, the valuation of amounts payable is based on actuarial calculations made by independent actuaries. Furthermore, for calculating actuarial profits and losses, the Group, in accordance with para. 95 of IAS 19, has chosen the corridor method.

Liabilities from benefits guaranteed to employees through defined benefit plans are recorded for the amount accrued at the end of the year, measured in accordance with IAS 19, and not yet paid out.

Cash-settled, share-based payments

The Parent has set up an incentives scheme for top management (CEO and general managers), linked to their achievement of specific 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 charge—of a package 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 recognised when at the reporting date there is a current obligation (legal or implicit) 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 recognised at the amount representing the best estimate to settle the obligation or to transfer it to third parties at the reporting date. 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 recognised as a financial charge in the income statement.

Revenue other than contract work in progress

Revenue is measured at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.

Revenue related to the sale of goods is recognised 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 amount of the revenue may be reliably calculated.

Revenue from the supply of services rendered is recognised, when it can be reliably estimated, on the basis of the percentage-of-completion method.

Government grants

Government grants are recognised 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 the income statement in such proportion that it offsets the corresponding costs. In the case the grant is linked to an asset, the grant's fair value is recognised 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, and the relative amount is not included in the carrying amount of the asset.

Financial charges

Interest is recognised on an accruals basis in accordance with 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. Financial charges are capitalised in accordance with provisions set out by IAS 23.

Dividends

Dividends are recognised when the right arises from shareholders to receive the payment that normally corresponds to the dividend distribution approved at 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 at the Shareholders' Meeting, and reflected as an equity change.

Costs

Costs are recognised on an accruals basis and on the basis of the Group companies' ability to continue as a going concern.

Earnings per share

Basic earnings per share are calculated by dividing the share of the Group's profit attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares.

Diluted earnings are 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 IFRS requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosure regarding potential assets and liabilities. In the light of the Banca d'Italia/CONSOB/Isvap Joint Document no. 2 of 6 February 2009 it should be pointed out 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, among other things, to record the allowance for impairment and provisions for contract revenue, amortisation and depreciation, impairment losses, employee benefits, taxes, other accruals 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.

Newly issued accounting standards and interpretations with EU approval

Standards and interpretations effective at 1 January 2012

There follows a summary of the new EU Regulations effective at 1 January 2012, and introducing changes to the existing standards and new interpretations.

EU REGULATIONS

CONTENTS

Regulation (EU) 1205/2011 of the Commission of 22 November 2011, published in the Italian Official Gazette L 305 of 23 November 2011 . .	Financial instruments: additional information— transfers of financial assets

The innovations have not involved significant changes in terms of measurement, identification and presentation of income statement and statement of financial position components.

Standards and interpretations approved during 2012 and not adopted by the Group on an early basis

EU REGULATION

CONTENTS

Regulation (EU) 475/2012 of the Commission of 5 June 2012, published in Italian Official Gazette L 146 of 6 June 2012	Amendments to IAS 1 Presentation of items of other comprehensive income and to IAS 19 Employee benefits.

The amendments to IAS 1 are aimed at obtaining a clearer presentation of the growing number of items of other comprehensive income. This is to enable users of the financial statements to identify among the items of other comprehensive income the ones that might be reclassified subsequently in the income statement. The adoption of these amendments, applied to financial years starting after 1 July 2012, will not produce any effects with regard to the measurement of the financial statements items.

The amendments to IAS 19 involved the elimination of the option to defer the recognition of actuarial gains and losses with the corridor method, providing for their recognition among the items of comprehensive income. Furthermore, under these amendments the income statement must contain further distinctions between the items regarding employee benefits, as well as the introduction of additional new information. In accordance with the transition rules under para. 173 of IAS 19, the Group will apply this standard retrospectively starting from 1 January 2013, adjusting the opening balances of the statement of financial position at 1 January 2012 and the data of the 2012 statement of comprehensive income as if the changes to IAS 19 have always been applied. On the date of these consolidated financial statements, the Group has estimated that the adoption of the new standard starting on 1 January 2012 would have involved, on that date, a reduction of liabilities for employee benefits, and a corresponding rise in equity (Total other profits and losses) of Euro 276 thousand, while on the other hand the effect of the application of the new standard on consolidated equity at 31 December 2012 would have shown a reduction of Euro 607 thousand.

EU REGULATION**CONTENTS**

Regulation (EU) 1254/2012 of the Commission
of 11 December 2012, published in Italian
Official Gazette L 360 of 29 December 2012 . .

Adoption of international accounting standards
IFRS 10—Consolidated financial statements,
IFRS 11—Joint arrangements, IFRS 12—
Disclosure of interests in other entities,
amendments to IAS 27—Separate financial
statements and IAS 28—Investments in associates
and joint ventures.

The aim of IFRS 10 is to provide a single reference standard to follow for drawing up the consolidated financial statements, and involves checking as the basis for the consolidation of all types of entities. IFRS 10 replaces IAS 27—*Consolidated and separate financial statements* and SIC 12 Interpretation—*Special purpose entities*.

IFRS 11 lays down the standards of accounting entries for jointly controlled entities and replaces IAS 31 *Interests in joint ventures* and SIC-13 *Jointly controlled—Non-monetary contributions by venturers*.

IFRS 12 combines, reinforces and replaces the disclosure requirements for subsidiaries, jointly controlled entities, associates and non-consolidated structured entities.

Following these new IFRSs, the IASB has also issued the amended IAS 27, regarding only the separate financial statements, and the amended IAS 28 in order to apply the provisions introduced by IFRS 11 on Joint Ventures.

The new standards will be applicable at the latest from the starting date of the first financial year beginning after 1 January 2014.

Also in relation to the decisions expected from the authorities and bodies having jurisdiction, the valuations have yet to be made on the income statement and statement of financial position impact on the consolidated accounts that could derive from the application of the new standards, above all with particular reference to IFRS 11.

EU REGULATION**CONTENTS**

Regulation (EU) 1255/2012 of the Commission
of 11 December 2012, published in Italian
Official Gazette L 360 of 29 December 2012 . .

Amendments to IFRS 1 First-time adoption of
International Financial Reporting Standards—
Severe hyperinflation and removal of fixed dates
for first-time adopters—to IAS 12 Income Tax—
Deferred tax: recovery of underlying assets, to
IFRS 13 Fair value measurements, and IFRIC 20
Stripping costs in the production phase of a
surface mine.

The amendments to IFRS 1—First-time adoption of International Financial Reporting Standards (IFRS)—aim to provide a guide to the presentation of the financial statements in accordance with the IFRS after a period of hyperinflation.

The amendments to IAS 12—Income tax—require the measurement of deferred tax deriving from an asset depending on the way in which the carrying amount of this asset is recovered (by continuous use or by sale).

IFRS 13 establishes a single IFRS framework for fair value measurement and provides a complete guide on how to measure the fair value of financial and non-financial assets and liabilities. IFRS 13 is applied when another IFRS requests or allows fair value measurement or requests additional information on fair value measurement. The standard must be adopted prospectively from 1 January 2013.

The aim of IFRIC 20 is to provide orientation on the recognition of stripping costs.

The new Standards must be applied starting from the financial statements for years beginning from 1 January 2013.

The Company is assessing the possible impact deriving from the adoption of the new standards in terms of measurement, identification and presentation of the income statement and statement of financial position components.

EU REGULATION

Regulation (EU) 1256/2012 of the Commission
of 13 December 2012, published in the Italian
Official Gazette L 360 of 29 December 2012 . .

CONTENTS

Amendments to IFRS 7 Financial instruments:
Disclosures—Offsetting financial assets and
financial liabilities and to IAS 32 Financial
instruments: Presentation—Offsetting financial
assets and financial liabilities.

The Amendments to IFRS 7 aim to require additional quantitative disclosure in order to allow users to better compare and reconcile the information deriving from the application of the IFRSs and those deriving from the application of the US Generally Accepted Accounting Principles (GAAP). Furthermore, the IASB has amended IAS 32 in order to provide additional orientation to reduce incongruence in the practical application of the Standard.

The Amendments to IFRS 7 must be applied starting from the financial statements of the years starting from 1 January 2013, and further amendments to IAS 32 will be applied from the financial statements of the years starting from 1 January 2014.

In this regard, the Group is analysing the effects deriving from Amendments to IFRS 7 and IAS 32, but initial analysis shows that the impact will only be on a disclosure level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Revenue: Euro 2,325,299 thousand (Euro 2,265,284 thousand)

Revenue from works in the year 2012 amounted to a total of Euro 2,325,299 thousand with an increase of approximately 3% compared to the previous year.

Details are provided in the following table:

	2012	2011	Change
—Revenue from sales and services	879,025	292,875	586,150
—Plant maintenance services	12,544	0	12,544
—Concessions construction and management phase	95,740	91,186	4,553
—Changes in contract work in progress	1,330,781	1,881,223	(550,441)
—Final inventories of assets and plant under construction	7,209	0	7,209
Total	2,325,299	2,265,284	60,015

The item “Revenue from sales and services” shows the amounts of the works completed and accepted by the respective customers. The increase compared to last year is basically due in the domestic area to the final commissioning of the works for the New Exhibition Centre in Milan, which took place during 2012, and for the foreign sector to the completion of some contracts for water works in Central America. The item “Changes in contract work in progress” represents the amount of works undertaken in the year, but not yet completed. The decrease in the item, compared to the year 2011, reflects the entry in the item “Revenue from sales and services”, thus referring to the final testing of the works for the New Exhibition Centre in Milan and the completion of some contracts for water works in Central America.

The item “Maintenance services”, on the other hand, refers to activities undertaken in 2012 by the subsidiary NBI, the company operating in the sector of plant and facility management, complementary to the current activities of the Group, but also useful for guaranteeing its (i) relevant industrial and commercial synergies, and (ii) the supply of top level skills.

The item concession revenue includes:

- For Euro 65,603 thousand, construction services performed in the year, basically in the Turkish area, with particular reference to the construction of the Milas-Bodrum Airport (Euro 63,625 thousand) and the Etlik Hospital Complex in Ankara (Euro 1,285 thousand);
- A total of Euro 30,137 thousand, the amount accrued for infrastructure management services, basically pertaining to the management of the Mestre Hospital (Euro 18,088 thousand) and the management of the Milas-Bodrum Airport (Euro 11,480 thousand) started in May 2012 and with reference to a total management period set by contract at 4 years.

The item “Changes in contract work in progress” includes the increase in the carrying amount of the facility in progress in Chile (Relaves project), to be used for the treatment and recovery of the copper and molybdenum contained in the processing residue at the Codelco mines (Chilean National Copper Corporation).

Under the Relaves Project, the Chilean subsidiary Valle Aconcagua A.S., after the construction, will subsequently be entitled to manage the plant for 20 years.

Under the contract, Codelco will deliver the processing residues of the mines, agreeing to purchase the amounts of copper and molybdenum extracted, thus recovering the investment during the management period.

In the light of the above points, the Company believes that the contract terms, pursuant to IFRIC 4, constitute a lease, and has thus made the relevant accounting entries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 Revenue: Euro 2,325,299 thousand (Euro 2,265,284 thousand) (Continued)

Revenue in terms of geographical breakdown is shown below:

	2012	%	2011	%	Change
Italy	913,932	39.30%	1,049,791	46.34%	(135,859)
Europe	788,689	33.92%	696,933	30.78%	91,756
America	355,078	15.28%	318,435	14.06%	36,643
Africa	188,904	8.12%	163,181	7.20%	25,723
Asia	78,696	3.38%	36,944	1.63%	41,752
Total	2,325,299	100.00%	2,265,284	100.00%	60,015

In connection with the geographical breakdown of revenue, we should observe a significant increase in the Central and Eastern European area due in particular to the Polish area (National Road NR-8, Line 2 of the Warsaw underground), the Russian area (Pulkovo International Airport in St. Petersburg) and the construction of the Milas-Bodrum Airport in Turkey.

The increase in the volume of revenue is also due to the American area, and thanks to the positive effect of the recent commercial entry into Canada by the Group, production was enhanced by new contracts in Peru (Huanza and Cerro de Aguila hydroelectric plant); there were also significant gains to the value of production in the area thanks to the railway contracts in Venezuela and road works in the United States.

The Asian area recorded an increase in production totalling Euro 41,752 thousand basically due to the effect of the construction of a motorway section in Oman and the growth of activities in Saudi Arabia (Railway works).

The African area likewise contributed to the increase in production (Euro 25,724 thousand), mainly due to works for the construction of the Saida—Moulay—Slissen railway in Algeria.

In the domestic market, on the other hand, production has been affected by the fall in new investments in public works and infrastructures. In any case, the positive continuation of works on railway contracts (Bologna Centrale High Speed Station, Line 5 of the Milan Underground), the Pedemontana Lombarda Motorway and the four Hospitals in Tuscany (Lucca, Massa, Pistoia, Prato) has somewhat mitigated the effects of the forecast reduction in production on the projects that still have a significant impact on the consolidated accounts, but are now nearing completion (Lots DG-21 and DG-22 of the Jonica National Road, Line C of the Rome Underground and the Turin Underground Railroad Link).

For further details on this item, see note 34 on Segment reporting pursuant to IFRS 8.

2 Other Revenue: Euro 131,598 thousand (Euro 94,975 thousand)

Other revenue, totalling Euro 131,598 thousand, comprises items not directly related to the Group's core business, but rather accessory to the core business and of a lasting nature.

Details are provided in the following table:

	2012	2011	Change
—Revenue from sale of goods	23,400	37,984	(14,584)
—Services to third parties	33,357	25,633	7,724
—Services and activities to manage joint projects	6,893	6,933	(40)
—Rent and lease receivable	4,949	4,507	442
—Net gains from disposal of property, plant and equipment	6,968	3,183	3,785
—Other	56,031	16,735	39,296
Total	131,598	94,975	36,623

This item recorded an overall increase of Euro 36,623 thousand, compared to the 2011 figures. This change, with reference to the specific item "Other", is mainly due to insurance indemnities totalling approximately Euro 10 million (domestic area and Turkey), and to gains accruing from the closure of complex contract and shareholding positions for an amount of approximately Euro 21,000 thousand,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Other Revenue: Euro 131,598 thousand (Euro 94,975 thousand) (Continued)

leading to the definition of receivables and payables with companies undergoing bankruptcy proceedings. In this context the Group has likewise incurred a corresponding charge, also in terms of amount, recorded in the item “other operating costs” (see table of changes in note 7 below).

On the other hand, we should point out the decrease in the item “Revenue from the sale of goods” above all due to lower volumes recorded in the Turkey area, compared to the year 2011, on some transactions for agreements with subcontractors regarding individual contracts.

3 Purchase costs: Euro 487,584 thousand (Euro 458,640 thousand)

The costs for the purchase of raw materials and consumables in 2012 totalled Euro 487,584 thousand with an increase of Euro 28,944 thousand compared to the previous year:

	2012	2011	Change
—Purchase costs	470,882	479,538	(8,656)
—Change in inventories of raw materials, supplies, consumables and goods	16,702	(20,898)	37,600
Total	<u>487,584</u>	<u>458,640</u>	<u>28,944</u>

The significant decrease in the item “change in inventories of raw materials, supplies, consumables and goods” is mainly due to the completion of Bodrum Airport in Turkey and the consequent use of inventories at 31 December 2011.

The geographical breakdown of purchase costs for raw materials and consumables is shown below:

	2012	%	2011	%	Change
Italy	130,508	26.77%	130,448	28.44%	60
Europe	237,628	48.74%	221,871	48.38%	15,757
America	64,249	13.18%	54,913	11.97%	9,336
Africa	37,714	7.73%	36,848	8.03%	866
Asia	17,485	3.58%	14,560	3.17%	2,925
Total	<u>487,584</u>	<u>100.00%</u>	<u>458,640</u>	<u>100.00%</u>	<u>28,944</u>

In relation to the geographical breakdown of this item, we can point out an overall increase in all the areas directly involved in higher production volumes recorded in the year, especially in Central and Eastern Europe and America.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Service costs: Euro 1,340,552 thousand (Euro 1,349,308 thousand)

Service costs amounted to a total of Euro 1,340,552 thousand and are generally in line compared to the previous year. Details are provided in the following table:

	2012	2011	Change
—Consortium costs	158,681	147,451	11,230
—Subcontracts and other services	912,094	956,498	(44,404)
—Technical, administrative and legal consulting	92,585	89,275	3,310
—Remuneration of directors and statutory auditors	3,520	3,001	519
—Utilities	16,555	12,679	3,876
—Travel and transfers	5,146	4,338	808
—Insurance	32,672	23,955	8,717
—Rentals and other costs	84,864	86,150	(1,286)
—Rent and condominium expenses	9,400	6,657	2,743
—Maintenance costs for leased assets	1,067	835	232
—Other	23,968	18,469	5,499
Total	<u>1,340,552</u>	<u>1,349,308</u>	<u>(8,756)</u>

In the analysis of this item we can point out, in particular, the significant change in the item “Subcontracts and other services” down compared to the previous year by Euro 44,404 thousand.

The geographical breakdown of costs for subcontracts is shown below:

	2012	%	2011	%	Change
Italy	398,177	43.66%	491,350	51.37%	(93,173)
Europe	336,785	36.92%	318,257	33.27%	18,528
America	121,223	13.29%	108,877	11.38%	12,346
Africa	15,505	1.70%	18,157	1.90%	(2,652)
Asia	40,404	4.43%	19,857	2.08%	20,547
Total	<u>912,094</u>	<u>100.00%</u>	<u>956,498</u>	<u>100.00%</u>	<u>(44,404)</u>

The changes shown in the above figures substantially reflect the performance by geographical area of production for the year which shows, as stated in note 1, a significant increase in the initiatives in progress abroad and especially in Poland, Russia, Canada and Oman compared to a reduction in the domestic area.

On the other hand there has been an increase, in the domestic area, of consortium costs related to the execution of works, in association with other entities in the sector, regarding, in particular, the construction of the Pedemontana Lombarda Motorway with an effect partially mitigated by the lower revenue of the contract for the construction of Line C of the Rome Underground.

The increase in the residual item “Other” totalling Euro 5,499 thousand substantially refers to Algeria, Romania, Arabia and Peru, and mostly reflects the effect of higher costs incurred in the year, in relation to expropriation activities, maintenance and contract charges.

5 Personnel expenses: Euro 305,439 thousand (Euro 262,492 thousand)

Personnel expenses totalling Euro 305,439 thousand increased compared to the previous year by Euro 42,947 thousand, substantially due to work performed directly, thus without the usual subcontracting, in geographical areas where it is hard to find companies that can guarantee the quality standards of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Personnel expenses: Euro 305,439 thousand (Euro 262,492 thousand) (Continued)

Details are shown in the following table:

	2012	2011	Change
—Wages and salaries	210,769	177,266	33,503
—Social security charges	47,517	41,737	5,780
—Other costs	44,583	41,696	2,887
—Other post-employment benefits	1,577	759	818
—Cost of share-based payments	993	1,034	(41)
Total	305,439	262,492	42,947

The other personnel expenses mainly refer to expenses incurred for the training of employees, costs for meals and lodging, and the allocation of the costs of post-employment benefits as a defined contribution plan as per IAS 19.

The allocation of post-employment benefits in the context of the “defined contribution plan” is included in the item “Other post-employment benefits”.

The geographical breakdown of personnel expenses is shown below:

	2012	%	2011	%	Change
Italy	124,077	40,62%	109,408	41,68%	14,669
Europe	75,612	24,76%	58,305	22,21%	17,307
America	67,082	21,96%	59,771	22,77%	7,311
Africa	21,152	6,93%	22,102	8,42%	(950)
Asia	17,516	5,73%	12,906	4,92%	4,610
Total	305,439	100.00%	262,492	100.00%	42,947

In relation to the geographical breakdown of personnel expenses, we should point out significant increase in the foreign sector in relation to the higher production volume of contracts in progress in Poland, Russia, Oman and Peru.

With regard to the domestic area, the higher personnel expenses, compared to the year 2011 mainly refer to the recent commercial entry of the Group in the maintenance and plant sector, achieved only starting from the third quarter of 2011, through the lease of the business unit Busi Impianti S.p.A., subsequently acquired in 2012.

Average number of employees

The average number of employees by category is shown in the following table:

Composition of personnel	2012	2011	Change
—Top management	207	173	34
—Middle management	163	150	13
—White collars	3,114	2,640	474
—Workers	6,479	6,229	250
Total	9,963	9,192	771

Incentive schemes for top management

The item “Cost of share-based payments” includes the valuation of an incentive scheme for top management linked to their achievement of specific financial targets. The main features of the scheme are defined hereunder.

The scheme consists of assigning the Beneficiaries (CEO or General Managers) Astaldi shares free of charge, meaning disbursing—again free of charge—the corresponding value of the shares to the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Personnel expenses: Euro 305,439 thousand (Euro 262,492 thousand) (Continued)

Beneficiaries in the manner and under the conditions specified in the regulations. 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 be equal to 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/her 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, measured at the 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 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 and 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, the plan has taken into account the hypothesis of the physical delivery of shares resulting in a cost of Euro 993 thousand with an equity reserve.

For further information in this regard please refer to the Corporate Governance and Shareholding Structure report; actuarial assumptions with regard to the calculation for 2012 are, however, as follows:

- Dividend rate: 3.50%
- Volatility: 40%
- Probability of target achievement: 95%
- Risk free rate: 0.33%

6 Amortisation, depreciation and impairment losses: Euro 52,616 thousand (Euro 51,568 thousand)

Amortisation, depreciation and impairment losses totalling Euro 52,616 thousand increased in absolute terms compared to the previous year of Euro 1,048 thousand. Details are shown in the following table:

	2012	2011	Change
—Amortisation of intangible assets	10,512	7,259	3,253
—Depreciation of property, plant and equipment and investment property	41,506	44,309	(2,803)
—Impairment losses	598	0	598
Total	52,616	51,568	1,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 Amortisation, depreciation and impairment losses: Euro 52,616 thousand (Euro 51,568 thousand) (Continued)

This item includes as a residual value the depreciation of investment property; see note 15 for detailed information.

With regard to impairment losses on receivables, the amount calculated during the year takes into account their realisable value considering the nature of the counterpart.

7 Other operating costs: Euro 60,456 thousand (Euro 38,409 thousand)

Other operating costs totalling Euro 60,456 thousand show an increase of Euro 22,047 thousand compared to the previous year.

Details are shown in the following table:

	2012	2011	Change
—Provisions for risks and charges	1,595	7,962	(6,367)
—Prior year expense and inexistant assets	3,089	1,351	1,738
—Tax charges	8,636	10,405	(1,769)
—Other administrative and sundry costs	47,136	18,691	28,445
Total	60,456	38,409	22,047

Taking into account the effects connected with closure of complex contract positions recorded during the year totalling Euro 21,162 thousand, as previously mentioned in note 2, the item has not shown overall significant changes compared to the previous year.

The “Other administrative and sundry costs”, as well as the aforesaid aspect, regards cost for transactions with third parties, in particular for Algeria, and administrative expenses.

8 Capitalisation of internal construction costs: Euro 1,565 thousand (Euro 850 thousand)

The item includes capitalised costs incurred for the internal construction of assets, especially in the domestic area and Russia.

9 Financial income: Euro 78,550 thousand (Euro 44,772 thousand)

Financial income increased compared to the previous year by Euro 33,778 thousand and consists of the following:

	2012	2011	Change
—Income from associates	686	966	(280)
—Income from other investees	552	0	552
—Bank interest income and fees	6,118	4,370	1,748
—Sureties fees	2,049	2,150	(101)
—Exchange rate gains	22,277	9,589	12,688
—Income on derivatives	4,142	1,689	2,453
—Interest income on financial receivables from concessions	9,836	6,530	3,306
—Other financial income	32,890	19,478	13,412
Total	78,550	44,772	33,778

The change in this item is mainly due to the component “Other financial income” with an increase substantially due to the recording of default interest approved by the customer, mainly in Venezuela.

With regard to currency management, we can point out a substantial balance in the components. On a separate basis there are gains for the year totalling approximately Euro 22,000 thousand, offset in terms of the amount of exchange rate losses, shown below under financial charges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Financial charges: Euro 163,681 thousand (Euro 120,444 thousand)

Financial charges increased compared to the previous year by Euro 43,237 thousand and consist of the following:

	2012	2011	Change
—Sureties fees	23,038	22,849	189
—Bank interest expense and fees	48,716	39,675	9,041
—Exchange rate losses	22,063	17,746	4,317
—Losses on derivatives	16,016	16,169	(153)
—Financial charges on leases	585	322	263
—Other financial charges	30,608	23,101	7,507
Total	141,026	119,862	21,164
—Impairment losses on investments	43	8	35
—Impairment losses on securities and receivables	22,612	574	22,038
Total	22,655	582	22,073
Total financial charges	163,681	120,444	43,237

The increase of this item is largely due (Euro 20,723 thousand) to the fair value measurement of default interest receivable on late payments especially in Venezuela (see note no. 9).

Other changes derive from:

- Higher interest payable (Euro 9,041 thousand) recorded due to growing production volumes and major investments made in the year;
- Increases of Euro 2,303 thousand due to forecast charges deriving from the conclusion of financial transactions on specific borrowing positions in relation to the definitive transfer, pursuant to the law and the contract, of the related risks and benefits to the respective counterparts;
- Increases in charges on exchange rates of Euro 4,317 thousand, which, as stated in general above, are offset by the higher gains for the year deriving from foreign exchange management recorded under financial income.

11 Effects of equity accounting: Euro 3,146 thousand (Euro 401 thousand)

The share of the profit (loss) of equity-accounted investees regards a profit for the year totalling Euro 3,146 thousand compared to Euro 401 thousand recorded in 2011. The increase of Euro 2,745 thousand is basically due to the concessions sector and in particular to the management of the Chacayes hydroelectric plant.

See Annex 2 for information on equity-accounted investees.

12 Tax expense: Euro 55,879 thousand (Euro 53,496 thousand)

Overall taxes for the year totalled Euro 55,879 thousand. The tax rate for the year, including the impact of the IRAP regional tax, is equal to 43% substantially in line with that of previous year. Details are shown in the following table:

	2012	2011	Change
—Current income tax ^(*)	41,857	39,094	864
—Deferred income tax ^(*)	4,485	4,362	2,023
—Current tax IRAP	7,421	7,976	(555)
—Deferred tax IRAP	314	504	(190)
—Substitute tax and other	1,801	1,560	241
Total	55,879	53,496	2,383

(*) Income tax refers to IRES for Italy and similar taxes for the foreign areas

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 Tax expense: Euro 55,879 thousand (Euro 53,496 thousand) (Continued)

There follows a breakdown of deferred tax assets totalling Euro 8,589 thousand and deferred tax liabilities totalling Euro 4,188 thousand.

	31/12/12		31/12/11	
	IRES	IRAP	IRES	IRAP
Statement of financial position				
a) Deferred tax assets deriving from:	31,827	1,769	26,543	2,024
—Taxed provisions for risks	8,393	380	10,819	562
—Taxed allowance for impairment—default interest	5,896	0	197	0
—Exchange rate differences	8,373	0	5,169	0
—Tax losses	99	0	0	0
—IFRIC 12	8,200	1,389	8,359	1,462
—Other minor items	866	0	1,999	0
b) Deferred tax liabilities deriving from:	(25,590)	(3,605)	(21,494)	(3,712)
—Buildings recognised at fair value in substitution of cost	(3,752)	(532)	(3,752)	(532)
—Provisions for deducted contract risks	(211)	0	(32)	0
—Default interest to be collected	(7,989)	0	(2,371)	0
—IFRIC 12	(18,132)	(3,073)	(18,180)	(3,180)
—Other + hedging reserve	4,494	0	2,841	0
c) Net deferred tax assets a) - b)	6,237	(1,836)	5,049	(1,688)
d) Deferred tax for the year recognised in profit or loss	4,486	313	4,362	504

Reconciliation, for income tax (IRES) purposes only, between the tax recognised in the accounts (current and deferred) and the theoretical tax resulting from the application of the current tax rate (27.5%) to the pre-tax profit is the following:

	2012	%	2011	%
Pre-tax profit	129,829		125,420	
—Theoretical income tax	35,703	27.5%	34,491	27.5%
—Net effect of permanent increases (decreases)	6,358	4.9%	5,850	4.7%
—Net effect of deferred and current taxation of foreign entities and other adjustments	4,282	3.30%	3,115	2.5%
—Substitute tax and other	1,801	1.39%	1,560	1.2%
—IRAP (current and deferred)	7,735	5.96%	8,480	6.8%
Income tax recorded in the financial statements (current and deferred)	55,879	43.04%	53,496	42.7%

13 Earnings per share: Euro 0.76 (Euro 0.73)

Basic earnings per share are calculated as follows:

Numerator	2012	2011
Profit of Parent's ordinary shareholders	74,126	71,195
Denominator (in units)		
—Weighted average number of shares (all ordinary)	98,424,900	98,424,900
—Weighted average number of treasury shares	(611,640)	(668,467)
—Weighted average number of shares to be used to calculate basic earnings per share	97,813,260	97,756,433
—Basic earnings per share	0.7578	0.7283

In this respect, it can be pointed out that the stock grant scheme for key management personnel does not produce a significant dilution effect. Considering the effect of potential shares, already assigned to beneficiaries, and awaiting assignment for 2011, and those which could be assigned for 2012, the earnings obtained are Euro 0.7545.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 Earnings per share: Euro 0.76 (Euro 0.73) (Continued)

It is likewise pointed out that in January 2013 the Company concluded a financial transaction with the equity-linked bond issue of Euro 130,000,000 placed with qualified Italian and foreign investors.

The bonds will become convertible, at a conversion price of Euro 7.3996, into ordinary shares of the Company, existing or newly issued, one year after the issue of the bonds and subordinate to the approval of the company's shareholders at their Extraordinary Meeting, to be held by 30 June 2013, of a share capital increase excluding the right of option.

The Company shall be entitled to settle any future conversion by payment or a combination of ordinary shares and cash.

For more information on the bond issue see the section below "Events after the reporting period".

14 Property, plant and machinery: Euro 221,094 thousand (Euro 192,278 thousand)

In 2012 property, plant and equipment increased by Euro 28,816 thousand mainly due to the combined effect of new investments totalling Euro 91,313 thousand partly offset by depreciation totalling Euro 41,470 thousand.

The following table shows changes in the amount of property, plant and equipment:

	Land and Buildings	General and specific plant	Excavators, Loaders and Vehicles	Various equipment and machines	Assets under construction and payments on account	Total
Amount at 31/12/2011, net of depreciation(1)	43,418	70,516	33,016	29,203	16,126	192,278
<i>Increases</i>						
—deriving from acquisitions	3,461	40,072	25,377	15,913	6,490	91,313
	46,879	110,587	58,393	45,116	22,616	283,591
—Depreciation	(1,166)	(15,803)	(14,027)	(10,474)	0	(41,470)
—Other disposals	0	(11,707)	(2,023)	(4,634)	51	(18,313)
—Reclassification and transfers	9	5,588	1,327	(65)	(6,859)	0
—Exchange rate differences	(38)	(716)	232	9	(34)	(547)
—change in consolidation scope and other changes	33	(716)	(1,899)	215	199	(2,168)
Amount at 31.12.2012, net of depreciation(2)	45,717	87,234	42,004	30,167	15,972	221,094
<i>(1) of which</i>						
—Cost	51,649	139,942	119,801	86,880	16,126	414,398
—Accumulated depreciation	(8,231)	(69,426)	(86,785)	(57,677)	0	(222,120)
Net amount	43,418	70,516	33,016	29,203	16,126	192,278
<i>(2) of which</i>						
—Cost	55,097	160,469	133,022	90,082	15,972	454,642
—Accumulated depreciation	(9,380)	(73,235)	(91,018)	(59,915)	0	(233,548)
Net amount	45,717	87,234	42,004	30,167	15,972	221,094

The following most significant changes are pointed out:

- The increases of Euro 91,313 thousand mainly refer to investments made for projects in progress in Chile, Peru, Russia and Poland;
- Depreciation for the year totalling Euro 41,470 thousand;
- Disposals made in the year total Euro 18,313 thousand and mainly regard the disposal of assets for contracts completed in Arabia, Qatar and Turkey.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14 Property, plant and machinery: Euro 221,094 thousand (Euro 192,278 thousand) (Continued)

Property, plant and machinery includes a component of leased goods with a carrying amount of Euro 22,065 thousand as shown in the following table:

	Land and Buildings	Specific plant	Excavators, Loaders and Vehicles	Various equipment and machinery	Total
Amount at 31.12.2012, net of depreciation					
of which					
—Cost	1,196	18,234	5,888	3,102	28,420
—Accumulated depreciation	(14)	(3,892)	(1,465)	(983)	(6,355)
Net amount	<u>1,182</u>	<u>14,342</u>	<u>4,423</u>	<u>2,119</u>	<u>22,065</u>

15 Investment property: Euro 1,105 thousand (Euro 1,141 thousand)

The item investment property, totalling Euro 1,105 thousand, includes non-instrumental buildings and land measured at cost, and the amount decreased compared to the previous year in relation to the normal depreciation cycle as shown in the table below:

	Investment property
Amount at 31.12.2011, net of depreciation(1)	<u>1,141</u>
Depreciation	(36)
Amount at 31.12.2012, net of depreciation(2)	<u>1,105</u>
<i>(1) of which</i>	
—Cost	1,222
—Accumulated depreciation	(81)
Net amount	<u>1,141</u>
<i>(2) of which</i>	
—Cost	1,222
—Accumulated depreciation	(117)
Net amount	<u>1,105</u>

In relation to fair value measurement, it is noted that since the indicators were not remarkably reliable and due to the minor significance of the investment in question, it was not deemed necessary to list a precise measurement or a range of fair values.

16 Intangible assets: Euro 107,523 thousand (Euro 44,132 thousand)

Net intangible assets are shown in the following table:

	31/12/12	31/12/11	Change
—Intangible assets—Rights on infrastructures in concession	84,143	39,989	44,154
—Goodwill	14,745	0	14,745
—Other intangible assets	8,635	4,143	4,492
Total	<u>107,523</u>	<u>44,132</u>	<u>63,391</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 Intangible assets: Euro 107,523 thousand (Euro 44,132 thousand) (Continued)

Intangible assets—Rights on infrastructures in concession: Euro 84,143 thousand (Euro 39,989 thousand)

The details of this item for the changes in the year are shown in the following table:

	31/12/11	Construction services performed	Amortisation	31/12/12
—Airports—Mondial Milas-Bodrum A.S.	35,875	51,356	(7,038)	80,193
—Car Parks—Corso Stati Uniti (TO)	263	0	(5)	258
—Car Parks—Ex Manif. Tabacchi (BO)	3,824	0	(132)	3,692
—Car Parks—Piazza VIII Agosto (BO)	27	0	(27)	0
Total	<u>39,989</u>	<u>51,356</u>	<u>(7,202)</u>	<u>84,143</u>

This item increased, compared to the end of the previous year, basically due to further investments made in the year for the completion of the Milas-Bodrum Airport in Turkey.

In this regard, it is pointed out that the Management of the company Mondial Milas Bodrum S.A. has drawn up a new Business Plan, taking into account the negotiations underway with the Authority granting the concession in order to formalise the extension of the concession period for another year, for which a positive outcome is not currently forecast. This aspect, as a specific impairment indicator, has involved the performance of the test in order to evaluate the realisable value of the investment, in accordance with IAS 36.

The realisable value of the investment has been identified on the basis of the value in use of the Cash Generating Unit, with reference to the concession for the management of the new international terminal at Bodrum Airport (Turkey), calculated by the discounted cash flow available for the shareholder (DCF). For the purposes of the application this method, the new Business Plan approved by the board of directors of the subsidiary for the current extension period of the concession, expiring in 2015, has been used.

The discount rate of expected cash flows (KE—cost of equity) adopted for estimating the realisable value of the CGU is 11%.

The result of the impairment test has not led to the identification of any impairment.

Intangible assets—Goodwill: Euro 14,745 thousand (Euro 0)

This item is shown in the following table:

Cash Generating Unit	31/12/12	31/12/11	Change
—NBI Srl—“Plant and maintenance”	11,634	0	11,634
—T.E.Q. Construction Enterprise Inc.	3,111	0	3,111
Total	<u>14,745</u>	<u>0</u>	<u>14,745</u>

The goodwill recorded following the acquisition of the BUSI IMPIANTI business unit, as already commented in the section “business combinations” of these Notes, with reference to the plant and maintenance sectors, has been allocated to the “Plant and maintenance” Cash Generating Unit, which includes the assets of NBI and its investees. This combination represents the elementary reference unit in the group for which goodwill is monitored by management for operating purposes, and therefore to decide whether to record this item in the financial statements.

At the end of the year the impairment test was conducted on the carrying amount of the CGU by the comparison with the relative recoverable value.

In particular, the recoverable value of the CGU has been considered equal to the value in use calculated with the Discounted Cash Flow (DCF) method, taking into account the future financial flows expected by

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 Intangible assets: Euro 107,523 thousand (Euro 44,132 thousand) (Continued)

company management. For the purposes of the application of this method the financial plan approved by the board of directors of the subsidiary for the period 2013-2015 has been used.

The rate used for cash flow discounting is 8.1%.

The result of the impairment test has confirmed that the goodwill recorded under the CGU “plant and maintenance” can be fully recovered. Therefore, no impairment was recorded.

The goodwill recorded, as already commented in the section “business combinations” of these Notes, following the acquisition of *T.E.Q. Construction Enterprise Inc* has been allocated to the Cash Generating Unit referring to the subsidiary only. This is because it is considered that this unit will generate incoming financial flows deriving from the continuity of the relative company activities, largely independent from those of other Group activities.

At the end of the year the impairment test was conducted on the carrying amount of the CGU by the comparison with the relative recoverable value. In particular the recoverable value of the CGU was considered equal to the relative fair value identified through the market method using multiples of comparable companies applied to 2012 operating profit, as stated in the IFRS Reporting Package approved by the board of directors of the investee.

The result of the impairment test on the goodwill recorded after the acquisition of *T.E.Q. Construction Enterprise Inc.* has not involved the need to undertake any impairment.

Other intangible assets: Euro 8,635 thousand (Euro 4,143 thousand)

The following table shows the changes of this item, with no leased assets being present.

	Intellectual property rights	Other Intangible assets	Assets under development and payments on account	Total
Amount at 31/12/2011, net of amortisation(1)	687	3,456	0	4,143
<i>Increases</i>				
— <i>deriving from acquisitions</i>	1,329	3,442	3,031	7,802
	2,016	6,898	3,031	11,945
<i>Amortisation</i>	(815)	(2,495)	0	(3,310)
Amount at 31.12.2012, net of amortisation(2)	1,201	4,403	3,031	8,635
(1) of which				
— <i>Cost</i>	2,220	11,720	0	13,940
— <i>Accumulated amortisation</i>	(1,533)	(8,264)	0	(9,797)
Net amount	687	3,456	0	4,143
(2) of which				
— <i>Cost</i>	3,149	11,645	3,031	17,825
— <i>Accumulated amortisation</i>	(1,948)	(7,242)	0	(9,190)
Net amount	1,201	4,403	3,031	8,635

Assets under development and payments on account contain the capitalised costs for design and initial construction for the start-up of the concession for Line 4 of the Milan Underground, temporarily assigned by the Municipality of Milan to the private shareholders of the JV, while awaiting the setting up and consequent substitution by the concessionaire Company to which these capitalised costs will be transferred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Investments: Euro 257,441 thousand (Euro 195,964 thousand)

The amount of investments in associates and other companies net of the provision for risks on investments amounted to Euro 257,441 thousand with an increase compared to 31 December 2011 of Euro 61,477 thousand.

The composition of this item is the following:

	31/12/12	31/12/11	Change
—Investments measured at cost	153,027	101,776	51,251
—Equity-accounted investees	104,414	94,188	10,226
Total	257,441	195,964	61,477

There follow the main changes causing the change in investments in associates and other companies:

Amount at 31.12.2011	195,964
Acquisitions and disposals of investments measured at cost	51,250
Acquisitions and disposals of equity-accounted investees	12,694
Profit of equity-accounted investees	3,531
Other comprehensive expense of equity-accounted investees	(4,200)
Dividends/coverage of losses for equity-accounted investees	(1,514)
Other changes	(284)
Amount at 31.12.2012	257,441

It is pointed out that the profit of equity-accounted investees have caused a cumulative effect on the profit for the year totalling Euro 3,146 thousand and on other comprehensive income totalling Euro (3,898) thousand; this valuation also takes into account the results shown in the provision for risks on investments, described in note 31 below.

The increase recorded in the item “Acquisitions and disposals in investments measured at cost” basically derives from the purchase of another investment in A4 Holding. The Astaldi Group has, in fact, increased its investment in A4 Holding S.p.A. from 9.12% to 14.96%; the increase derives from the exercise of the option on the Company shares put on sale by the Municipality of Padua and the Municipality of Vicenza. The Astaldi Group has likewise signed an agreement with other private shareholders of A4 Holding, the Company that holds the entire capital of the motorway concessionaire company of the Brescia-Padua Motorway (A4—Serenissima motorway), aimed at concentrating the A4 Holding shares in one Single Purpose Vehicle. Upon completion of this transaction and as long as the conditions precedent stated in the aforesaid agreement are met, the SPV will control the absolute majority of A4 Holding, assisting it in the process of readjusting its activities and for further growth in the sector of motorway concessions.

At the reporting date, with impairment indicators, the realisable value of the A4 Holding was calculated.

In particular, the verification of the degree to which the impairment loss on A4 Holding, the holding company of a complex of legally independent entities which are its subsidiaries or investees, can be reversed, was calculated through the use of income statement and statement of financial position data of the holding and its individual subsidiaries or investees.

The equity value of the investees was thus estimated separately going upwards in the organisational chart, so that the carrying amount of the investments held by each group company can be replaced with the respective pro-quota equity value.

With regard to the measurement techniques used for the equity value of the individual investees, it is pointed out that the major asset of the A4 Group, represented by the Brescia-Padua motorway (equivalent to 80% of overall valuation), was estimated by discounting the expected cash flows in the business plan signed with the granting body ANAS S.p.A., showing forecasts of traffic, investments,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Investments: Euro 257,441 thousand (Euro 195,964 thousand) (Continued)

costs and revenue for the duration of the motorway concession. Estimated cash flows were discounted at the rate of 8.87%, representing the WACC of the company in question.

Other minor assets were evaluated at fair value or value in use.

On the basis of the above, a pro-quota equity value of the investee was estimated as higher than the carrying amount of the investment recorded in the consolidated financial statements by Euro 151,012 thousand, and consequently no impairment loss was recorded.

The change in the item “Acquisitions and disposals of equity-accounted investees” is based on the following main factors:

- The acquisition, for Euro 7,000 thousand, of a further investment in the concessionaire company for Line 5 of the Milan Underground, Metro 5 S.p.A, as well as the payment of Euro 1,277 thousand to that company for a future capital increase;
- Capital injections, totalling Euro 4,649 thousand, made in relation to the SPV Otoyol Yatirim Ve Isletme A.S., an entity registered under Turkish law which will develop the concession for the new Gebze-Orhangazi-Izmir motorway in Turkey, as well as the acquisition of a further investment in the same company for Euro 2,737 thousand;
- The additional capital injections, totalling Euro 5,819 thousand, into the SPV S.A.T. S.p.A. which is developing the concession of the new hospital facilities in Prato, Pistoia, Massa and Lucca.
- Reimbursement by Pacific Hydro Chacayes of part of the capital injections made (Euro 9,703 thousand), following the refinancing of the project for the concession of the Chacayes hydroelectric plant (Chile), signed with a pool of Chilean and Brazilian banks in order to optimise the financial leverage of the initiative with considerable benefits expected for the return rate on the project.

Furthermore, it should be observed that during the year, considering the presence of impairment indicators, the recoverable value of the investment in the company Metro 5 S.p.A. was assessed.

In particular, the recoverable value of Metro 5 S.p.A. was considered to be equal to its value in use calculated through the Discounted Cash Flow (DCF) method, discounting the future financial flows expected by company management, at a rate of 7.34%, representing the WACC of the company in question. For the purposes of the application of this method, the financial plan of the “associate”, for the duration of that company’s concession (2013-2040) was used.

The result of the impairment test showed no need to undertake impairment of the carrying amount of the investment.

It should finally be pointed out that the carrying amounts of the investments, as in the previous year, are shown net of the payments still to be made on the quotas and/or shares subscribed.

For detailed information on the key financial data of equity-accounted investees, see Annex 2.

The information on the main aspects of the structure of the concessions held by associates are, on the other hand, shown in the section “agreements for concession services” stated in the premises of these Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial assets

Non-current financial assets: Euro 193,448 thousand (Euro 159,671 thousand)

The following table shows the composition of non-current financial assets:

	31/12/12	31/12/11	Change
—Rights to receivables arising from concessions	135,419	138,084	(2,665)
—Non-current financial receivables	50,531	15,030	35,501
—Other financial assets from investees	7,498	5,790	1,708
—Other financial assets from non-controlling interests	0	767	(767)
Total	193,448	159,671	33,777

Rights to receivables arising from concessions include the non-current quota of the current value of the minimum payments guaranteed by the concession grantors regarding:

- The domestic area (Euro 104,390 thousand) specifically referring to the concession for the Ospedale dell'Angelo Hospital in Mestre and the management of the 5 Car Parks located in Bologna, Verona and Turin;
- Turkey (Euro 31,029 thousand) mainly regarding the concession of the Milas-Bodrum Airport.

The item “Non-current financial receivables” substantially refers to financial items paid to associates, expressing the Group investment strategy, especially in the concessions business.

The main changes in this item compared to the previous year are due to the following factors:

- Financing granted to the associate Otoyol Yatirim Ve Isletme A.S. for a total amount, inclusive of accrued interest at 31/12/2012, of Euro 35,277 thousand aimed at supporting the concession works;
- Decrease of Euro 9,940 thousand due to the partial repayment of the financing granted to the associate Pacific Hydro Chacayes following the events previously commented in note 17.

For detailed information on transactions with associates see the annex on related parties.

Current financial assets: Euro 17,653 thousand (Euro 6,248 thousand)

The following table shows the composition of non-current financial assets:

	31/12/12	31/12/11	Change
—Rights to receivables arising from concessions	16,306	2,867	13,439
—Securities in the portfolio	1,347	1,889	(542)
—Derivatives	0	1,492	(1,492)
Total	17,653	6,248	11,405

Current financial assets increased compared to the previous year by Euro 11,405 thousand above all in relation to the flow of rights to receivables arising from concessions, and especially the amount due upon the completion of the Milas-Bodrum Airport.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Other Assets

Other Non-current assets: Euro 39,874 thousand (Euro 28,413 thousand)

The composition of this item is shown in the following table:

	31/12/12	31/12/11	Change
—Indirect tax reimbursements	7,976	2,156	5,820
—Direct tax reimbursements	5,305	1,394	3,911
Tax assets	13,281	3,550	9,731
—Advances to suppliers and subcontractors	2,433	925	1,508
—Caution deposits	6,507	3,798	2,709
—Prepayments on insurance premiums	12,661	11,245	1,416
—Prepayments for sureties fees	447	2,254	(1,807)
—Other prepayments	3,804	6,524	(2,720)
—Receivables from social security bodies	16	115	(99)
—Other sundry receivables	725	2	723
Other Assets	26,593	24,863	1,730
Total	39,874	28,413	11,461

The change of this item is substantially due to the increase of tax assets mainly due to the following factors:

- Higher VAT credit reimbursements requested from the tax authorities, especially for the domestic area and mainly regarding investees that are completing their activities;
- Increase in the domestic area of receivables for direct taxation reimbursements due to the effects of Decree Law 201/2011 on IRES company tax reimbursement for the failure to deduct IRAP income tax for expenses for employees and related items.

Other Current assets: Euro 381,022 thousand (Euro 308,420 thousand)

Details are shown in the following table:

	31/12/12	31/12/11	Change
—Receivables from associate	25,321	24,921	400
—Receivables from other companies	138	369	(231)
—Advances to suppliers and subcontractors	167,808	103,505	64,303
—Receivables from third parties for supply of goods and services	126,364	116,833	9,531
—Receivables from employees	2,403	2,327	76
—Receivables from social security bodies	2,894	1,282	1,612
—Prepayments on insurance premiums	4,202	4,346	(144)
—Prepayments for sureties fees	2,890	1,770	1,120
—Other prepayments	2,752	3,652	(900)
—Other sundry receivables	46,250	49,415	(3,165)
Total	381,022	308,420	72,602

Other current assets increased compared to the previous year by Euro 72,602 thousand above all in relation to the change, mainly due to the Central and Eastern Europe area, of the item “advances to suppliers and subcontractors”.

In particular, in the recently acquired contracts in Russia and Turkey, the higher production volumes achieved in the year have made it necessary to utilise subcontractors with an adequate quality standing. Also in relation to the practices followed in these areas, this has involved the outlay of higher contract advances for the works to be undertaken.

The item “Receivables from third parties for supply of goods and services” totalling Euro 126,364 thousand, up compared to the previous year by Euro 9,531 thousand, corresponding to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Other Assets (Continued)

what is indicated in the item other revenue, refers to individual components not directly referring to the production activities for the Company's works, but nevertheless accessory to the core business and continuing over time.

There follows the composition of this item by geographical area:

	31/12/12	%	31/12/11	%	Change
Italy	25,793	20.41%	24,301	20.80%	1,492
Europe	61,653	48.79%	53,442	45.74%	8,211
America	25,459	20.15%	18,949	16.22%	6,510
Africa	12,132	9.60%	19,384	16.59%	(7,252)
Asia	1,325	1.05%	757	0.65%	568
Total	126,364	100.00%	116,833	100.00%	9,531

The item other sundry receivables, substantially unchanged compared to the previous year, basically refers to the difference between the nominal value of the receivables factored before 31 December 2003, and the amounts collected.

For more details on receivables from associates, totalling Euro 25,321 thousand, see the annex on related parties.

It is pointed out that the recoverable value of receivables from third parties has been adjusted as shown below:

	31/12/11	Advances	Use			31/12/12
			Income	Equity	Other	
—Allowance for impairment	(3,872)	(561)	33	0	2	(4,398)
Total	(3,872)	(561)	33	0	2	(4,398)

With reference to expired items see note 32 of these Notes.

20 Inventories: Euro 84,343 thousand (Euro 93,369 thousand)

This item has the following composition:

	31/12/12	31/12/11	Change
—Raw materials, supplies and consumables	71,972	89,322	(17,350)
—Work in progress and semi-finished products	7,245	0	7,245
—Finished goods and products	1,854	1,839	15
—Goods and materials in transit	3,272	2,208	1,064
Total	84,343	93,369	(9,026)

The item "Work in progress and semi-finished products" refers to the plant under construction for the treatment and recovery of copper and molybdenum contained in the processing residues of the Codelco mines in Chile (Relaves project) as already commented in note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20 Inventories: Euro 84,343 thousand (Euro 93,369 thousand) (Continued)

The following table shows the geographical breakdown of this item:

	31/12/12	%	31/12/11	%	Change
Italy	14,780	17.52%	8,118	8.69%	6,662
Europe	22,651	26.86%	46,303	49.59%	(23,652)
America	34,078	40.40%	27,385	29.33%	6,693
Africa	10,965	13.00%	9,033	9.67%	1,932
Asia	1,869	2.22%	2,530	2.71%	(661)
Total	84,343	100.00%	93,369	100.00%	(9,026)

With reference to the change for the year, see the previous comments in relation to the change of inventories in the income statement.

21 Receivables from customers: Euro 1,058,039 thousand (Euro 1,010,416 thousand)

Payables to customers: Euro 479,397 thousand (Euro 472,120 thousand)

These items are shown in the following table:

	31/12/12	31/12/11	Change
CURRENT ASSETS			
—Contract work in progress	7,462,049	6,449,734	1,012,315
—Allowance for impairment losses on contracts	(12,373)	(12,348)	(25)
— Total contract work in progress	7.449.676	6.437.386	1.012.290
—Payments on account from customers	(6.391.637)	(5.426.970)	(964.667)
Total receivables from Customers	1.058.039	1.010.416	47.623
CURRENT LIABILITIES			
—Contract work in progress	1.256.318	815.475	440.843
—Allowance for impairment losses on contracts	(7.602)	(9.635)	2.033
— Total contract work in progress	1.248.716	805.840	442.876
—Payments on account from customers	(1,430,773)	(960,147)	(470,626)
— Sub-total	(182,057)	(154,307)	(27,750)
—Contract advances	(297,340)	(317,813)	20,473
Total payables to Customers	(479,397)	(472,120)	(7,277)

Contract work in progress, considered separately in the amounts recognised under receivables from customers and those under payables to customers, has shown, for the foreign sector, an increase with particular reference to the higher production volumes recorded in the year in relation to works for the construction of the Saida—Moulay—Slissen Railway in Algeria and a motorway section in Oman.

Contract work in progress also increased on the domestic level, mainly in the sector of transport infrastructures (Lots DG-21 of the Jonica National Road, Bologna Centrale High Speed Station).

In the activities conducted abroad, we can likewise point out the decrease in contract work in progress in the American area, basically due to the completion of some contracts for waterworks in Chile and El Salvador, as well as in Venezuela.

Finally, we can point out the significant decrease in contract advances, above all in relation to railway works in progress in Algeria and for the previously mentioned works in El Salvador, partly mitigated by the contract advance received in the year for the construction works of the Gebze-Orhangazi-Izmir Motorway in Turkey.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 Trade receivables: Euro 835,077 thousand (Euro 820,963 thousand)

Trade receivables increased compared to the previous year by approximately Euro 14,114 thousand and consist of the following:

	31/12/12	31/12/11	Change
—Receivables from customers	838,285	803,860	34,425
—Receivables from associates	30,692	31,832	(1,140)
—Receivables from parents	74	5	69
—Receivables from other investees	750	1,059	(309)
—Allowance for impairment	(34,724)	(15,793)	(18,931)
Total	835,077	820,963	14,114

The following table below shows the geographical breakdown of this item:

	31/12/12	%	31/12/11	%	Change
Italy	402,108	48.15%	388,419	47.31%	13,689
Europe	115,046	13.78%	116,379	14.18%	(1,333)
America	264,895	31.72%	224,896	27.39%	39,999
Africa	44,496	5.33%	86,173	10.50%	(41,677)
Asia	8,532	1.02%	5,096	0.62%	3,436
Total	835,077	100.00%	820,963	100.00%	14,114

In relation to the geographical breakdown of trade receivables, we can point out an increase in the American area partly due to the Group's recent commercial entry in Canada, as well as contract work in progress in Peru, and the completion of certification by the customer of the works undertaken in Venezuela. With reference to this area, it should be observed that during the year there was a considerable reduction of inventories of contract work in progress while awaiting customer approval.

On the other hand, there was a decrease due to the African area, with particular reference to the collection of receivables for the works undertaken in the Algerian railway contract.

The increase recorded in the domestic area is substantially due to the works on Line 5 of the Milan Underground.

Again on the domestic level, with regard to the subsidiary Partenopea Finanza di Progetto S.p.A., we should point out the significant drop of Euro 55,012 thousand in receivables from the concession grantor especially with respect to amounts received following the signature of the final agreement on the arbitration decision regarding the construction of the new hospital in Naples ("Ospedale del Mare"). The allowance for impairment compared to the previous year and the changes are shown below:

	31/12/11	Allocations	Use			31/12/12
			Income	Equity	Other	
Allowance for impairment	(11,034)	0	0	0	(247)	(11,281)
Allowance for impairment—default interest	(4,759)	(20,723)	0	2,039	0	(23,443)
Total	(15,793)	(20,723)	0	2,039	(247)	(34,724)

The increase in the allowance for impairment—default interest is, as already commented in note 10, attributable to the Venezuela area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 Tax assets: Euro 143,067 thousand (Euro 116,981 thousand)

This item has the following composition:

	31/12/12	31/12/11	Change
—Receivables for indirect taxation	94,350	88,013	6,337
—Receivables for direct taxation	48,915	29,166	19,749
—Allowance for impairment	(198)	(198)	0
Total	143,067	116,981	26,086

The change of this item is substantially due to the increase in receivables for direct taxation, basically due to the higher taxes paid in Italy and abroad by the permanent organisations and the investees, as well as by advances paid in accordance with the law.

24 Cash and cash equivalents: Euro 400,215 thousand (Euro 456,210 thousand)

Cash and cash equivalents fell compared to 31 December 2011 by Euro 55,995 thousand and consist of the following:

	31/12/12	31/12/11	Change
—Bank and post office deposits	399,689	454,843	(55,154)
—Cash and cash equivalents	526	1,367	(841)
Total	400,215	456,210	(55,995)

In terms of geographical breakdown this item is as follows:

	31/12/12	31/12/11	Change
—Italy	171,237	274,998	(103,761)
—Europe	133,027	138,221	(5,194)
—Asia	794	695	99
—America	75,461	19,661	55,800
—Africa	19,696	22,635	(2,939)
Total	400,215	456,210	(55,995)

The balance is basically lower due to the effect of the investments made in the year in the concessions sector, the purchase of machinery and for the payment of dividends. This is partially offset by the effect of the positive cash flow generated by operating performance.

For a more detailed analysis of the flows of cash and cash equivalents see the statement of cash flows in these Notes.

25 Equity: Euro 554,555 thousand (Euro 470,278 thousand)

Share capital: Euro 196,850 thousand (Euro 196,850 thousand)

The share capital subscribed and fully paid-in, comprises 98,424,900 ordinary shares with a nominal value of Euro 2 and totals Euro 196,850 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 Equity: Euro 554,555 thousand (Euro 470,278 thousand) (Continued)

On 31 December 2012, according to the Shareholders' Register and other information in this respect obligatory by law (pursuant to Art. 120 of Legislative Decree 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 2% are shown below:

<u>DIRECT SHAREHOLDER</u>	<u>Number of shares</u>	<u>% investment</u>
Fin.Ast S.r.l.	39,505,495	40.138%
Finetupar International S.A.	12,327,967	12.525%
Total Fin.Ast. S.r.l.	51,833,462	52.663%
Odin Forvaltning AS	4,828,885	4.906%
Pictet Asset Management Ltd	2,065,633	2.099%
Total holders of major investments	58,727,980	59.668%
Treasury shares	608,187	0.618%
Market	39,088,733	39.714%
Grand total	98,424,900	100.000%

On 31 December 2012 outstanding shares thus totalled 97,816,713 (97,813,992 shares in 2011) and recorded an increase, compared to the previous year, of 2,721 shares calculated as follows:

Outstanding shares in the year 2012

01/01/2012	97,813,992
Withdrawals with buy-back	(363,257)
Entries with buy-back and for the stock grant scheme	365,978
31/12/2012	97,816,713

On the date of these Financial Statements there were no shares subject to encumbrances or capital increases underway subject to option rights.

The shares of the Parent gradually delivered to employees under the stock grant scheme totalled 1,038,300 shares at the end of the year (1,038,300 at the end of 2011).

Treasury shares held by the Parent: Euro – 1,216 thousand (Euro – 1,222 thousand)

The treasury shares owned by the Parent at the end of the year totalled 608,187, equivalent to 0.618% of share capital (610,908 shares in 2011), with the nominal value totalling Euro 1,216 thousand being recognised in accordance with the international financial reporting standards as decrement of equity.

Equity reserves: Euro 237,865 thousand (Euro 198,398 thousand)

Equity reserves are shown in the following table:

	<u>31/12/12</u>	<u>31/12/11</u>	<u>Change</u>
—Legal reserve	23,930	20,797	3,133
—Extraordinary reserve	218,262	175,968	42,294
—Retained earnings	48,682	40,493	8,189
—Other reserves	(921)	(1,709)	788
—Other comprehensive income	(52,088)	(37,151)	(14,937)
Total	237,865	198,398	39,467

—Legal reserve

The legal reserve increased by Euro 3,133 thousand in relation to the provision of Art. 2430 of the Italian Civil Code.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 Equity: Euro 554,555 thousand (Euro 470,278 thousand) (Continued)

—Extraordinary reserve

The extraordinary reserve increased compared to the previous year by Euro 42,294 thousand. This results from: Euro 41,952 thousand as the remaining amount of the allocation of profit of the 2011 financial statements of the Parent; Euro (20) thousand as a result of buy-back transactions; Euro 362 thousand as the remaining amount of the allocation of the profits of the subsidiaries for 2011;

With regard to buy-back transactions, it should be pointed out that the total of the provision for treasury shares held in the portfolio reducing the extraordinary reserve pursuant to Art. 2357 ter of the Italian Civil Code totalled Euro 3,019 thousand and, pursuant to the relevant accounting standards, applying Euro 1,803 thousand to reduce the Extraordinary reserve and Euro 1,216 thousand to reduce the share capital, corresponding to the nominal value of treasury shares in the portfolio.

Retained earnings

Retained earnings amounting to Euro 48,682 thousand reflect the effects deriving from the consolidation of the shareholdings in the subsidiaries and jointly controlled entities, and from the application of equity accounting.

The item likewise includes the accounts from transactions regarding the acquisition of minority investments in entities that are already Group subsidiaries as governed by IAS 27.

—Dividends paid

In 2012 dividends totalling Euro 16,630,295.22 were paid (Euro 14,644,967.10 in 2011). The dividend approved at the General Meeting of 24 April 2012 of Euro 0.17 per share (Euro 0.15 in 2011), was paid on 10 May 2012, ex-dividend date on 7 May 2012. The number of shares benefiting from the dividend is 97,825,266 (97,633,114 in 2011) on a total number of shares of 98,424,900 and net of the treasury share quota totalling 599,634; likewise, part of the profit for 2011, Euro 940 thousand, was allocated to the provision pursuant to Art. 27 of the Company's by-laws.

—Other reserves

The composition of this item is shown in the following table:

	31/12/12	31/12/11	Change
—Stock grant reserve	2,026	1,034	992
—IFRS transition reserve	(13,373)	(13,373)	0
—Reserve for first-time adoption of IFRIC 12	10,396	10,396	0
—Treasury share negotiation reserve	2,205	2,131	74
—Other	(2,175)	(1,897)	(278)
Total	(921)	(1,709)	788

Other reserves changed mainly due to stock grant reserve difference of Euro 992 thousand.

The stock grant reserve represents the amount of the shares assigned to employees, but not yet handed over, calculated in accordance with current regulations and the relative actuarial valuation.

The IFRS transition reserve represents: (i) The total amount of adjustments recorded under equity in the first financial statements drawn up in accordance with international financial reporting standards; (ii) The amount recorded following subsequent IFRS approvals with respect to first-time adoption; (iii) The amount of cumulative translation differences at the time of transition to IFRS, not recalculated following the exercise of the exemption stated in IFRS 1 par.13; (iv) The amount of the consolidation differences emerging from business combinations previous to the transition date to IFRS rules not recalculated following the exercise of the option stated in IFRS 1 par.13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 Equity: Euro 554,555 thousand (Euro 470,278 thousand) (Continued)

The reserve for first-time adoption of IFRIC 12, for service concession agreements, has been calculated at the first-time adoption of accounting interpretation "IFRIC 12", with specific reference to the specific identification, measurement and classification of single investments (Financial or intangible assets).

The treasury share negotiation reserve includes the progressive effects (gain/loss) from the buy-back scheme.

The other reserves include minor items deriving from equity accounting.

—Other comprehensive income

Other comprehensive income comprises the effects of hedging reserve and the translation reserves of foreign companies. Changes are shown hereunder:

	Hedging reserve	Translation reserve	Total
Opening balance 01/01/2011	(20,894)	(4,716)	(25,610)
Changes in previous year	(10,906)	(636)	(11,540)
Balance 01/01/2012	(31,799)	(5,352)	(37,151)
Changes for the year	(13,876)	(1,060)	(14,936)
Balance 31/12/2012	(45,676)	(6,412)	(52,088)

The composition of the hedging reserve is shown below:

	31/12/12	31/12/11	Change
Hedging reserve Parent/Subsidiaries	34,486	21,969	12,517
Tax effect	(9,129)	(5,718)	(3,411)
Amount net of tax effect	25,357	16,251	9,106
Hedging reserve Associates	20,830	15,610	5,220
Total	46,187	31,861	14,326
Attributable to owners of the parent	45,676	31,799	13,876
Attributable to non-controlling interests	511	62	449

Equity attributable to non-controlling interests: Euro 46,930 thousand (Euro 5,057 thousand)

Equity attributable to non-controlling interests increased by Euro 41,873 thousand basically in relation to the changes of the consolidation scope occurring in 2012, and namely, Euro 36,792 thousand for the setting up of the Special Purpose Vehicle for the acquisition of the investments in A4 Holding, as set forth in the investment agreement already commented in note 17.

Share capital management

There follows the disclosure required by IAS 1—para. 134.

A) Qualitative disclosure

By share capital, the Group means both capital injections by the shareholders, and the value generated by the Group itself in terms of results from performance (retained earnings and other reserves). On the other hand, the Group does not include in this definition the equity items identified after the valuation of cash flow hedge derivatives, since these will be offset in future years by the opposite revenue items, thus enabling the company to undertake this hedging.

The objectives identified by the Group regarding share capital management are the creation of value for shareholders as a whole, the safeguarding of the Group's ability to continue as a going concern and support to the growth of the Group itself. The Group thus intends to maintain an adequate level of capitalisation, in order to achieve both a satisfactory economic return for the shareholders and to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 Equity: Euro 554,555 thousand (Euro 470,278 thousand) (Continued)

guarantee economical access to external sources of funding. The Group constantly monitors the evolution of the level of debt in relation to equity and in particular the level of net debt and the generation of cash flow from the operating activities. In order to achieve the above goals, the Group pursues the constant improvement of the profitability of the business sectors where it operates.

To complete the qualitative disclosure, it is pointed out that the Group has respected the financial covenant levels required with reference to corporate “committed” borrowing with banks financing the Group. For further information see the subsequent paragraph of these notes entitled “Covenants and Negative Pledges”.

B) Quantitative disclosure

There follows the quantitative analysis of the individual share capital items as defined in the previous paragraph.

	31/12/12	31/12/11
A—Overall financial debt	(626,005)	(482,701)
Total equity	554,555	470,278
Minus amounts accrued in assets for coverage of financial flows	(46,187)	(31,861)
B—Adjusted share capital	600,742	502,139
C—Payables/Share capital ratio (A/B)	1.04	0.96

26 Financial liabilities

Non-current financial liabilities: Euro 734,920 thousand (Euro 672,612 thousand)

Non-current financial liabilities show an overall increase totalling Euro 62,308 thousand and consist of the following:

	31/12/12	31/12/11	Change
—Bank loans and borrowings ^(*)	719,431	662,135	57,296
—Non-current share of loans ^(*)	3,797	4,033	(236)
—Finance lease payables ^(*)	9,575	4,728	4,847
—Financial payables to associates	2,117	1,716	401
Total	734,920	672,612	62,308

(*) Included in NFP for an amount of 706,007 (31 December 2011: 654,199)

The general increase shown in this item, compared to 2011, is related to the investments made in Italy and Turkey, in the concessions sector.

With regard to the latter, it should however be pointed out that the payable regarding concessions is by definition “Non-Recourse”, also taking into account the rights to receivables guaranteed by the party granting the concession.

It is also useful to recall the substantial orientation of the debt structure to the medium-long term that guarantees the financial resources necessary to cover the investments planned for the next five-year period.

It is likewise pointed out that the item also includes Euro 26,796 thousand (31 December 2011: Euro 16,698 thousand) in hedging derivatives; in this regard see note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26 Financial liabilities (Continued)

Current tax liabilities: Euro 537,661 thousand (Euro 453,026 thousand)*

Current tax liabilities increased and consist of the following:

	31/12/12	31/12/11	Change
—Bank loans and borrowings ^(*)	470,573	324,713	145,860
—Current share of mortgage loans ^(*)	51,030	114,659	(63,629)
—Loans and borrowings from other financial backers ^(*)	4,787	9,561	(4,774)
—Finance lease payables ^(*)	11,271	4,093	7,178
Total	537,661	453,026	84,635

(*) Included in NFP for an amount of 527,614 (31 December 2011: 443,460)

We should observe that the increase in current payables refers above all to the domestic area and Turkey, and specifically pertaining partly to construction activities and partly to project financing activities. It is likewise pointed out that the item also includes Euro 10,047 thousand (2011: Euro 9,566 thousand) of hedging derivatives; in this regard see note 32.

Finance lease payables: Euro 20,846 thousand (Euro 8,821 thousand)

In the current year the Group has signed finance leases totalling Euro 21,872 thousand with an average duration of 12/60 months. The leases involve durable goods in the categories of specific and generic plant, excavators, mechanical loaders, formwork and sheet piles, buildings for industrial use, heavy lorries and cars; these leases contain a redemption clause.

Finance lease payables increased compared to the previous year by Euro 12,025 thousand, especially in Chile, Romania, Poland, an aspect related to the respective performance of industrial production in the areas indicated.

This item has the following composition:

	31/12/2012		31/12/2011	
	Instalments	Current amount	Instalments	Current amount
Within 1 year	12,932	11,271	4,397	4,093
Over 1 year and within 5 years	8,811	8,874	4,945	4,728
Over 5 years	936	701	0	0
Total lease instalments	22,675	0	9,342	0
Financial charges	1,833	0	521	0
Current amount	20,846	20,846	8,821	8,821

There follows the covenants and negative pledges related to the borrowing by the Group and the net financial position pursuant to CONSOB Communication No. 6064293 of 28 July 2006.

Covenants and negative pledges

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

- Ratio between net financial position and equity attributable to owners of the parent: less than or equal to 1.60x at year end and 1.75x at half year end;
- Ratio between net financial position and gross operating profit: less than or equal to 3.50x at year end and 3.75x at half year end.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26 Financial liabilities (Continued)

It is pointed out that there has been full compliance with these covenants, as already stated previously in the paragraph on “Share capital Management”, in the reporting period.

The aforesaid covenants are applied to the following loans:

- Multi-Tranche Facility, for the sum of Euro 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. In this regard it is pointed out, as already stated in the notes to the 2011 financial statements, that a “Forward Start Facility” of Euro 325 million was agreed on 2 December 2011. This loan will be usable from April 2013, upon the expiry of the “Multi-Tranche Facility”;
- Loan amounting to Euro 110 million, entered into on 16 July 2009 with Banca Popolare di Milano, acting as Lead arranger of a pool of banks, with a payback plan with final expiry in September 2017;
- Bilateral committed loan for the sum of USD 60 million, taken out in order to cover the misalignment between costs and revenue of the branches in Venezuela and El Salvador, with a duration of 18 months minus one day, entered into with BNP Paribas in August 2011 (and guaranteed by SACE for 70% of the amount): expiry February 2013.
- Bilateral committed loan for the sum of Euro 35 million, taken out in order to cover the misalignment between costs and revenue connected with Group operations abroad through its branches or joint ventures, with a duration of 18 months minus one day, entered into with Cariparma in January 2012 (and guaranteed by SACE for 70% of the amount): expiry July 2013.
- Committed loan of Euro 35 million to support investment in the sector of motorway concessions, issued by Centrobanca and ING Bank in June 2012, with a total duration of 5 years and two renewal options of one year each: current expiry June 2016;
- Committed loan of Euro 10 million to support investment in the sector of motorway concessions, issued by Centrobanca and ING Bank in February 2012: final expiry June 2016;
- Committed loan of Euro 60 million for the preparation of contracts and for the support of investments made in the foreign concessions sector, especially in Turkey. Signed in July 2012 with BBVA and Credit Agricole (guaranteed by SACE for 67% of the amount): expiry July 2017.
- Bilateral committed loan of Euro 10 million, agreed in June 2012 with BBVA: expiry December 2015.
- Bilateral committed revolving loan of Euro 50 million, issued by Efibanca on 14 July 2008: final expiry July 2016.

The above-mentioned financial covenants also apply to the following loans, entered into by Astaldi's subsidiaries in connection with specific operational projects:

- Bilateral committed loan of Euro 18.5 million, entered into on 4 June 2009 with GE Capital (formerly Interbanca S.p.A) for covering design and construction costs of the Verona car park, duration 19 years, expiry in June 2027. The loan to Astaldi Concessioni S.r.l. is supported by a mortgage on the land rights, transfer of receivables deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee as well as a corporate guarantee of Astaldi S.p.A.
- Bilateral committed loan of Euro 12.3 million entered into in May 2008 with Efibanca to cover the design and construction costs of the Bologna car park, with duration: expiry May 2025. The loan to Astaldi Concessioni S.r.l. is covered by a mortgage land rights, transfer of receivables deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee as well as a corporate guarantee of Astaldi S.p.A.
- The loan for USD 36 million, entered into on 5 August 2009 with Unicredit and MPS Capital Services as lending banks, to sustain investment in equity of “Chacayes Hydroelectric Project” in Chile. The beneficiary of the loan, with a duration of 7 years and final expiry on 8 August 2016, is Inversiones Assimco Limida; loan repayment is 100% guaranteed by Astaldi S.p.A. through a corporate guarantee and pledge issued on the shares (Astaldi investment) of the beneficiary company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26 Financial liabilities (Continued)

- Loan for Euro 80 million agreed in August 2011, between the special purpose vehicle Mondial AS, a subsidiary of Astaldi Concessioni, and the pool of banks consisting of HSBC and Türkiye İŞ Bankası, to sustain investment in the concession in Turkey for the Bodrum Airport. Expiry July 2015; the loan is covered by a corporate guarantee of Astaldi S.p.A.

The same covenant levels are also applied to a committed loan facility for the issue of signature commitments (guarantees and sureties) of the original amount of Euro 175 million, agreed on 30 November 2006, duration 7 years, organised by Unicredito (formerly Mediocredito Centrale) and Royal Bank of Scotland and issued by a pool of banks: expiry November 2013.

In 2012, the following loans expired and were fully repaid:

- Bilateral committed revolving loan of Euro 10 million, issued by Cariparma on 13 December 2010.
- Bilateral committed revolving loan of Euro 30 million, issued by BayernLB Italia on 5 October 2007.

Among the main transactions carried out in 2012 we can observe:

- Committed loan to support investment in the motorway concessions sector, for Euro 10 million agreed with Centrobanca and ING Bank in February 2012: final expiry June 2016;
- Bilateral committed loan of Euro 10 million, agreed in June 2012 with BBVA: expiry December 2015.
- Committed loan of Euro 60 million, to prepare projects and for the support of investments made in the foreign concessions sector, especially in Turkey. Agreed in July 2012 with BBVA and Credit Agricole (guaranteed by SACE for 67% of the amount): expiry July 2017.

Furthermore, the Company has negotiated with the banks on the revision of the repayment plan for the following loans:

- Standby credit line organised in favour of the subsidiary Co.meri S.p.A., a Special Purpose Vehicle set up for the construction of Lot DG21 of Jonica national road (SS106); this line, granted by a pool of banks led by BNL-Gruppo BNP Paribas and guaranteed by Astaldi S.p.A., currently amounts to Euro 16 million with expiry February 2013.
- Part of the Euro 110 million loan agreed on 16 July 2009 with Banca Popolare di Milano, as leader of a pool of lending banks, has undergone restatement, postponing the repayment plan to September 2017.

It should be stressed that starting from 2013, new financial covenant levels will come into force, aligned with those of the Forward Start Facility agreed in December 2011.

The details are as follows.

- Ratio between net financial position and equity attributable to owners of the parent: less than or equal to 1.30x at year end and less than or equal to 1.45x at half year end;
- Ratio between net financial position and gross operating profit: less than or equal to 3.00x at year end and less than or equal to 3.30x at half year end.

In relation to the negative pledge clauses, it is pointed out that the Group, during the negotiation of the borrowing contracts, tends to align these commitments to those defined in the Forward Start Facility agreed in December 2011.

Under this borrowing contract the Group cannot provide its assets as collateral (mortgaging, pledges etc.) except in some specific cases.

In particular this agreement is not applied:

- To guarantees already existing at the time of signing of a new borrowing contract;
- To guarantees issued for borrowing dedicated to individual operating contracts in the form of traditional contracting, general contracting or project financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26 Financial liabilities (Continued)

Among the events after the reporting period, it is pointed out that on 24 January 2013 Astaldi S.p.A. made an equity-linked bond issue reserved to qualified Italian and foreign investors. For more details on the operation see the section "Events after the reporting period" in these Notes.

The following table shows net financial debt with details on the main items as required by CONSOB DEM/6064293 communication of 28 July 2006.

		31/12/12	31/12/11
A	Cash and cash equivalents	400,215	456,210
B	Securities held for trading	1,347	1,889
C	Available funds (A+B)	401,562	458,099
	—Short-term financial receivables	3,393	879
	—Current share of rights to receivables arising from concessions	16,306	2,867
D	Current financial receivables	19,700	3,746
E	Current bank loans and borrowings	(460,526)	(315,148)
F	Current share of non-current debt	(51,030)	(114,659)
G	Other current financial payables	(16,059)	(13,654)
H	Current financial debt (E+F+G)	(527,614)	(443,460)
I	Net current financial debt (H+D+C)	(106,353)	18,385
J	Non-current bank loans and borrowings	(696,432)	(649,471)
K	Other non-current payables	(9,575)	(4,728)
L	Non-current financial debt (K+J)	(706,007)	(654,199)
M	Net financial debt (L+I)	(812,359)	(635,814)
	—Non-current financial receivables	50,935	15,030
	—of which with related parties	43,252	14,868
	—Non-current share of rights to receivables arising from concessions	135,419	138,084
N	Non-current financial receivables	186,354	153,114
O	Total financial debt (M+N)	(626,005)	(482,701)

Total financial debt takes into account not only the net financial debt (letter M in the table) calculated in accordance with the CCSR Recommendation of 10/02/2005, but also non-current financial receivables from associates set up for project financing activities and rights to receivables arising from concessions.

It should likewise be pointed out that the Parent has treasury shares in its portfolio totalling Euro 3,019 thousand which determine a net financial debt, illustrated in the directors' report, for an amount totalling Euro 622,986 thousand. It is likewise pointed out that the net financial debt, also in comparative terms, does not contain the amount of the derivatives used in hedging activities since by their very nature they do not represent financial amounts.

27 Other liabilities

Other Non-current liabilities: Euro 13,721 thousand (Euro 13,716 thousand)

Other non-current liabilities, totalling Euro 13,721 thousand, did not show any particular changes compared to the previous year and mainly regard payables to Simest S.p.A. for the acquisition of the non-controlling interests of the subsidiary Inversiones Assimco Limitada.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27 Other liabilities (Continued)

Other Current liabilities: Euro 164,527 thousand (Euro 125,547 thousand)

Other current liabilities totalled Euro 164,527 thousand and consist of the following:

	31/12/12	31/12/11	Change
—Payables to associates	1,386	362	1,024
—Payables to other entities	33	33	0
—Payables to personnel	18,533	19,921	(1,388)
—Payables to social security bodies	10,766	8,631	2,135
—Accrued expenses and deferred income	3,815	2,582	1,233
—Other	129,994	94,018	35,976
Total	164,527	125,547	38,980

This item increased compared to the previous year, basically in relation to the item “Other”, in particular for the domestic area. The increase is mainly due (Euro 13,330 thousand) to the payables to the bankruptcy receivers of “Busi Impianti” for the acquisition of the business unit, with more details being shown in the section “Business combinations” in the premises of these Notes.

With reference to the composition of item “Other”, this mainly shows the effects of the consolidation of the various operating entities of the Group with reference to the amount of the existing relations with various jointly controlled entities (approximately Euro 80,000 thousand), both in the domestic and the foreign sector.

In any case, more details on the relations with the Group companies are shown in the annex on related parties. It should likewise be pointed out that payables to associates, for share capital to be paid in and not yet called up by the individual boards of directors, have been reclassified, as in the previous year, as a direct reduction of the respective carrying amounts of the investments.

28 Employee benefits: Euro 8,760 thousand (Euro 7,926 thousand)

This item concerns post-employment benefits and the changes were as follows:

	Amount at 31/12/2011	Increases	Area change	Decreases	Amount at 31/12/12
—Post-employment benefits	7,926	1,577	989	(1,732)	8,760

The liabilities recognised in the financial statements are as follows:

	31/12/12	31/12/11	Change
Current amount of the obligation	9,367	7,650	1,717
Non-recognised actuarial Loss/(gain)	(607)	276	(883)
Liabilities recorded in the Financial Statements	8,760	7,926	834

	Actuarial amount of the obligation
—Opening balance	7,926
—Costs for supply of services	1,300
—Cost for interest	268
—Non-recognised actuarial Loss/(gain)	9
—Benefits Paid	(1,732)
—Change in consolidation scope	989
Closing balance	8,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28 Employee benefits: Euro 8,760 thousand (Euro 7,926 thousand) (Continued)

The cost for liabilities is as follows:

	31/12/12	31/12/11	Change
—Social security costs for current employment	1,300	300	1,000
—Net interest payable (receivable)	268	458	(190)
—Net actuarial Loss (gain)	9	1	8
Total	1,577	759	818

For further clarification of such amounts, the main actuarial assumptions are as follows:

- Annual discounting rate: 2.40%
- Annual inflation rate: 2%
- Annual rate of wage increase:
 - Top management 2.50%;
 - Middle management/White collars/Workers: 1%.

It is pointed out that for the year 2012, for compliance with IAS 19 on the identification of the discount rate used in actuarial valuations, the current rate for trends on the listed bond issues by private companies, being the main reference point for IAS 19 for the calculation of the discount rate; this basket corresponds to the simple average yield at the date of actuarial valuation of bonds denominated in Euro (or other currencies involved in the plan) with issuer rating of at least A (Standard & Poor) or Aa1 (Moody), i.e. with rating levels respecting the definition of “high quality” required by IAS 19, also ensures the sufficient broadness of this basket, taking into account the specific aims for the use of the rate set by the standard.

The change of the parameter used derives from the recognition of the gradual worsening of average ratings of bond issuers, involving a general reduction in size of the high rating bond market, both for public issuers (sovereign debt, public institutions etc.) and for companies.

However, the use of a basket of securities with AA rating for identifying the discount rate would have involved a wholly insignificant effect, with a reduction in the profit for 2012 of approximately Euro 37.7 thousand; actuarial gains and losses not recognised in the accounts due to the effect of the application of the corridor method, on the other hand, would have involved a decrease of Euro 17.5 thousand.

29 Trade payables: Euro 1,128,798 thousand (Euro 1,118,769 thousand)

This item has the following composition:

	31/12/12	31/12/11	Change
—Payables to suppliers	985,346	1,001,328	(15,982)
—Payables to associates	142,242	116,208	26,034
—Payables to parents	0	2	(2)
—Payables to other investees	1,210	1,231	(21)
Total	1,128,798	1,118,769	10,029

The slight increase of this item by Euro 10,029 thousand (1% compared to the previous year), reflects the significant improvement of the trade payables situation, in particular towards suppliers, compared to previous years, above all considering the increase recorded in production volumes.

In particular payables to suppliers have fallen by Euro 15,981 thousand. The item comprises a significant increase (approximately Euro 91,000 thousand), due to work in progress in Russia, and in the North American market, in relation to the recent acquisition of the subsidiary T.E.Q. in Canada, and finally in Peru. We should point out a slowdown in the growth rate of the payables item in Italy, Romania, Turkey and other minor areas, for an amount totalling approximately Euro 107,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Tax liabilities: Euro 93,387 thousand (Euro 73,142 thousand)

Tax liabilities increased by Euro 20,245 thousand compared to the previous year and consist of the following:

	31/12/12	31/12/11	Change
—Payables for indirect taxation	37,414	34,161	3,253
—Payables for direct taxation	50,773	33,445	17,328
—Tax liabilities for tax withholding applied	5,200	5,536	(336)
Total	93,387	73,142	20,245

The increase of this item is due in particular to the item “Payables for direct taxation” and is related to the higher production volumes for contract work in progress in Poland, Russia, and Turkey.

31 Provisions for risks and charges: Euro 28,578 thousand (Euro 29,159 thousand)

Provisions for risks and charges consist of the following:

	Provisions for contract obligations	Provisions for investment risks	Provision for potential losses	Provision as per Art. 27 of Company by- laws	Total
Balance at 31/12/2011	24,113	2,555	1,100	1,391	29,159
Accruals	5,354	0	1,200	0	6,554
Uses	(7,665)	0	(600)	(528)	(8,793)
Allocation of 2011 profit	0	0	0	939	939
Other	666	53	0	0	719
Balance at 31/12/2012	22,468	2,608	1,700	1,802	28,578

- 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 investment risks reflect the deficit, attributable to the owners of the parent, compared to the carrying amount of investments and, in particular, also include the changes of the profits or losses of companies measured at equity with negative carrying amount;
- The provision for legal commitments includes the accrual of charges measured through a precise analysis of each individual 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 in accordance with specific resolutions.

The Group is a party to penal and tax legal proceedings and lawsuits connected with the regular company activities. Based on information currently available, and taking account of existing provisions for risks, it is deemed that these proceedings and legal actions will not have any negative impact on the consolidated financial statements since the possibility of loss of the proceedings is deemed to be remote.

On 17 October 2011, Major Taxpayers’ Office of the Lazio Regional Directorate sent a Notice of Assessment for items pertaining to the financial year 2006 in the Preliminary Assessment Report served on 3 June 2010, following the general VAT, IRES and IRAP audit, started with access on 23 December 2009, concerning the financial year 2007, with the extension to the financial year 2006 as regards certain cases.

On the whole, the office found and challenged 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 2006 to 2007); the claimed tax relevance of the higher value of the amounts liquidated through the progress reports on long-term contracts compared to the assessment of the works in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Provisions for risks and charges: Euro 28,578 thousand (Euro 29,159 thousand) (Continued)

progress carried out according to the cost to cost methodology, as required by IAS 11 (year 2007); in addition to other observations of minor relevance. The total amount of the higher taxes (IRES and IRAP) notified is approximately Euro 20 million, in addition to penalties and interest.

For the year 2006, the Office, confirming the Company's correct behaviour for the calculation of credit for tax paid abroad, previously certified for the years 2004 and 2005, only reported minor violations in the afore-mentioned Notice. In this respect, it should be pointed out that the assessment was concluded in February 2012 with the agreement to pay Euro 683 thousand including higher tax, penalties and interest.

With regard to the claims for tax liability for the year 2007, it is pointed out that in October 2012 the Tax Authorities notified an assessment by which, besides again confirming the work by the Company in the calculation of tax credits for taxes paid abroad, consolidating what had already been formulated for the years 2004, 2005 and 2006, they have decided not to demand the tax liability for the higher value of the amounts paid with respect to the valuation of contract work in progress on long-term contracts with the cost to cost method (in line with the recent Circular 7/E of 28 February 2011), making demands only for some minor aspects. The Company responded to the assessment for the year 2007 by paying the requested amount of Euro 56,000.00 (inclusive of penalties and interest). After the definition of the year 2007, due to the effect of the recalculation of the domestic tax and foreign tax surplus to be shown in the subsequent years, calculated in accordance with Art. 165 of the Consolidated Tax Act, the Tax Authorities, after targeted access carried out in November 2012, issued a Preliminary Assessment Report by which they only recalculated the tax credit for taxes paid abroad for the year 2008.

The Company availed itself of the option of full acquiescence to the Preliminary Assessment Report, pursuant to Art. 5-bis of Legislative Decree 218/1997, making a payment of Euro 3,344 thousand inclusive of penalties and interest.

After the conclusion of the aforesaid procedures and to complete the information, it should be pointed out that as of now Parent has defined all the issues arising in the above-mentioned acts for the years from 2004 to 2008.

It is likewise pointed out that on 3 November 2010, the Group company COMERI S.p.A. received a Preliminary Assessment Report from the Italian Tax Police, Rome Unit, following a general check made for the purposes of direct and indirect taxation.

In the year 2012 there were no further developments, thus confirming what was already stated in this regard with reference to the Financial Statements for the previous year 2011.

For complete information, we can recall that the above-mentioned Preliminary Assessment Report contains an objection concerning taxation of the agreement signed between the Company and ANAS S.p.A. on 3 May 2010, regarding the definition of the technical reserves included in the construction site accounts up to 31.12.2008, some of which were erroneously considered by the Tax Police to be higher fees rather than penalties for compensation of damage, and thus fully subject to 20% VAT.

In relation to this matter, it was shown that the company COMERI S.p.A. had previously registered the out-of-court settlement in question with the Tax Authorities on 15 June 2010; on this occasion the authorities requested and accepted the payment of the proportional registration tax on the aforesaid reserves, thus conclusively confirming the tax treatment for these amounts for the purposes of indirect taxation, considering them to be compensatory and thus excluded from VAT taxation.

On the basis of the aforesaid, and through the presentation of detailed observations on the circumstances involved, the company COMERI S.p.A. presented an application to the Tax Authorities on 30.12.2010 requesting them not to proceed in this respect with the issue of a notice of assessment on the Preliminary Assessment Report issued by the Tax Police, since otherwise this would give rise to double taxation of an individual taxable item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Provisions for risks and charges: Euro 28,578 thousand (Euro 29,159 thousand) (Continued)

Up to now there has been no response to this application, while the Tax Authorities have not issued any notice of assessment. Therefore, also with the support of the consultants, the risk of assessment is considered remote.

To complete the information provided regarding provisions for risks and charges, there follows a summary of the provisions recognised in the financial statements with indication of their nature and specific category.

		31/12/12	31/12/11	note
Allowances to directly decrease				
assets	—	51,702	32,220	
—Allowance for impairment losses on investments	Investments	8	8	17
—Allowance for impairment losses on contracts	Receivables from customers	12,374	12,348	21
—Allowance for impairment	Trade receivables	11,281	11,035	22
—Allowance for impairment—default interest	Trade receivables	23,443	4,759	22
—Allowance for impairment losses on other assets	Other current assets	4,398	3,872	19
—Allowance for impairment—default interest to tax authorities	Tax assets	198	198	23
Provisions recognised under liabilities	—	36,180	38,794	31
—Provisions for risks and charges of which:				
b) For investment risks	provisions for risks and charges (investments)	2,608	2,555	31
c) For contract losses	provisions for risks and charges	21,305	24,113	31
d) For contract losses	payments on account	7,602	9,635	
e) Other provisions for risks and charges	provisions for risks and charges	4,665	2,491	31
Total provisions/allowances		87,882	71,014	

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 business activities, it funds itself with external sources of financing in Euro and foreign currencies.

The Astaldi Group is therefore exposed to the following financial risks:

- *Market risk*: exposure of the Group to fluctuations in interest rates and exchange rates between the Euro and the other currencies in which it operates;
- *Liquidity risk*: the possibility that the Astaldi Group might not be able to meet its financial commitments deriving from contracts and, more generally, from its short-term financial commitments;
- *Credit risk*: exposure of the Group to potential loss deriving from the failure to fulfil commitments undertaken by counterparties.

The various types of risk are monitored in such a way as to evaluate in advance their potential negative effects, and take suitable mitigating actions. The optimisation and reduction of risk levels is pursued by an adequate organisational structure, the adopting of rules and procedures, the implementation of targeted commercial and purchasing policies, and the use of insurance policies and hedging derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

In order to maintain corporate value, the Astaldi 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.

With respect to these policies, the Astaldi Group mainly uses cash flow hedging to cover exposure to fluctuations in cash flows especially due to risks identified and associated with assets or liabilities, or for a planned transaction highly likely to have an effect on the income statement.

There follows the hedging derivatives transactions at 31 December 2012, with a distinction between hedge accounting, representing most of the Astaldi Group's transactions, and non-hedge accounting transactions shown for each type of financial instrument with fair value, notional value and the changes in the respective reserves and the income statement. For transactions in currencies other than the Euro, the corresponding amounts are calculated at the exchange rate at the end of the year. The measurement of these instruments is conducted on the basis of specific pricing models and market data recorded at the end of the financial year.

All the derivatives transactions at 31 December 2012 are in compliance with the so-called level 2 of fair value¹. In this respect, it should be pointed out that compared to the previous year, there have not been any changes in the measurement model.

Interest rate risk

Group exposure to the risk of changes in interest rates is mainly related to floating interest financial debt; changes in interest rates affect the market value of financial assets and liabilities of the company and the level of net financial charges.

The Astaldi Group, also taking into account contract obligations, duly assesses exposure to the risk of changes in interest rates and manages these risks by the use of non-speculative derivatives, in order to pursue a Cash Flow Hedge strategy. The Group's hedging policy, governed by a specific interest rate risk management policy, involved the definition of an ideal mix between fixed rate and floating rate borrowing (mainly Euribor) in the borrowing structure in order to reduce borrowing costs and their volatility; the Group therefore carries out hedging transactions through simple derivatives ("plain vanilla"), on a cash flow hedge basis, in order to convert the floating rate into a fixed rate (Interest Rate Swap²), or to allow a limited interest rate fluctuation within a predefined range (Collar³), and in any event guaranteeing a maximum risk exposure level (Cap). These instruments are generally at zero cost.

At 31 December 2012, the notional value of derivatives hedging on the interest rate risk totalled Euro 732 million of which 206 million on a forward basis, mainly to hedge the Forward Start Facility, totalling Euro 325 million, agreed in December 2011, and due to come into force in April 2013, upon the expiry and to replace the current credit line for the same amount. The percentage of fixed rate hedging of gross debt, net of the aforesaid FSF hedging, is approximately 45%.

¹ Pursuant to IFRS 7, Astaldi Group must classify fair value measurements with the classification of fair value reflecting the significance of the data used in measurement, with the following levels:

- Level 1: listed prices (non-adjusted in an active market for identical financial instruments)
- Level 2: input data other than quoted prices observable for the assets or the liabilities, either directly (as prices) or indirectly (derived from prices)
- Level 3: data for assets or liabilities not based on observable market data.

² An Interest Rate Swap contract is an agreement by which the two parties periodically exchange payment flows based on a given notional capital, for a given period of time. The contract does not involve the exchange of capital, and the interest is paid subsequently. The reference capital for calculating the interest may remain constant for the duration of the contract, or vary (amortising swap).

³ An Interest Rate Collar contract consists of the purchase/sale of a Cap option and the simultaneous sale/purchase of a Floor option, with different strikes of the two options. The contract allows for the limitation of fluctuation risk of the market reference rate on a specific band (or corridor), between a maximum rate level (cap) and a minimum level (floor). This insurance has a purchase cost equal to the difference between the premium collected from the sale of the Floor and the one paid for the purchase of the Cap.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

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 Hedge

<u>Euro/000</u> <u>Type of</u> <u>derivative</u>	<u>Hedged item</u>	<u>Notional</u> <u>remainder</u> <u>31.12.2012</u>	<u>Fair Value 2012</u>	<u>Fair Value 2011</u>
IRS	Medium/long-term debt	674,222	(34,391)	(22,329)
OPTIONS	Medium/long-term debt	52,500	(727)	(1,007)
Total		<u>726,722</u>	<u>(35,118)</u>	<u>(23,335)</u>

With reference to the aforesaid Hedge Accounting, the change in amounts had an impact above all on equity attributable to owners of the parent, leading to a final amount of the hedging reserve of Euro 34.5 million, together with the related effect for deferred tax of Euro 9.1 million.

There follows the changes of the hedging reserve in 2012:

Changes in hedging reserve

<u>Hedging reserve—interest rate risk</u>	<u>31/12/12</u>	<u>31/12/11</u>
Opening reserve	(23,098)	(21,634)
Impact on hedging reserve net of release to income statement	(11,409)	(1,464)
Final reserve	(34,507)	(23,098)
Ineffectiveness	(283)	(378)

It is noted that the figure for ineffectiveness also includes the time value of hedges performed via options for which hedge accounting is applied.

With regard to transactions for which hedge accounting has not been applied, the changes in the amount of these financial instruments were recognised directly in the income statement.

Non-Hedge Accounting

<u>Euro/000</u> <u>Type of</u> <u>derivative</u>	<u>Hedged item</u>	<u>Notional</u> <u>Remainder</u> <u>31.12.2012</u>	<u>Fair</u> <u>Value</u> <u>2012</u>	<u>Fair</u> <u>Value</u> <u>2011</u>
IRS	Medium/long-term debt	5,400	(484)	(557)
OPTIONS	Medium/long-term debt	0	0	(6)
Total		<u>5,400</u>	<u>(484)</u>	<u>(563)</u>

Sensitivity analysis

The potential effects of a hypothetical increase or decrease in interest rates on the Group's Income Statement and Statement of financial position are shown hereunder in terms of higher or lower interest expense payable over the entire remaining duration of floating rate financial payables.

The analysis was carried out based on market curves at 31/12/2012 and considers a parallel rate shock by 1% upwards (shock up) and 0.30% downwards (shock down) on interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

Sensitivity analysis

Euro/000 Interest rate risk— sensitivity analysis	Income statement		Equity	
	Shock up 31-Dec-12	Shock down 31-Dec-12	Shock up 31-Dec-12	Shock down 31-Dec-12
Financial liabilities				
—cash flow	(12,439)	3,732	0	0
Derivative hedging instruments				
—cash flow	3,791	(777)	0	0
Total	(8,648)	2,955	0	0
—fair value	200	(111)	17,545	(4,567)

With reference to 31/12/2012 the analysis shows how, considering a hypothetical 1% increase in interest rates, as a consequence of hedging through derivatives (approximately Euro 3.8 million), financial charges would increase by Euro 8.6 million; in this hypothetical scenario the fair value of hedging recognised in the income statement, compared to the effective amount recorded at 31/12/2012, would show an increase of Euro 0.2 million, while the equity reserve would show a negative effect of approximately Euro 17.5 million.

Similarly, as shown in the table, a shock down of 0.30% in interest rates would lead to a decrease in financial charges of approximately 3 million Euro.

Currency risk

With reference to the currency risk, the Astaldi Group performs cash flow hedges for specific foreign orders, in order to mitigate the effect of exchange rate fluctuations on the related costs or revenue in terms of foreign currency.

The Group policy is aimed at hedging a percentage of exposure to currency risk, depending on the characteristics of the business and the particular volatility of certain currencies, for the entire duration of the works regarding specific contracts, and when this is not possible, for a period of 12 months.

Also in this case hedging is performed by the use of forward plain vanilla derivatives⁴, cost zero cylinders⁵ and cross currency interest rate swaps⁶.

In those cases where, in connection with specific foreign currencies especially those of emerging countries, financial markets do not allow for mitigation of the currency risk through derivatives, the Astaldi Group tends to protect the imbalance between trade receivables and payables in local currency through financial debt in the same currency (the so-called “natural hedge”).

At 31 December 2012 the notional value of existing currency risk hedges amounted to a total counter-value of Euro 54 million.

Euro/000 Description	Notional	Fair Value	Income statement	Hedging Reserve
Purchase Euro/PLN	16,200	(219)	(241)	22
Purchase Euro/USD	37,896	(10)	(10)	0
Total	54,096	(229)	(251)	22

⁴ Forward rate agreements are term contracts in which two parties agree on the exchange rate to apply to a certain amount for a certain period of future time. The rate is established so that when the contract is signed neither of the parties show a gain or loss. This initial value is equal to the Forward market rate for the corresponding period.

⁵ This is a transaction for two derivatives contracts, and there are no initial costs for the investor.

⁶ The cross currency swap (CCS) is a contract by which two parties agree to mutually exchange an initial capital, periodical interest flows and a final capital, expressed in two different currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

A breakdown of the changes in the hedging reserve during 2012 due to hedges on exchange rates is shown below:

Euro/000 Hedging reserve—currency risk	31/12/12	31/12/11
Opening reserve	1,130	0
Impact on hedging reserve net of release to income statement	(1,108)	1,130
Closing reserve	22	1,130
Ineffectiveness	(10)	(116)

Liquidity risk

The main factors determining the Group's liquidity risk are, on one hand, the financial resources generated by or used in Group operating and investing activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.

The Astaldi Group aims to maintain a sufficient cash margin to allow for coverage of financial requirements with the availability of committed and uncommitted credit lines.

Cash flows, the need for financing and the liquidity held by Group 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 following table shows the timeframe of the Group's financial liabilities:

LIQUIDITY RISK

Euro/000 Analysis of maturities at 31 December 2011	Use	On sight	2013	2014	2015	2016	2017	Beyond
Short-term borrowings	(464,526)	366,149	27,283	0	0	0	0	0
Medium/long-term borrowings	(779,370)	0	128,509	150,234	113,742	343,083	35,318	79,577
Total	(1,243,895)	366,149	155,792	150,234	113,742	343,083	35,318	79,577
Derivatives								
—derivatives on interest rate risk		0	10,439	9,370	7,197	4,360	2,324	4,534
—derivatives on currency risk		0	228	0	0	0	0	0
Total			10,667	9,370	7,197	4,360	2,324	4,534
EXPOSURE AT 31.12.2012		366,149	166,459	159,604	120,939	347,443	37,643	84,111

euro/000

Note: The figures for floating rate financial liabilities shown in the table coincide with the nominal value of these liabilities, net of reclassification for measurement of borrowings at amortised cost and at fair value of interest rate derivatives.

The Astaldi Group has 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 towards centralised management of collection and payment flows (cash management systems) where deemed advantageous in compliance with the various civil, currency and tax laws

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

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 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 credit risk represents the exposure of the Group to potential default risks of a counterpart.

The Group's credit risk is limited by the solvency characteristics of the customers served. The portfolio of credit items maturing is constantly monitored by the appropriate departments.

The type of Group customers is basically government and public bodies, by their very nature solvent.

Therefore, the credit risk, represented by the possible default of customers, is considered to have slight significance, also considering the insurance coverage that can be set up by policies with insurance companies.

We should likewise point out that for some countries, collection times may go beyond the usual terms. At 31 December 2012 the percentage of overdue trade receivables was 26% of which 17% for those overdue by over 12 months. However, the analysis of credit risk exposure according to maturity is not very significant, since the receivables are measured in relation to the other items of working capital and in particular the payables to subcontractors and suppliers typical in the sector, the due dates of which, in the management of operational leverage, tend to be aligned to the collection time by customers (back to back).

GUARANTEES AND SURETIES

Personal guarantees

The overall amount of the guarantees provided is Euro 2,619,987 thousand and refers to the following items:

- Sureties for opening credit lines with the purpose of ensuring the regular cash flow of the individual contracts, issued in the interest of subsidiaries and other investees, set up for this purpose under the laws in force, for a total amount of Euro 122,314 thousand;
- Sureties for works, issued for various purposes by banks and insurance companies in the interest of the Group, in favour of the bodies contracting the works, on the Group's own account and that of other subsidiaries, associates and other investees, for a total amount of Euro 2,449,906 thousand;
- Other sureties issued for various purposes for a total amount of Euro 47,767 thousand.

Third party sureties in favour of the Group

The item amounting to Euro 270,377 thousand regards guarantees issued by banks and insurance companies in the interest of Italian and foreign suppliers and sub-contractors, in relation to contract obligations undertaken by the latter with the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 Information on transactions with related parties and fees payable to Directors, Statutory Auditors, General Managers and other key management personnel

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Annex 2 to these Notes shows the totals of existing transactions and balances resulting from financial and commercial relations with related parties. 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—recognised among Trade Receivables (note 22)—not summarised in the annex regarding transactions with related parties.

Information regarding fees due to Directors, Statutory Auditors, General Managers and other key management personnel of the Parent is shown in the table below in accordance with the provisions of the remuneration report as per Art. 123-ter of the Consolidated Finance Act.

Euro/000 Category	Fixed fees	Fees for committee meetings	Variable non- equity fees (bonuses and other incentives)	Non- monetary benefits	Other fees	Total	Fair value of equity benefits
Directors	4,155	26	143	46	17	4,388	464
Statutory Auditors	120	0	0	0	0	120	0
General managers	1,205	0	313	30	17	1,566	529
Key management personnel . . .	1,747	0	585	32	18	2,382	0

34 Segment reporting

The operating segments subject to segment disclosure were determined in accordance with 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 segment reporting as per IFRS 8.

Segment reporting 2012								
Euro/000	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
Revenue								
Revenue	1,212,108	865,942	356,940	179,058	64,420	10,151	(363,320)	2,325,299
Operating profit (loss) . . .	103,018	52,384	28,573	62,685	(21,900)	(12,725)	(222)	211,813
Net financial charges . . .								(85,131)
Share of profit (loss) of equity-accounted investees								3,146
Profit/(loss) before tax and non-controlling interests								129,829
Tax expense								(55,879)
Profit for the year								74,126
Assets or liabilities								
Segment assets	2,073,650	1,383,816	1,050,817	301,371	88,987	1,390,123	(2,540,273)	3,748,491
of which investments . . .						889,539	(632,098)	257,441
Segment liabilities	(1,558,783)	(1,355,306)	(945,380)	(263,945)	(111,132)	(1,035,178)	2,075,788	(3,193,936)
Other segment reporting								
Property, plant and equipment	9,482	53,826	72,666	16,479	10,517	58,752	(628)	221,094
Intangible assets	14,717	80,415	11	—	101	9,168	3,111	107,523
Depreciation of property, plant and equipment . .	2,431	9,901	12,519	5,187	2,902	8,205	325	41,470
Provisions	—	—	—	—	—	1,427	—	1,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34 Segment reporting (Continued)

Euro/000	Segment reporting 2011						Adjustments and eliminations	Consolidated total
	Italy	Europe	America	Africa	Asia	Other assets		
Revenue								
Revenue	1,486,936	769,640	315,277	162,161	36,944	(38)	(505,636)	2,265,284
Operating profit (loss)	147,278	6,293	47,886	38,245	(31,003)	(10,451)	2,443	200,691
Net financial charges								(75,672)
Share of profit (loss) of equity-accounted investees								401
Profit/(loss) before tax and non-controlling interests .								125,420
Tax expense								(53,496)
Profit for the year								71,195
Assets or liabilities								
Segment assets	1,895,821	1,028,932	1,037,773	362,739	84,161	1,229,180	(2,201,037)	3,437,569
of which investments						582,020	(386,055)	195,964
Segment liabilities	(1,594,894)	(1,025,664)	(918,626)	(347,550)	(149,529)	(923,751)	1,992,723	(2,967,291)
Other segment reporting								
Property, plant and equipment	8,605	43,122	44,603	15,182	19,547	61,690	(470)	192,278
Intangible assets	7,598	36,060	8	—	69	397	—	44,132
Depreciation of property, plant and equipment . . .	2,936	9,165	12,214	6,715	4,071	9,536	(364)	44,273
Provisions	—	—	—	—	—	7,960	—	7,960

35 Other information

Non-recurring significant events and transactions

The Astaldi Group's financial position and results of operations were not affected in the year 2012 by non-recurring significant events and transactions as defined in CONSOB Communication no. DEM/6064293.

Positions or transactions deriving from atypical or unusual transactions

In 2012 the Astaldi Group did not undertake any atypical or unusual transactions as defined in CONSOB Communication no. DEM/6064293.

Authorisation of publication

The publication of the Financial Statements was authorised by the Board of Directors of the Parent on 13 March 2013.

At that meeting the Board likewise submitted for the approval by the Shareholders at their Meeting on 23 April the proposed payment of a dividend of 0.17 Euro per share (ex-dividend date on 3 June 2013, record date 5 June 2013, settlement on 6 June 2013).

Events after the reporting period

There follows information on the events after the reporting period. In January, the Parent concluded a borrowing transaction with an equity-linked bond issue ("Euro 130,000,000 4.50% Equity-Linked Bonds due 2019"), placed with qualified Italian and foreign investors. This transaction, highly successful on the market, involved the issue of the securities and payment of the subscription price. The bonds, with a unit value totalling Euro 100,000, were issued for a total amount of Euro 130,000,000, have a duration of 6 years (expiry 31 January 2019) with half-year coupon with a fixed annual rate of 4.50%, payable on 31 January and 31 July of each year. The bonds may be converted into ordinary shares of the Parent, existing or newly issued, after one year has elapsed from the issue and subordinate to approval by the Parent's shareholders at their extraordinary meeting, to be held by 30 June 2013, of an increase in capital without option rights. The conversion price of the bonds has been set at Euro 7.3996,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 Other information (Continued)

incorporating a conversion premium of 35% with respect to weighted average price for the volume of Astaldi shares traded on the Italian stock exchange in the time from the launching of the transaction and the pricing of Euro 5.4812. The Parent will be able to settle any conversion by cash payment or by a combination of ordinary shares and cash (cash settlement option). The bonds will be traded on the Luxembourg Stock Exchange and on the Euro MTF non-regulated market.

In February, Astaldi Group was awarded the contract for the modernisation and extension of the John Paul II International Airport of Kraków-Balice in Poland, with a value of Euro 72 million. The project involves the extension and the rebuilding of the international passenger terminal, the construction of external plant and links with the multi-storey car park and the railway station, as well as the construction and modernisation of the internal transport system. The new facility will cover an area of 26,000 m², with a volume of 424,000 m³ and, at the end of the works, the airport will serve 8,000,000 passengers per year, guaranteeing a “C” class service level by IATA standards. The works will be undertaken in operational phases, in order to allow the regular operation of the existing terminal that will be incorporated from the architectural and plant aspects in the new building. The planned duration of the works is 2 years, with start-up from next spring. The entity commissioning the works is Międzynarodowy Port Lotniczy im. Jana Pawła II Kraków-Balice Sp. z o.o., the Company with a public stake for the development and the management of the entire facility.

From the operational point of view, in the first part of 2013, two important milestones have been achieved in Italy. In February, the operational section Zara-Bignami of the Milan Underground Line 5 was inaugurated, with the start of the management phase by the concessionaire company Metro 5 S.p.A., an investee of the Astaldi Group. In March, the Brescia Underground was also opened to the public.

Abroad, in February the Venezuelan government decided to devalue the *bolívar fuerte*. For some time, the country has serious economic and socio-political difficulties, further exacerbated by the illness of President Hugo Chávez, who died in March 2013. The February 2013 devaluation, an event widely forecast by the Astaldi Group and the main analysts on the Venezuelan market, is a “competitive” devaluation aimed at relaunching the local economy. This devaluation has led to a fall in the VEF/USD exchange rate from 4.3 to the current 6.3.

All of this will have a negative impact on the country with regard to inflation, which was already serious due to the parallel (unofficial) exchange rate.

With regard to Astaldi Group, the devaluation is not an unexpected event, taking into account that in approximately 40 years of operations in the area, the Group has already witnessed a dozen similar operations (“competitive devaluations”). The resulting experience and the in-depth knowledge of the situation have thus enabled us to develop a local business model that has also taken into account these phenomena in accounting of profit margins, and has led us to focus the resources in the area solely on infrastructure projects that are priorities for the country (construction of railways within strategic projects, also developed under bilateral government agreements between Italy and Venezuela). Therefore, the Group plans to further limit activities in Venezuela from the early months of 2013, partly compensated by the opening up of new countries (Chile and Peru) with the consequent streamlining of the overall risk profile in the Latin America area.

With regard to the financial effects deriving from the recent devaluation, it should be pointed out that while the projects in Venezuela have been acquired by an Italian consortium in which Astaldi holds 33.3%, the operating performance and financial effects have been spread by the attribution to each shareholder of separate sections of railway.

The economic valuation of projects pertaining to the Astaldi Group, which as mentioned uses the cost to cost method (normalisation of contract margins), has always taken into account the risk coefficients and the operating and financial procedures likely to mitigate as far as possible any effects of devaluation. This aspect is further supported by the hedging of assets in local currency with similar debit positions, as well as the fact that a significant part of the contract amounts is denominated and paid in euro (approximately 50%) and that the overall margin is in euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 Other information (Continued)

Fees payable to the auditing firm KPMG and their network pursuant to Art. 149-duodecies of the Issuers Regulation

There follow the fees payable in the year 2012 to KPMG on the basis of their auditing engagement for the financial years 2011-2019, assigned by a shareholders' resolution made at their meeting of 18 April 2011:

Euro/000 Type	Amount
Auditing services of which:	1,032
—For the Parent Astaldi S.p.A.	512
—For subsidiaries	521
Other services^(*)	208
Total fees^(**)	1,240
(*) Of which to the Parent Astaldi S.p.A.	512
(**) Including expenses of CONSOB membership (for legally-required auditing services) and expenses	63

Stefano Cerri
Chief executive officer
(signed on the original)

Paolo Citterio
Manager in charge of financial reporting
(signed on the original)

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex 1—Astaldi Group's companies at 31 December 2012

A) Companies consolidated on a full basis

Company name	Registered Office	Share Capital Nominal Value	Operating Currency	% Interest	Dire
A.I.2 Società a responsabilità limitata	Via G.V. Bona, 65—Rome—Italy	EUR 100,000,000	EUR	71.75%	0.
AR.GI S.c.p.A.	Via G.V. Bona, 65—Rome—Italy	EUR 35,000,000	EUR	99.99%	99.
AS. M. S.c.r.l.	Via Raffaele Morghen, 36—Naples—Italy	EUR 10,000	EUR	75.91%	75.
Astaldi Algerie—E.u.r.l.	25 Cité Mohamed Hadj Ahmed Hydra wilaya d'Alger—Algiers—Algeria	DZD 50,000,000	DZD	100.00%	100.
Astaldi Arabia Ltd.	P.O. Box 58139—Riyadh—Saudi Arabia	SAR 5,000,000	USD	100.00%	60.
Astaldi Bulgaria LTD	67 Tsanko Tserkovski Str., Entrance V, 4 floor— Sofia—Bulgaria	BGN 5,000	BGN	100.00%	100.
Astaldi Canada Inc	4001 Rue Saint-Antoine O Montréal- Québec- Canada	CAD 20,000	CAD	100.00%	100.
Astaldi Concessioni S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 83,000,000	EUR	100.00%	100.
Astaldi Construction Corporation	8220 State Road 85 Davie—Florida—U.S.A.	US\$ 66,005,000	USD	100.00%	100.
Astaldi de Venezuela C.A.	C.C. C.T. 1ra Etapa Piso 6 Of. 620—Caracas— Venezuela	VEB 110,300,000	EUR	99.80%	99.
Astaldi International Inc.	Bank of Liberia Building P.O. Box 660—Monrovia— Liberia	US\$ 3,000,000	EUR	100.00%	100.
Astaldi International Ltd.	34-36 Gray's Inn Road—London—United Kingdom	GBP 2,000,000	GBP	100.00%	100.
Astaldi-Astaldi International J.V.	R. Armando Tivane, 466—Matola Maputo— Mozambique	US\$ 10,000	EUR	100.00%	100.
Astaldi-Max Bogl-CCCF JV S.r.l.	Str.Carol Davilla n°70—Bucharest—Romania	EUR 10,000	EUR	66.00%	66.
ASTALROM S.A.	Varianta Nord, 1—Calarasi—Romania	RON 3,809,898	RON	99.61%	99.
Astur Construction and Trade A.S.	Aydinpinar Cad. Kucukmehmetler Koyu—Ankara— Turkey	TRY 3,000,000	EUR	99.98%	89.
Bielle Impianti S.c.a.r.l.	Viale Lincoln 84/A—Bologna—Italy	EUR 100,000	EUR	75.00%	0.
Bussentina S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 25,500	EUR	78.80%	78.
C.O.MES. In liquidation S.C.r.l.	Via G.V.Bona, 65—Rome—Italy	EUR 20,000	EUR	55.00%	55.
Cachapoal Inversiones Limitada	Avenida Apoquindo 3846, oficinas 1101 y 1102— Santiago—Chile	USD 63,712,990	USD	100.00%	0.
CO.ME.NA. S.c.r.l. in liquidation	Via Cappella Vecchia, 8—Naples—Italy	EUR 20,658	EUR	70.43%	70.
CO.MERI S.p.A.	Via G.V. Bona, 65—Rome—Italy	EUR 35,000,000	EUR	99.99%	99.
CO.VA. Società a Responsabilità Limitata (S.c.r.l.)	Via del Tappezziere, 4—Bologna—Italy	EUR 10,000	EUR	60.00%	0.
Consortio Rio Pallca	Avenida Camino Real 390, Torre Central Oficina 810, San Isidro—Lima—Peru	PEN 0	USD	60.00%	60.
Consortio Stabile Busi	Via del Tappezziere, 4—Bologna—Italy	EUR 100,000	EUR	95.00%	0.
Constructora Astaldi Cachapoal Limitada	Avenida El Condor 844, Oficina 401, Ciudad Empresarial, Huechuraba—Santiago—Chile	CLP 10,000,000	CLP	99.90%	99.
Euroast S.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 15,300	EUR	100.00%	100.
Forum S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 51,000	EUR	79.99%	79.
Garbi Linea 5 S.c.a.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 10,000	EUR	100.00%	100.

Company name	Registered Office	Share Capital Nominal Value	Operating Currency	% Interest	Dire
Groupement de Raccordement de la Station d'El Hamma (G.R.S.H.)	25 Rue Mohamed Hadj Ahmed Hydra—Algiers— Algeria	DZD 0	EUR	100.00%	72.
Infralegrea Progetto S.p.A.	Via privata D. Giustino, 3/A—Naples—Italy	EUR 500,000	EUR	51.00%	51.
Inversiones Assimco Limitada	Avenida Apoquindo 3846, oficinas 1101 y 1102— Santiago—Chile	USD 40,633,000	USD	100.00%	0.
Italstrade CCCF JV Romis S.r.l.	Piata Pache Protopopescu, 9—Bucharest— Romania	LEI 5,400,000,000	EUR	51.00%	51.
Italstrade IS S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 232,200	EUR	100.00%	100.
Messina Stadio S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR 45,900	EUR	100.00%	100.
Mondial Milas—Bodrum Havalimani Uluslararası Terminal Isletmeciligi Ve Yatirim A.S.	Kizkulesi Sokak, 38/4, Gaziosmanpasa, Cankaya— Ankara—Turkey	TRY 37,518,000	EUR	92.85%	0.
Mormanno S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 10,200	EUR	74.99%	74.
nBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve Ticaret L.S.	Inonu Caddesi Devres Han No.50 Kat.1 Gumussuyu Beyoglu—Istanbul—Turkey	TRY 200,000	TRY	100.00%	0.
nBI S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 1,000,000	EUR	100.00%	100.
Ospedale del Mare S.C.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 50,000	EUR	100.00%	100.
Partenopea Finanza di Progetto S.c.p.A.	Via della Metamorfofi s.n.c.—Naples—Italy	EUR 9,300,000	EUR	99.99%	99.
Portovesme S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR 25,500	EUR	99.98%	99.
Quattro Venti S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 51,000	EUR	60.00%	60.
Redo-Association Momentanée	Av. De la Justice, 1257—Kinshasa—Dem. Rep. of the Congo	ZRZ 50,000	EUR	100.00%	75.
Romairport S.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 500,000	EUR	99.26%	99.
Romstrade S.r.l.	Piata Pache Protopopescu, 9—Bucharest— Romania	LEI 10,000,000,000	EUR	51.00%	51.
S. Filippo S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 10,200	EUR	80.00%	80.
S.P.T.—Società Passante Torino S.C.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 50,000	EUR	74.00%	74.
Sartori Tecnologie Industriali S.r.l.	Via Bettolo, 17—Brindisi—Italy	EUR 1,000,000	EUR	100.00%	100.
Scuola Carabinieri S.C.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 50,000	EUR	61.40%	61.
Seac S.p.a.r.l. in liquidation	Avenue des Fleurs—Kinshasa/Gombe—Dem. Rep. of the Congo	ZRZ 200,000,000	EUR	100.00%	100.
SIRJO Società Consortile per Azioni	Via G.V. Bona, 65—Rome—Italy	EUR 30,000,000	EUR	60.00%	60.
Susa Dora Quattro S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 51,000	EUR	90.00%	90.
T.E.Q. Construction Enterprise Inc.	4001 Saint Antoine Quest—Montreal—Quebec— Canada	CAD 323	CAD	100.00%	0.
Tione 2008 Srl	Via del Tappezziere, 4—Bologna—Italy	EUR 100,000	EUR	76.00%	0.
Toledo S.c.r.l.	Via Morghen, 36—Naples—Italy	EUR 50,000	EUR	90.39%	90.
Valle Aconcagua S.A.	Calle Badajoz 130, Oficina 1501, Comuna La Condes, Santiago—Chile	CLP 5,000,000,000	CLP	55.00%	0.
3E System Srl	Via del Tappezziere, 4—Bologna—Italy	EUR 50,000	EUR	100.00%	0.

B) Companies consolidated on a proportionate basis

Company name	Registered office	Share capital nominal value	Functional currency	% Interest
Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim A.s.	Ilkbahar Mahallesi Turan Gunes Bulvari 15. Cad.No. 11 Yildiz Cankaya—Ankara—Turkey	TRY 15,000,000	TRY	51.00%
Astaldi—Ozkar JV	Al Masriq Building, office 45—4 floor Azaibah—Muscat— Sultanate of Oman	EUR 0	OMR	51.00%
Avrasya Metro Grubu Srl	Via S. Michele, 35—Agliana (PT)—Italy	EUR 10,000	EUR	42.00%
CO.SAT Società Consortile a responsabilità limitata	Via G.V. Bona, 65—Rome—Italy	EUR 10,000	EUR	50.00%
Cona Impianti Scrl	Viale Lincoln, 84/A—Bologna—Italy	EUR 10,000	EUR	50.00%
Consorcio Rio Mantaro	Calle Las Palmeras n. 326, Camacho, Distrito de la Molina—Lima—Peru	EUR 0	USD	50.00%
Consorcio Rio Urubamba	Av. Paseo de la Republica 4675, Surquillo—Lima—Peru	EUR 0	PEN	40.00%
IC Ictas-Astaldi Insaat A.S.	Konur Sokak n. 58/207, Kizilay—Ankara—Turkey	TRY 2,000,000	EUR	50.00%
ICA Astaldi-IC Ictas WHSD Insaat A.S.	Konur Sokak n. 58/208, Kizilay—Ankara—Turkey	TRY 2,000,000	EUR	50.00%
M.O.MES S.c.r.l.	Via G.V. Bona, 65—Rome—Italy	EUR 10,000	EUR	55.00%
Metro Blu S.c.r.l.	Via Adige, 19—Milano—Italy	EUR 10,000	EUR	50.00%
Metro Brescia S.r.l. (MB-S.r.l.)	Via Leonida Magnolini, 3—Brescia—Italy	EUR 500,000	EUR	50.00%
Veneta Sanitaria Finanza di Progetto S.p.A.— V.S.F.P. S.p.A.	Via Paccagnella, 11—Mestre (VE)—Italy	EUR 20,500,000	EUR	34.50%

C) Equity—accounted interest

Company name	Registered Office	Share Capital Nominal Value	Function Current
Adduttore Ponte Barca S.c.r.l. in liquidation	Via di Pietralata, 140—Rome—Italy	EUR 45,900	EUR
Autostrada Nogara Mare Adriatico Scpa	Via Flavio Gioia, 71 Verona—Italy	EUR 120,000	EUR
Avola S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR 10,200	EUR
Biomedica Srl	Via delle Violette, 12 Z.I.—Modugno (BA)—Italy	EUR 10,000	EUR
Blufi 1 S.c.r.l. In liquidation	Zona Industriale—Agrigento—Italy	EUR 25,823	EUR
C.F.M. S.c.r.l. in liquidation	Via privata D. Giustino, 3/A—Naples—Italy	EUR 40,800	EUR
Colli Albani S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 25,500	EUR
Consorcio Contuy Medio	Avida Andres Bello, Ed. Atlantic Piso 7, Of. 1-7—Venezuela	US\$ 40,000	VEF
Consorzio A.F.T. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 46,481	EUR
Consorzio A.F.T. Kramis	Via G.V. Bona, 65—Rome—Italy	EUR 100,000	EUR
Consorzio C.I.R.C. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR 51,000	EUR
Consorzio Consarno	Via Napoli, 329—Castellammare di Stabia (NA)—Italy	EUR 20,658	EUR
Consorzio Consavia S.c.n.c. in liquidation	Via F. Tovaglieri, 17—Rome—Italy	EUR 20,658	EUR
Consorzio Europeo Armamento Alta Velocità—C.E.A.A.V.	Via G.V. Bona, 65—Rome—Italy	EUR 206,583	EUR
Consorzio Ferrofir in liquidation	Via F.Tovaglieri, 17—Rome—Italy	EUR 30,987	EUR
Consorzio Gi.It. in liquidation	Via privata D. Giustino, 3/A—Naples—Italy	EUR 2,582	EUR
Consorzio Iricav Due	Via F. Tovaglieri, 413—Rome—Italy	EUR 510,000	EUR
Consorzio Iricav Uno	Via F. Tovaglieri, 17—Rome—Italy	EUR 520,000	EUR
Consorzio Ital.Co.Cer.	Via Giovanni da Procida, 36—Rome—Italy	EUR 51,600	EUR
Consorzio Italvenezia	Via Salaria, 1039—Rome—Italy	EUR 77,450	EUR
Consorzio Metrofer in liquidation	Via Salaria, 1033—Rome—Italy	EUR 25,823	EUR
Consorzio MM4 (CMM4)	Via dei Missaglia, 97—Milan—Italy	EUR 200,000	EUR
Consorzio Novocen in liquidation	Via Orazio, 143—Naples—Italy	EUR 51,640	EUR
Consorzio Pedelombarda 2	Via dei Missaglia, 97—Milan—Italy	EUR 10,000	EUR
Consorzio Ponte Stretto di Messina in liquidation	Via G.V.Bona, 65—Rome—Italy	EUR 100,000	EUR
Consorzio Qalat	Corso Carlo Marx, 19—Misterbianco (CT)—Italy	EUR 10,327	EUR
Copenhagen Metro Construction Group J.V. (COMET)	Refshaleoen, 147 P.O. Box 1920—Copenhagen—Denmark	DKK 0	DKK
Diga di Blufi S.c.r.l. in liquidation	Corso Vercelli, 9—Milan—Italy	EUR 45,900	EUR
Ecosarno S.c.r.l.	Viale Italia,1—Sesto S. Giovanni (MI)—Italy	EUR 50,490	EUR
Fosso Canna S.c.r.l. in liquidation	Corso Vercelli, 9—Milan—Italy	EUR 25,500	EUR
GEL—Grupo Empresas Italianas	C.C.C. Tamanaco 1ra Etapa, Piso 6, Oficina 620, Chuao—Caracas—Venezuela	VEB 2,000,100,000	VEF

Company name	Registered Office	Share Capital Nominal Value		Function Currency
Groupement Italgisas	Angle Boulevard de la Resistance et Rue de Puissesaux— Casablanca—Morocco	MAD	207,014,000	MAD
Infralegrea S.c.r.l. in liquidation	Via privata D. Giustino, 3/A—Naples—Italy	EUR	46,600	EUR
M.N. Metropolitana di Napoli S.p.A.	Via Galileo Ferraris, 101—Naples—Italy	EUR	3,655,397	EUR
Metro 5 S.p.A.	Via Adige, 19—Milan—Italy	EUR	50,000,000	EUR
METRO C S.c.p.a.	Via di Torre Spaccata, 172—Rome—Italy	EUR	150,000,000	EUR
Metrogenova S.c.r.l.	Via IV Novembre snc—Spianata Acquasola—16121 Genoa—Italy	EUR	25,500	EUR
Monte Vesuvio S.c.r.l. in liquidation	Via dei Missaglia, 97—Milan—Italy	EUR	45,900	EUR
Mose-Treporti S.c.r.l.	Via C. Battisti n°2—Venice—Mestre—Italy	EUR	10,000	EUR
N.P.F.—Nuovo Polo Fieristico S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	40,000	EUR
Nova Metro S.c.r.l. in liquidation	Via Montello, 10—Rome—Italy	EUR	40,800	EUR
Otoyol Yatirim Ve Isletme A.S.	Bugday Sokak n. 9, Kavaklidere, Cankaya—Ankara—Turkey	TRY	250,000,000	TRY
Pacific Hydro Chacayes	9th floor, Isidora Goyenechea Avenue, Santiago—Chile—	USD	138,466,579	USD
Pedelombarda S.c.p.A.	Via dei Missaglia, 97—Milan—Italy	EUR	80,000,000	EUR
Pegaso S.c.r.l.	Via F. Tovaglieri, 17—Rome—Italy	EUR	260,000	EUR
Piana di Licata S.c.r.l. in liquidation	Via Adige, 19—Milan—Italy	EUR	10,200	EUR
Pont Ventoux S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	51,000	EUR
Principe Amedeo S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	10,200	EUR
S. Leonardo S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	10,200	EUR
S.A.C.E.S. S.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	26,000	EUR
S.E.I.S. S.p.A.	Via P. Delitala, 11—Cagliari—Italy	EUR	3,877,500	EUR
S.A.T. S.p.A.	Via Rimini, 27—Prato—Italy	EUR	19,126,000	EUR
Sharaf—Astaldi LLC	Emirate of Dubai—United Arab Emirates	AED	3,000,000	AED
Tangenziale Seconda S.c.r.l. in liquidation	Via G.V. Bona, 65—Rome—Italy	EUR	45,900	EUR
TME—Busi Srl in liquid.	Via del Molo, 3—La Spezia—Italy	EUR	12,000	EUR

D—Companies valued at cost

Company name	Registered Office	Share Capital Nominal Value	Functional Currency	%
A4 Holding S.p.A.	Via Flavio Gioia, 71—Verona—Italy	EUR 127,484,421		
Aguas de San Pedro S.A. de C.V.	Barrio Las Palmas entre 20 y 27 calle, 3a avenida—San Pedro Sula—Honduras	HNL 100,000,000		
Area Bersaglio S.r.l.	Via G. Devitofrancesco, 31—Bari- Italy	EUR 1,000,000		
Association en participation SEP Astaldi-Somatra-Bredero	Tunisia	— 0		4
Astaldi-Sarantopulos J.V.	Athens—Greece	— 0		
C.F.C. S.c.r.l.	Via privata D. Giustino, 3/A—Naples—Italy	EUR 45,900		
C.I.T.I.E. Soc. coop.	Viale Lincoln, 84/a , Bologna—Italy	EUR 0		
Co.Sa.Vi.D. S.c.r.l.	Carini—Contrada Foresta Z.I.—Palermo—Italy	EUR 25,500		
Consorcio Astaldi-ICE	Av. Libertador Bolivar, 1842—Cochabamba—Bolivia	— 0		5
Consorcio Grupo Contuy—Proyectos y Obras de Ferrocarriles	CCC T. 1ra Etapa Piso 6 Of. 620 Chuao—Caracas—Venezuela	— 0		3
Consorzio Asse Sangro in liquidation	Via della Fonte di Fauno, 2/A bis—Rome—Italy	EUR 464,811		
Consorzio C.U.B.O.	Via Murri, 24- Bologna- Italy	— 0		
Consorzio Centro Uno in liquidation	C.so Vittorio Emanuele, 130—Naples—Italy	EUR 154,937		
Consorzio CONA	Via Carlo Pisacane,2—Carpi—Italy	EUR 1,500,000		
Consorzio Ferroviario Vesuviano	Via Argine, 425—Naples—Italy	EUR 153,000		
Consorzio Groupement Lesi-Dipenta	Via Indonesia, 100—Rome—Italy	EUR 258,228		
Consorzio Italy Costruttori	Corso di Porta Romana, 6—Milan—Italy	EUR 120,000		
Consorzio TRA.DE.CI.V.	Via Galileo Ferraris, 101—Naples—Italy	EUR 154,937		

Company name	Registered Office	Share Capital Nominal Value	Functional Currency	%
Fondazione Accademia Nazionale di S. Cecilia . .	Via Vittoria, 6—Rome—Italy	—	0	
Fondazione Filarmonica Arturo Toscanini	Strada della Repubblica, 57—Parma—Italy	—	0	
Fusaro S.C.r.l.	Via privata D. Giustino, 3/A—Naples—Italy	EUR	10,200	
G.G.O. S.c.r.l. in liquidation	Zona Industriale—Agrigento—Italy	—	0	
Groupement Eurolep	Shifflandestrasse, 35—Aaran 5000—Switzerland	CHF	100,000	2
IGI—Istituto Grandi Infrastrutture	Via Ovidio, 32—Rome—Italy	—	0	
Imprese Riunite Genova S.c.r.l. in liquidation . . .	Brigata Liguria, 1/18—Genoa—Italy	EUR	25,500	
Imprese Riunite Genova Seconda S.c.r.l. in liquidation	Via Serra, 2/9—Genoa—Italy	EUR	25,000	
Italsagi Sp. Zo. O.	Ul. Powstancow—Katowice—Poland	PLN	100,000,000	3
Italstrade CCCF JV Bucuresti S.r.l.	Gheorghe Manu, 20 Sector 1—Bucharest—Romania	LEI	2,000,000	
M.N.6 S.C.r.l.	Via G.Ferraris n.101—Naples—Italy	EUR	51,000	
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l. . .	Riviera di Chiaia, 72—Naples—Italy	EUR	10,329	
Pantano S.c.r.l.	Via Montello, 10—Rome—Italy	EUR	40,800	
Pavimental S.p.A.	Piazza Ferdinando De Lucia, 15—Rome—Italy	EUR	4,669,132	
Platamonas Sarantopulos J.V.	Athens—Greece	—	0	
Prog. Este S.p.A.	Via Carlo Pisacane, 2—Carpi—Italy	EUR	13,250,000	
Skiarea Valchiavenna S.p.A.	Via del Crotto, 52—Campodolcino—Italy	EUR	8,118,182	
Sociedad Concesionaria BAS S.A.	Santiago de Chile—Chile	CLP	8,876,340,000	
Teheran Laviran	Iran	—	0	

Annex 2—Related Parties

Euro/000 Company name	Non-current financial assets	Receivables due from customers	Trade receivables	Other current assets	Non-current financial liabilities	Payables due to customers	Trade payables	Other current liabilities	Revenue
Adduttore Ponte Barca S.c.r.l. in liquidation . . .	0	0	6	0	0	0	1	0	0
Astaldi—UTI—Roma Airport Joint Venture	405	0	1,571	1,173	0	0	73	0	0
Astaldi Bayindir J.V.	0	0	310	5,984	0	0	1,272	0	0
Autostrada Nogara Mare Adriatico S.c.p.a.	0	0	0	0	0	0	74	0	0
Avola S.c.r.l. in liquidation	84	0	777	41	0	0	162	0	0
Blufi 1 S.c.r.l. In liquidation	0	0	0	48	0	0	0	0	0
C.F.M. S.c.r.l. in liquidation	0	0	76	113	0	0	124	0	0
Colli Albani S.c.r.l. in liquidation	5	0	815	5	0	0	343	0	0
Consorzio Astaldi-ICE	0	0	416	0	0	0	0	0	0
Consorzio Contuy Medio	0	0	413	545	0	0	1,195	24	0
Consorzio Grupo Contuy—Proyectos y Obras de Ferrocarriles	0	0	204	3,561	0	0	3,410	0	0
Consorzio A.F.T. in liquidation	354	0	126	801	0	0	22	661	0
Consorzio A.F.T. Kramis	560	0	1,647	2,830	0	0	801	378	0
Consorzio C.I.R.C. in liquidation	0	0	22	0	0	0	107	0	0
Consorzio Consarno	127	0	70	1	0	0	63	0	0
Consorzio Consavia S.c.n.c. in liquidation	0	0	5	1	0	0	0	0	0
Consorzio Dipenta S.p.A.—Ugo Vitolo in liquidation	0	0	0	0	0	0	2	0	0
Consorzio Europeo Armamento Alta Velocità— C.E.A.A.V.	90	0	0	0	0	0	42	0	0
Consorzio Ferrofir in liquidation	0	0	0	0	0	0	373	0	0
Consorzio Gi.It. in liquidation	0	0	0	0	0	0	220	0	0
Consorzio Iricav Due	0	0	76	0	0	0	2,108	0	0
Consorzio Iricav Uno	0	0	689	109	0	0	3,097	0	0
Consorzio Ital.Co.Cer.	0	0	0	0	0	0	896	0	0
Consorzio Itavenezia	0	0	0	0	0	0	138	0	0
Consorzio MM4	311	3,694	57	0	0	0	1,730	0	8,404
Consorzio Novocen in liquidation	61	0	18	0	0	0	57	0	0
Consorzio Pedelombarda 2	0	0	0	0	0	0	6	0	0
Consorzio Ponte Stretto di Messina in liquidation	220	0	0	1	0	0	2	0	0
Consorzio Qalat	0	0	0	0	0	0	91	0	0

Euro/000 Company name	Non-current financial assets	Receivables due from customers	Trade receivables	Other current assets	Non-current financial liabilities	Payables due to customers	Trade payables	Other current liabilities	Revenue
Diga di Blufi S.c.r.l. in liquidation	0	0	6,198	637	0	0	5,471	0	0
Ecosarno S.c.r.l.	0	0	0	0	0	0	178	0	0
FIN.AST S.r.l.	0	0	74	0	0	0	0	0	0
Fosso Canna S.c.r.l. in liquidation	205	0	247	6	0	0	83	0	0
FSC S.c.r.l. in liquidation	0	0	0	10	0	0	0	0	0
G.T.J Etude et Réalisation d'un Tunnel	0	0	0	28	0	0	0	0	0
GEI—Grupo Empresas Italianas	0	0	1,623	6,660	0	0	8,471	17	0
Groupelement Eurolep	0	0	0	0	0	0	0	26	0
Groupelement Italgisas	838	0	124	186	0	0	0	0	0
Infralegrea S.c.r.l. in liquidation	0	0	523	85	0	0	522	0	0
Italsagi Sp. Zo. O.	340	0	14	28	0	0	0	0	0
M.N. Metropolitana di Napoli S.p.A.	0	0	13	0	0	0	0	0	0
Metro 5 Lilla S.r.l.	0	0	396	42	0	0	0	0	0
Metro 5 S.p.A.	4,603	0	3,021	37	0	55,406	437	0	138,979
METRO C S.c.p.a.	0	0	923	5	0	0	82,516	0	4,945
Metrogenova S.c.r.l.	0	0	156	66	0	0	1,914	14	0
Monte Vesuvio S.c.r.l. in liquidation	250	0	255	0	0	0	60	0	0
Mose-Treporti S.c.r.l.	0	0	686	0	0	0	3,948	0	0
N.P.F.—Nuovo Polo Fieristico S.c.r.l. in liquidation	0	0	6	599	0	0	0	0	0
Nova Metro S.c.r.l. in liquidation	0	0	2	0	0	0	33	0	0
Otoyol Yatirim Ve Isletme A.S.	35,277	38,259	90	0	104	43,962	39	0	29,905
Pacific Hydro Chacayes	3,372	0	193	3,393	0	0	0	0	0
Pedelombarda S.c.p.A.	0	0	4,835	0	0	0	19,077	0	0
Pegaso S.c.r.l. in liquidation	0	0	201	831	0	0	141	0	0
Piana di Licata S.c.r.l. in liquidation	307	0	257	2	0	0	139	0	0
Pont Ventoux S.c.r.l. in liquidation	0	0	64	0	0	0	1,827	0	0
Principe Amedeo S.c.r.l. in liquidation	0	0	339	114	0	0	232	0	0
S. Leonardo S.c.r.l. in liquidation	5	0	2,628	2	0	0	698	0	0
S.A.C.E.S. S.r.l. in liquidation	0	0	0	0	1,645	0	0	0	0
S.E.I.S. S.p.A.	2,513	0	0	0	0	0	0	0	0
SA.T. S.p.A.	0	0	198	0	0	3,761	0	0	55,879
Sharaf—Astaldi LLC	0	0	0	0	0	0	0	0	0
Tangenziale Seconda S.c.r.l. in liquidation	0	0	70	4	0	0	21	0	0
Total	49,926	41,954	30,435	27,948	1,749	103,130	142,218	1,120	238,111
Percentage of incidence of transactions	25.81%	3.97%	3.64%	7.34%	0.24%	21.51%	12.60%	0.68%	10.24%

Annex 3—Information on equity—accounted investees and entities consolidated on a proportionate basis

Equity—accounted investees

	Carrying amount of the investment	Effects of equity account on the income statement	Total equity	Total statement of financial position of liabilities	Total statement financial position as
Adduttore Ponte Barca S.c.r.l. in liquidation	11	0	46	85	
Autostrada Nogara Mare Adriatico S.c.p.a.	28	0	120	2,096	
Avola S.c.r.l. in liquidation	0	–3	–198	1,026	
Biomedica Srl	4	0	10	10	
Blufi 1 S.c.r.l. In liquidation	0	0	–71	0	
C.F.M. S.c.r.l. in liquidation	21	0	41	932	
Colli Albani S.c.r.l. in liquidation	0	–1	–9	819	
Consorzio Contuy Medio	0	0	1	4,635	
Consorzio A.F.T. in liquidation	15	0	46	3,329	
Consorzio A.F.T. Kramis	0	0	–30	0	
Consorzio C.I.R.C. in liquidation	13	0	52	658	
Consorzio Consarno	5	0	21	9,768	
Consorzio Consavia S.c.n.c. in liquidation	5	–1	18	90	
Consorzio Europeo Armamento Alta Velocità—C.E.A.A.V.	52	0	207	581	
Consorzio Ferrofir in liquidation	357	0	535	2,009	
Consorzio Gi.It. in liquidation	1	0	3	444	
Consorzio Iricav Due	171	0	455	60,775	6
Consorzio Iricav Uno	124	0	444	3,469,130	3,46
Consorzio Ital.Co.Cer.	15	0	52	4,722	
Consorzio Italvenezia	19	0	77	457	
Consorzio Metrofer in liquidation	9	0	26	54	
Consorzio MM4	62	0	200	200	
Consorzio Novocen in liquidation	0	0	–140	1,589	
Consorzio Pedelombarda 2	2	0	10	48	
Consorzio Ponte Stretto di Messina in liquidation	52	0	76	813	
Consorzio Qalat	0	0	6	6	
Copenhagen Metro Construction Group J.V. (COMET)	0	–332	–133,207	432	

	Carrying amount of the investment	Effects of equity account on the income statement	Total equity	Total statement of financial position of liabilities	Total statement of financial position as
Diga di Blufi S.c.r.l. in liquidation	23	0	30	11,013	1
Ecosarno S.c.r.l.	17	0	51	1,004	
Fosso Canna S.c.r.l. in liquidation	0	-1	-72	506	
FSC S.c.r.l. in liquidation	0	0	0	0	
GEI—Grupo Empresas Italianas	353	0	1,059	13,951	1
Groupement Italgisas	0	0	-2,853	0	
Infralegrea S.c.r.l. in liquidation	23	0	30	1,603	
M.N. Metropolitana di Napoli S.p.A.	6,444	65	28,489	1,488,651	1,48
Metro 5 S.p.A.	9,805	-331	10,397	543,261	54
METRO C S.c.p.a.	12,771	0	37,018	393,084	39
Metrogenova S.c.r.l.	6	0	26	10,879	1
Monte Vesuvio S.c.r.l. in liquidation	0	-4	-525	393	
Mose-Treporti S.c.r.l.	4	0	10	33,131	3
N.P.F.—Nuovo Polo Fieristico S.c.r.l. in liquidation	20	0	40	1,257	
Nova Metro S.c.r.l. in liquidation	10	0	41	473	
Otoyol Yatirim Ve Isletme A.S	21,044	1,063	111,698	279,835	27
Pacific Hydro Chacayes	27,273	2,574	93,217	374,599	37
Pedelombarda S.c.p.A.	4,800	0	20,000	258,473	25
Pegaso S.c.r.l. in liquidation	114	0	260	6,183	
Piana di Licata S.c.r.l. in liquidation	0	-1	-348	360	
Pont Ventoux S.c.r.l. in liquidation	29	0	52	4,405	
Principe Amedeo S.c.r.l. in liquidation	3	3	5	919	
S. Leonardo S.c.r.l. in liquidation	0	-1	-81	2,897	
S.A.C.E.S. S.r.l. in liquidation	0	-43	-397	3,072	
S.E.I.S. S.p.A.	14,783	-477	30,587	38,138	3
SA.T. S.p.A.	5,886	635	16,818	141,840	14
Sharaf—Astaldi LLC	6	0	619	619	
Tangenziale Seconda S.c.r.l. in liquidation	23	0	45	120	
TME Busi S.c.r.l.	3	0	12	12	
Total	104,406	3,146	215,021	7,175,385	7,17

Entities consolidated on a proportionate basis

	% interest	Total statement of financial position of non-current liabilities	Total statement of financial position of current liabilities	Total Equity	Total statement of financial position of non-current assets	Total statement of financial position of current assets
Ankara Etlik Hastante A.S.	51.00%	15	1,151	1,629	2,478	
Astaldi—Ozkar JV	51.00%	0	57,300	– 135	12,404	44
Avrasya Metro Grubu S.r.l.	42.00%	0	11,627	335	2,590	9
CO.SAT. S.c.r.l.	50.00%	603	48,320	10	1,242	47
CONA Impianti Scrl	50.00%	4	936	10	0	
Consorcio Rio Mantaro	50.00%	2,322	99,972	3,993	39,853	60
Consorcio Rio Urubamba	40.00%	1,388	27,162	3,023	11,550	20
IC ICTAS-ASTALDI Insaat A.S., ...	50.00%	803	331,759	58,014	111,293	279
ICA ASTALDI-IC ICTAS WHSD Insaat A.S.	50.00%	5,775	100,501	3,791	25,351	84
M.O.MES Scrl	55.00%	0	1,020	10	0	–
Metro Blu S.c.r.l.	50.00%	9	26,086	3	3,873	22
Metro Brescia S.r.l.	50.00%	80	4,242	396	389	4
Veneta Sanitaria di Progetto SpA	34.50%	121,172	34,067	28,632	123,955	59
Total		132,171	744,144	99,709	334,977	641



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Report of the auditors

To the shareholders of
Astaldi S.p.A.

- 1 We have audited the consolidated financial statements of the Astaldi Group as at and for the year ended 31 December 2011, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards issued by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures and the statement of financial position as at 1 January 2010 for comparative purposes. As disclosed in the note "Change in accounting policy for jointly-controlled entities starting from 1 January 2011: proportionate consolidation", the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements and statement of financial position as at 1 January 2010, which derives from the consolidated financial statements at 31 December 2009. Other auditors audited the 2010 and 2009 consolidated financial statements and issued their reports thereon on 25 March 2011 and 7 April 2010, respectively. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2011.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia Cagliari
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Udine Varese Verona

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Capitale sociale
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Astaldi Group
Report of the auditors
31 December 2011

- 3 In our opinion, the consolidated financial statements of the Astaldi Group as at and for the year ended 31 December 2011 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Astaldi Group as at 31 December 2011, the results of its operations and its cash flows for the year then ended.

Rome, 3 April 2012

KPMG S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS
SEPARATE CONSOLIDATED INCOME STATEMENT^(*)

<u>(EUR/000)</u>	<u>Notes</u>	<u>2011</u>	<u>2010</u> Restated
OPERATING PERFORMANCE			
Revenue	1	2,265,284	1,931,588
<i>of which with related parties</i>		210,863	182,112
Other operating revenue	2	94,975	124,220
<i>of which with related parties</i>		3,326	5,559
Total revenue		2,360,259	2,055,808
Purchase costs	3	(458,640)	(366,906)
Service costs	4	(1,349,308)	(1,180,715)
<i>of which with related parties</i>		(149,612)	(194,659)
Personnel expenses	5	(262,492)	(244,102)
Amortisation, depreciation and impairment losses	6	(51,568)	(56,807)
Other operating costs	7	(38,409)	(28,227)
<i>of which with related parties</i>		(1,432)	
Total Costs		(2,160,418)	(1,876,756)
(Capitalisation of internal construction costs)	8	850	1,241
Operating profit		200,691	180,293
Financial income	9	44,772	33,645
<i>of which with related parties</i>		1,301	199
Financial charges	10	(120,444)	(111,717)
<i>of which with related parties</i>		(5)	(284)
Effect of equity accounting	11	401	262
TOTAL FINANCIAL AREA AND INVESTMENTS		(75,271)	(77,810)
PRE-TAX PROFIT FROM CONTINUED OPERATIONS		125,420	102,483
Tax expense	12	(53,496)	(38,960)
PROFIT FOR THE YEAR		71,924	63,523
Profit attributable to the owners of the parent		71,195	63,056
Profit attributable to non-controlling interests		729	466
Basic earnings per share	13	0.73	0.64
Diluted earnings per share -		0.73	0.64

(*) It is pointed out that starting from the financial year 2011 the Group has decided to apply, in the context of IAS 31, the policy of proportionate consolidation for jointly—controlled entities; consequently this policy has also been applied for 2010 in order to make it comparable with 2011. For an examination of the effects refer to the paragraph “Change of accounting policy for measurement and identification for jointly—controlled entities starting from 1 January 2011: proportionate consolidation”

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<u>(EUR/000)</u>	<u>Note</u>	<u>2011</u>	<u>2010</u>
			Restated
Profit for the year		71,924	63,523
Change in Subsidiaries' hedging reserve		(696)	(783)
Change in Associates' hedging reserve		(10,210)	(2,945)
Change in Subsidiaries's translation reserve		1,601	2,528
Change in Associates' translation reserve		(2,236)	299
Loss of the other Group components	25	(11,540)	(901)
Change in third party hedging reserve		1,021	(1,737)
Change in third party translation reserve		(590)	1,080
Profit/loss of the other third party components		431	(658)
Overall profit		60,815	61,964
of which attributable to owners of the parent		59,655	62,156
of which attributable to non-controlling interests		1,160	(191)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION^(*)

(EUR/000)	Note	31/12/2011	31/12/2010	01/01/2010
			Restated	Restated
Non-current assets				
Property, plant and equipment	14	192,278	301,429	321,879
Investment property	15	1,141	1,178	179
Intangible assets	16	44,132	3,739	3,989
Investments of which:	17	195,964	84,830	85,165
Equity-accounted investees		94,188	82,866	83,156
Non-current financial assets	18	159,671	119,517	89,592
of which with related parties		20,606	19,686	9,800
Other non-current assets	19	28,413	21,440	19,772
Deferred tax assets	12	3,361	8,610	2,743
Total Non-current assets		624,961	540,744	523,320
Current assets				
Inventories	20	93,369	93,624	93,661
Receivables from customers	21	1,010,416	845,877	648,626
of which with related parties		62,753	46,735	
Trade receivables	22	820,963	624,362	713,896
of which with related parties		32,325	27,000	24,616
Current financial assets	18	6,248	28,276	28,728
Tax assets	23	116,981	101,523	81,369
Other current assets	19	308,420	308,408	277,836
of which with related parties		24,791	28,332	22,041
Cash and cash equivalents	24	456,210	415,259	468,935
Total current assets		2,812,608	2,417,330	2,313,051
Total assets		3,437,569	2,958,074	2,836,371
EQUITY AND LIABILITIES				
Equity				
Share capital	25	196,850	196,850	196,850
Treasury shares		(3,298)	(3,244)	(3,239)
Provisions:				
Legal reserve		20,797	18,453	14,972
Extraordinary reserve		172,724	143,522	91,278
Retained earnings		40,493	27,581	40,986
Other reserves		3,611	4,380	3,083
Other comprehensive income		(37,151)	(25,611)	(24,710)
Total share capital and reserves		394,027	361,932	319,220
Profit for the year		71,195	63,056	55,902
Total equity attributable to owners of the parent		465,222	424,988	375,122
Profit attributable to non-controlling interest		729	466	1,557
Other items of comprehensive income attributable to non-controlling interest		282	(149)	509
Consolidation reserve attributable to non-controlling interest		4,046	17,924	16,199
Equity attributable to non-controlling interest		5,057	18,241	18,265
Total equity		470,278	443,229	393,387
Non-current liabilities				
Non-current financial liabilities	26	655,915	593,925	608,984
of which with related parties		1,645	1,645	1,698
Other non-current liabilities	27	13,716	98,223	94,951
Employee benefits	28	7,926	8,460	9,581
Deferred tax liabilities	12	1,273	1,587	444
Total non-current liabilities		678,830	702,195	713,959
Current liabilities				
Payables to customers	21	472,120	338,489	413,904
of which with related parties		56,480	9,564	—
Trade payables	29	1,118,769	922,346	769,304
of which with related parties		116,637	116,767	83,514
Current financial liabilities	26	469,723	354,007	389,617
Tax liabilities	30	73,142	58,942	57,351
Provisions for current risks and charges	31	29,159	21,777	25,327
Other current liabilities	27	125,547	117,089	73,522
of which with related parties		327	465	2,696
Total current liabilities		2,288,461	1,812,650	1,729,025
Total liabilities		2,967,291	2,514,845	2,442,984
Total equity and liabilities		3,437,569	2,958,074	2,836,371

(*) It is pointed out that starting from the financial year 2011 the Group has decided to apply, in the context of IAS 31, the policy of proportionate consolidation for jointly—controlled entities; consequently this policy has also been applied for 2010 in order to make it comparable with 2011. The financial position at 1 January 2010, adjusted with the same principle, was likewise presented in compliance with IAS 1. For an examination of the effects refer to the paragraph "Change of accounting policy for jointly—controlled entities starting from 1 January 2011: proportionate consolidation"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Changes in equity at 31 December						
	Attributable to owners of the parent						
(EUR/000)	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	Other comprehensive income	Other reserves	Retained earnings
Balance at 01 January 2011	193,606	0	18,453	143,522	(25,610)	4,380	27,5
Profit from continued operations 2011	0	0	0	0	0	0	
Cash flow hedge for the year	0	0	0	0	(10,906)	0	
Foreign business translation for the year	0	0	0	0	(635)	0	
COMPREHENSIVE INCOME (EXPENSES)					(11,541)		
Treasury shares	(54)	0	0	3	0	(67)	
Dividends	0	0	0	0	0	0	
Provision as per Art,27	0	0	0	0	0	0	
Transaction with Non- controlling interests	0	0	0	0	0	0	(3,2
Change in scope of Consolidation	0	0	0	0	0	0	
Allocation of profit from continued operations 2010	0	0	2,344	29,198	0	0	16,1
Other changes	0	0	0	1	0	(1,896)	
Stock grant allocation reserve	0	0	0	0	0	1,194	
Balance at 31/12/2011	193,552	0	20,797	172,724	(37,151)	3,611	40,4

* The effect of the other items of the statement of comprehensive income produces a hedging reserve totaling Euro (31,799) and a tran

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

(EUR/000)	Changes in net equity at 31 December 2010					
	Pertaining to shareholders of the Group					
	Share capital	Legal reserve	Extraordinary reserve	Other comprehensive income	Other reserves	Retained earnings
Balance at 01 January 2010	193,610	14,972	91,278	(24,710)	3,083	40,9
Profit from continued operations 2010	0	0	0	0	0	
Cash flow hedge for the year	0	0	0	(3,728)	0	
Foreign business translation for the year	0	0	0	2,827	0	
COMPREHENSIVE INCOME (EXPENSES)				(901)		
Treasury shares	(4)	0	104	0	(109)	
Dividends	0	0	0	0	0	
Provision as per Art,27	0	0	0	0	0	
Change in scope of Consolidation	0	0	0	0	0	
Allocation of profit from continued operations 2009	0	3,481	52,408	0	0	(13,7
Other changes	0	0	(268)	0	(39)	3
Stock grant allocation reserve					1,445	
Balance at 31 December 2010	193,606	18,453	143,522	(25,610)*	4,380	27,5

* The effect of the other items of the statement of comprehensive income produces a hedging reserve totaling Euro (18,067) and a trans

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR/000)	31/12/2011	31/12/2010
		Restated
A—CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year attributable to owners of the parent and non-controlling interests	71,924	63,523
Adjustments to reconcile profit with the cash flow from (used in) operating activities:		
Deferred tax	4,868	4,105
Amortisation, depreciation and impairment losses	51,568	56,807
Provision for risks and charges	7,960	790
Post-employment benefits and defined benefit plans	757	1,155
Costs for employee incentive plans	1,034	1,544
Losses on disposals of non-current assets	4,229	2,353
Effects of equity accounting	(401)	(262)
Gains on disposals of non-current assets	(2,527)	(2,217)
<i>Sub-total</i>	<u>67,488</u>	<u>64,276</u>
<i>Changes in operating assets and liabilities (working capital):</i>		
Trade receivables	(169,507)	89,534
of which with related parties	(5,325)	(2,384)
Inventories and Receivables from Customers	(164,284)	(197,214)
of which with related parties	(16,018)	46,735
Trade payables	196,423	153,042
of which with related parties	(130)	33,253
Provision for risk and charges	(578)	(8,257)
Payables to customers	133,631	(75,414)
of which with related parties	46,916	9,564
Other operating assets	(17,193)	(58,262)
of which with related parties	3,540	(6,290)
Other operating liabilities	17,791	40,645
of which with related parties	(138)	(2,231)
Payments of post-employment benefits and defined benefit plan	(1,291)	(2,276)
<i>Sub-total</i>	<u>(5,008)</u>	<u>(58,203)</u>
Cash flowe from operating activities	<u>134,404</u>	<u>69,595</u>
B—CASH FLOW USED IN INVESTING ACTIVITIES		
—Construction		
Purchases of investment property		(1,019)
Investment in intangible assets	(8,249)	(227)
Investment in property, plant and equipment	(39,293)	(26,735)
Sale (Purchase) of other investments net of the cash acquired, coverage of losses of unconsolidated companies and other changes in the consolidation scope	18	(628)
Receipts from the sale of property, plant and equipment and intangible assets, and investment property	(1,702)	(136)
Change in subsidiary financing activity	434	(545)
of which with related parties	434	(545)
<i>Sub-total cash flow used in construction investingt activities</i>	<u>(48,792)</u>	<u>(29,290)</u>
—Concessions		
Net investment in property, plant and equipment		(1,257)
Investment in intangible assets	(39,402)	(671)
Sale (Purchase) of other investments net of the cash acquired, coverage of losses of unconsolidated companies and other changes in the consolidation scope	(122,292)	(1,006)
Change in subsidiary financing activities	(452)	(8,506)
of which with related parties	(452)	(8,506)
Change in receivables from activities under concession	(41,080)	(23,797)
<i>Sub-total cash flow used in investing activities concession</i>	<u>(203,225)</u>	<u>(35,238)</u>
Cash flows used in investing activities	<u>(252,018)</u>	<u>(64,528)</u>
C—CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:		
Dividends paid out	(14,645)	(12,687)
Non-current borrowing (repayment) net of commissions	61,990	(15,059)
of which with related parties		(52)
Net change in current financial debt (including leases)	115,716	(35,611)
Sale (purchase) of securities/bonds and treasury shares	2,601	3,376
Other changes	(7,096)	1,237
Cash flows from (used in) financing activities	<u>158,566</u>	<u>(58,743)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>40,951</u>	<u>(53,676)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	415,259	468,935
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	456,210	415,259
	<u>2011</u>	<u>2010</u>
Additional information to the income statement		
Tax expense paid in the year	62,762	24,154
Net financial charges paid in the year	43,536	27,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

The Astaldi Group has been active for over 90 years in Italy and abroad in the sector of the design and construction of major civil engineering works, and is one of the most important corporate groups operating in the construction sector on an International level; it is a leader in Italy as general contractor and a promoter of project finance initiatives.

The Group operates through the Parent Astaldi S.p.A., a public company with registered offices in Rome, Via Giulio Vincenzo Bona 65, listed on the STAR division of the Milan Stock Exchange since June 2002.

The duration of the Parent is currently set up to 31 December 2100.

On the date of the drawing up of the financial statements, Astaldi S.p.A. was not subject to the management and coordination of any of its shareholders since the Parent's Board of Directors makes, in full and complete independence and autonomy, any and the most appropriate decisions with regard to managing the Parent's activity. These consolidated financial statements were approved by the Parent's Board of Directors at its meeting of 16 March 2012.

FORM, CONTENTS AND SEGMENT REPORTING

The consolidated financial statements of the Astaldi Group at 31 December 2011 have been drawn up in compliance with the International Financial Reporting Standards—IFRS issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the European Union pursuant to EC Regulation no. 1606/2002 in force at the end of the year.

Reference has likewise been made to CONSOB regulations implementing para. 3, Art. 9 of Legislative Decree no. 38/2005.

The 2011 consolidated financial statements include the following statements:

1. Consolidated income statement;
2. Consolidated statement of comprehensive income;
3. Consolidated Statement of financial position;
4. Consolidated statement of cash flows;
5. Consolidated Statement of changes in equity;
6. Notes to the consolidated financial statement.

It should be pointed out that the Group decided to present the Statement of comprehensive income in two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit (loss) items for the year (*consolidated income statement*) and a statement which starts from the profit (loss) and algebraically adds "other components of comprehensive income" (*consolidated statement of comprehensive income*). In this respect, it should be pointed out that for the Astaldi Group the other items of the statement of comprehensive income include only the hedging reserve and the translation reserve. It should likewise highlighted that including these provisions in the statement of comprehensive income does not alter their nature as deferred items, and therefore not for items referring to the year, pursuant to the provisions in IAS 39 and IAS 21.

It should likewise be highlighted that the separate income statement is prepared based on a classification of each single component by nature. This classification reflects the management reporting methods used in the Group and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific segment.

As far as the statement of financial position is concerned, it was decided to enter items by separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and following of IAS 1.

The statement of cash flows shows cash flow for the year, broken down into operating, investing and financing activities; cash flows from operating activities are entered using the indirect method. It should

likewise be observed that investing activities are distinguished between those regarding construction and those regarding concessions.

The statement of changes in equity was prepared in compliance with IAS 1, obviously taking into account comprehensive income.

Finally, with regard to segments 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. The operating sectors subject to disclosure referred in particular to the various geographical areas where the Group works, and were determined on the basis of the same accounting standards used for drawing up the consolidated financial statements. Refer to note 34 for the presentation of the models of the segment reporting.

BASIS OF THE PREPARATION

The consolidated financial statements were prepared on the basis of the historical cost principle, except for derivatives, which are measured at fair value. In this regard, it should be pointed out that since no fair value hedging transactions were performed, there are no financial instruments having their cost adjustment in relation to changes in the fair value attributable to the hedged risk.

All the amounts are shown in thousands of Euro unless otherwise stated. Therefore, in some statements, the total amounts could slightly deviate from the sum of the single addenda that compose the amount due to round-offs.

The consolidated financial statements, moreover, were drawn up on the assumption of the groups ability to continue as a going concern.

Change of accounting policy for jointly—controlled entities starting from 1 January 2011: proportionate consolidation

The Astaldi Group, starting from 2011, has adopted, as set forth in IAS 31, the proportionate consolidation of joint controlled entities, as an alternative to the equity method. It should be recalled that this change does not produce any effect on the 2010 profit and equity as at 31 december 2010; generating a consolidation statement on an analytical basis, though proportionate, in which the assets and liabilities and the costs and revenue of the entities forming part of the Group are reflect in the consolidated financial statements of Parent according to their nature. This leads to easier reading of the accounting information and the results. In recent years the Astaldi Group has, in fact, focused on participation in tenders to obtain infrastructure works under general contracting, with the signature of joint venture agreements with other business partners, starting up operating entities specifically dedicated to the construction of the works awarded in the tender. In this regard, the partners have agreed on the sharing of the risks and benefits deriving from execution of single works according to their respective stakes; on the corporate management level, the desire has always prevailed to make unanimous choices to develop activities considered as strategic, both in the contract and industrial aspects and in all the financial and auditing aspects.

The principle of proportionate consolidation has also been adopted taking into account the changes introduced in IAS 31, published by the IASB in the new IFRS 11 “Joint Arrangements”, though at present awaiting approval by the European Union.

There follow are income statement and statement of financial position figure at 31 December 2010 showing the comparative effects deriving from the application of proportionate consolidation. It should be pointed out that in accordance with IAS 1 and regarding the financial position only, the effect of

proportionate consolidation at 1 January 2010 (starting date of the year presented in the financial statements for comparative purposes) has also been shown.

	31/12/2010 Restated Proportionate consolidation	31/12/2010 Published	Proportionate consolidation effect
ASSETS			
Non-current assets			
Property, plant and equipment	301,429	298,680	2,749
Investment property	1,178	1,178	
Intangible assets	3,739	3,716	23
Investments	84,830	95,874	(11,045)
of which:			
Equity—accounted investees	82,866	93,910	(11,045)
Non-current investments valued at cost	1,964	1,964	
Non-current financial assets	119,517	82,794	36,723
Other non-current assets	21,440	21,287	153
Deferred tax assets	8,610	8,609	1
Total non-current assets	540,744	512,138	28,606
Current assets			
Inventories	93,624	86,466	7,159
Receivables from customers	845,877	845,877	
Trade receivables	624,362	617,841	6,521
Current financial assets	28,276	27,908	368
Tax assets	101,523	90,430	11,094
Other current assets	308,408	297,904	10,505
Cash and cash equivalents	415,259	391,527	23,732
Total current assets	2,417,330	2,357,952	59,378
Total assets	2,958,074	2,870,090	87,983
EQUITY AND LIABILITIES			
Equity			
Share capital	196,850	196,850	
Treasury shares	(3,244)	(3,244)	
Provisions:			
Legal reserve	18,453	18,453	
Extraordinary reserve	143,522	143,522	
Retained earnings	27,581	27,581	
Other reserves	4,380	4,380	
Other comprehensive income	(25,611)	(25,611)	
Total share capital and reserves	361,932	361,932	
Profit for the year	63,056	63,056	
Total equity attributable to owners of the parent	424,988	424,988	
Profit attributable to non-controlling interests	466	466	
Other items of comprehensive income attributable to non-controlling interests	(149)	(149)	
Consolidation reserve attributable to non-controlling interests	17,924	17,924	
Equity attributable to non-controlling interests	18,241	18,241	
Total equity	443,229	443,229	
Non-current liabilities			
Non-current financial liabilities	593,925	563,618	30,307
Other non-current liabilities	98,223	98,223	
Employee benefits	8,460	8,382	77
Deferred tax liabilities	1,587	742	844
Total non-current liabilities	702,195	670,966	31,229
Current liabilities			
Payables to customers	338,489	326,367	12,122
Trade payables	922,346	881,651	40,694
Current financial liabilities	354,007	343,275	10,731
Tax liabilities	58,942	54,458	4,484
Provisions for current risks and charges	21,777	20,220	1,557
Other current liabilities	117,089	129,924	(12,835)
Total current liabilities	1,812,650	1,755,895	56,755
Total liabilities	2,514,845	2,426,861	87,983
Total equity and liabilities	2,958,074	2,870,090	87,983

	01/01/2010 Reclassified	31/12/09 Published	Proportional consolidation effect
ASSETS			
Non-current assets			
Property, plant and equipment	321,879	319,780	2,100
Investment property	179	179	
Intangible assets	3,989	3,966	23
Investments	85,165	93,397	(8,232)
of which:			
Equity—accounted investees	83,156	91,389	(8,232)
Non-current financial assets	89,592	55,222	34,370
Other non-current assets	19,772	19,454	318
Deferred tax assets	2,743	2,743	
Total Non-current assets	523,320	494,741	28,579
Current assets			
Inventories	93,661	90,316	3,345
Receivables from customers	648,626	648,626	
Trade receivables	713,896	711,076	2,820
Current financial assets	28,728	26,558	2,170
Tax assets	81,369	78,391	2,978
Other current assets	277,836	268,844	8,992
Cash and cash equivalents	468,935	444,138	24,797
Total current assets	2,313,051	2,267,949	45,102
Total assets	2,836,371	2,762,690	73,681
EQUITY AND LIABILITIES			
Equity			
Share capital	196,850	196,850	
Treasury shares	(3,239)	(3,239)	
Provisions:			
Legal reserve	14,972	14,972	
Extraordinary reserve	91,278	91,278	
Retained earnings	40,986	40,986	
Other reserves	3,083	3,083	
Other comprehensive income	(24,710)	(24,710)	
Total share capital and reserves	319,220	319,220	
Profit for the year	55,902	55,902	
Total equity attributable to owners of the parent	375,122	375,122	
Profit attributable to non-controlling interests	1,557	1,557	
Other items of comprehensive income attributable to non-controlling interests	509	509	
Consolidation reserve attributable to non-controlling interests	16,199	16,199	
Minority equity	18,265	18,265	
Total equity	393,387	393,387	
Non-current liabilities			
Non-current financial liabilities	608,984	582,565	26,419
Other non-current liabilities	94,951	94,951	
Employee benefits	9,581	9,555	26
Deferred tax liabilities	444	119	325
Total non-current liabilities	713,959	687,190	26,769
Current liabilities			
Payables to customers	413,904	382,905	30,999
Trade payables	769,304	744,936	24,368
Current financial liabilities	389,617	387,359	2,258
Tax liabilities	57,351	55,103	2,247
Provisions for current risks and charges	25,327	23,809	1,518
Other current liabilities	73,522	88,001	(14,478)
Total current liabilities	1,729,025	1,682,113	46,911
Total liabilities	2,442,984	2,369,303	73,681
Total equity and liabilities	2,836,371	2,762,690	73,681

	31/12/2010 Reclassified	31/12/2010 Published	Proportional consolidation effect
INCOME STATEMENT			
Revenue	1,931,588	1,918,969	12,620
Other Operating revenue	124,220	125,799	(1,580)
Total revenue	2,055,808	2,044,768	11,040
Purchase costs	(366,906)	(336,344)	(30,562)
Service costs	(1,180,715)	(1,215,891)	35,177
Personnel expenses	(244,102)	(236,574)	(7,528)
Amortization, depreciation and impairment losses	(56,807)	(56,118)	(689)
Other operating costs	(28,227)	(27,470)	(756)
Total Costs	(1,876,756)	(1,872,398)	(4,358)
(Capitalisation of internal construction costs)	1,241	1,241	
Operating profit	180,293	173,611	6,682
Financial income	33,645	26,025	7,620
Financial charges	(111,717)	(103,746)	(7,972)
Effect of equity accounting	262	4,429	(4,167)
TOTAL FINANCIAL AREA AND INVESTMENTS	(77,810)	(73,292)	(4,519)
PRE-TAX PROFIT FROM CONTINUED OPERATIONS	102,483	100,319	2,164
Tax expenses	(38,960)	(36,796)	(2,164)
PROFIT FROM CONTINUED OPERATIONS	63,523	63,523	
PROFIT FROM THE YEAR	63,523	63,523	
Profit attributable to owners of the parent	63,056	63,056	
Profit attributable to non-controlling interests	466	466	

It should be pointed out that the comments shown below on the changes occurring in 2011 in the single items of the consolidated financial statements take into account comparative data at 31 December 2010 restated on the basis of the information provided in this paragraph.

ACCOUNTING STANDARDS

The most important accounting standards adopted for the drawing up of the consolidated financial statements at 31 December 2011 are shown below.

Consolidation scope and consolidation standards

The consolidated financial statements of the Group comprise the financial statements of the Parent Astaldi S.p.A. and of the Italian and foreign companies in which Astaldi holds controlling interest, either directly or indirectly, including joint interest, and have been drawn up for consolidation purposes in accordance with the IFRSs adopted by the Astaldi Group. At the end of this note there is a list of the companies included in the consolidation scope with the corresponding direct or indirect interests of the Group together with other significant information. There follows a list of companies in the consolidation scope at 31 December 2011, reporting some changes compared to first half of 2011.

Fully consolidated entities

1	Astaldi Concessioni S.r.l.	100.00%
2	Astaldi Arabia Ltd.	100.00%
3	Astaldi Construction Corporation	100.00%
4	Astaldi International Inc.	100.00%
5	Astaldi International Ltd.	100.00%
6	Sartori Tecnologie Industriali S.r.l.	100.00%
7	Garbi Linea 5 S.c.a.r.l.	100.00%
8	Italstrade IS S.r.l.	100.00%
9	Messina Stadio S.c.r.l. in liquidation	100.00%
10	Groupement (G.R.S.H.)	100.00%
11	Astaldi Bulgaria LTD	100.00%
12	Astaldi-Astaldi International J.V.	100.00%
13	Astaldi Algerie—E.u.r.l.	100.00%
14	Euroast S.r.l. in liquidation	100.00%
15	Redo-Association Momentanée	100.00%
16	Seac S.p.a.r.l. in liquidation	100.00%
17	Ospedale del Mare S.C.r.l.	100.00%
18	nBI S.r.l.	100.00%
19	Inversiones Assimco Limitada	100.00%
20	Cachapoal Inversiones Limitada	100.00%
21	CO.MERI S.p.A.	99.99%
22	AR.GI S.c.p.A.	99.99%
23	Partenopea Finanza di Progetto S.c.p.A.	99.99%
24	Portovesme S.c.r.l. in liquidation	99.98%
25	Astur Construction and Trade A.S.	99.98%
26	Astaldi de Venezuela C.A.	99.80%
27	ASTALROM S.A.	99.55%
28	Romairport S.r.l.	99.26%
29	Constructora Astaldi Fe Grande Cachapoal Limitada	95.00%
30	Mondial Milas Bodrum	92.85%
31	Toledo S.c.r.l.	90.39%
32	Susa Dora Quattro S.c.r.l. in liquidation	90.00%
33	S. Filippo S.c.r.l. in liquidation	80.00%
34	Forum S.c.r.l. in liquidation	79.99%
35	Bussentina S.c.r.l. in liquidation	78.80%
36	AS. M. S.c.r.l.	75.91%
37	Mormanno S.c.r.l. in liquidation	74.99%
38	S.P.T.—Società Passante Torino S.C.r.l.	74.00%
39	CO.ME.NA. S.c.r.l. in liquidation	70.43%
40	Astaldi-Max Bogl-CCCF JV S.r.l.	66.00%
41	Scuola Carabinieri S.C.r.l.	61.40%
42	Quattro Venti S.c.r.l. in liquidation	60.00%
43	Consorcio Rio Pallca	60.00%
44	C.O.MES. in liquidation S.C.r.l.	55.00%
45	Italstrade Somet JV Rometro S.r.l.	51.00%
46	Infralegrea Progetto S.p.A.	51.00%
47	Romstrade S.r.l.	51.00%
48	Italstrade CCCF JV Romis S.r.l.	51.00%
49	Astaldi Ozcar	51.00%

The following changes are reported compared to 31 December 2010: 1) Exits from consolidation due to definitive liquidation: I.F.C. Due S.c.r.l., CO.NO.CO. S.c.r.l.; 2) Entry in the consolidation scope: nBI S.r.l.; Mondial Milas Bodrum; Astaldi Ozcar

Entities with proportionate consolidation:

1	M.O.MES S.c.r.l.	55.00%
2	CO.SAT Società Consortile a responsabilità limitata	50.00%
3	Metro Brescia S.r.l.	50.00%
4	Consorcio Rio Urubamba	50.00%
5	Ic İçtas—Astaldi Insaat A.S.	50.00%
6	Ica Astaldi -Ic İçtas WHSD Insaat AS	50.00%
7	Consorzio Cerro del Aguila	50.00%
8	Avrasya Metro Grubu Srl	42.00%
9	Veneta Sanitaria Finanza di Progetto S.p.A.	31.00%

Entries in the consolidation scope in 2011: Metro Brescia S.r.l., Consorcio Rio Urubamba, Ic İçtas—Astaldi Insaat A.S., Ica Astaldi -Ic İçtas WHSD Insaat AS, Consorzio Cerro del Aguila

For the consolidation, the financial statements approved at the general shareholders' meetings or, failing this, the draft financial statements drawn up by the Boards of Directors. The reporting dates of the consolidated entities coincide with that of the Parent, except for the subsidiary Astaldi de Venezuela C.A. which closes its financial year at 30 November 2011. In this regard, the consolidation of this company was applied taking into account of provisions of IAS 27 for these cases. The financial statements included in the consolidation have been drafted in accordance with the accounting standards adopted by the Parent, while making, when necessary, any suitable adjustments in order to adjust the measurement of specific items already determined accordance with to different principles. Specifically, the companies in which Astaldi has a controlling interest have been fully consolidated. Such controlling interest consists in the direct or indirect holding of shares with voting rights, or the powers to determine the Company's financial and management choices, obtaining the relevant benefits regardless of shareholder composition.

Investments in companies where control is exercised jointly with third parties are consolidated on a proportionate basis in accordance with the provisions of IAS 31.

Subsidiaries are consolidated fully and jointly—contolled entities are consolidated on a proportionate basis starting from the date of acquisition of controlling interest, and cease to be consolidated as from the date on which the controlling interest is transferred outside the Group.

All inter-group balances and transactions, including possible unrealised profit and loss deriving from relations between Group Companies, are completely eliminated.

Shareholdings in companies where considerable influence is exercised, generally involving an investment percentage between 20% and 50%, are measured with the equity method. In the event of application of the equity method, the carrying amount of the investment is aligned with equity, adjusted where necessary to reflect the 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 deriving from transactions between the Group and the associate is eliminated in proportion to the investment in the associate.

With regard to investments in associate, any impairment losses exceeding the carrying amount are entered in to the provision for risks on investments solely to the extent to which the associate has undertaken legal or implicit obligations, or made payments on behalf of the Company.

It should be pointed out that in the consolidated financial statements at 31 December 2011, the equity attributable pertaining the subsidiary Inversiones Assimco Limitada, for the 40% quota pertaining to non-controlling interests (Euro 11 million net of provisions accrued up to 31 December 2011), has been entered under non-current liabilities in order to provide a better representation of the economic substance of the transaction made in 2009 by the non-controlling shareholder Simest S.p.A. in favour of the Astaldi Group. The valuation of these liabilities was made in accordance with the contract agreements and the business plan of the subsidiary. Considering that the amounts involved are not very significant in the context of the Astaldi Group consolidated financial statements, no adjustment was made for comparative purposes of the corresponding data at 31 December 2010.

Translation of items and financial statements into foreign currency

The consolidated financial statements of the Astaldi Group are drafted in Euro, which is the Parent's presentation and operating currency.

The balances included in each Group Company's financial statements have been recognised in the currency of the Company main economic environment (operating currency). The items expressed in a currency other than the operating currency, whether monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-set or determinable sums of money) or non-monetary (inventories, work 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 items are subsequently translated into the operating currency on the basis of the exchange rate on the reporting date and the resulting differences are recognised in the income statement. With regard to the latter it should be pointed out that the exchange rate differences are classified on the separate income statement, on the basis of the type of equity item that has generated them.

The non-monetary items are kept at the translation rate at the transaction date, except in the end 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 changes in the amount of these items.

The rules for translating financial statements expressed in foreign currency into the presentation currency are as follows:

- The assets and liabilities entered in financial statements are translated at the exchange rate on the reporting date;
- Costs and revenue, income and charges entered in the financial statements are translated at the average exchange rate for the year, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- Equity items, excluding profit for the year, are translated at historical exchange rates;
- The "translation reserve" includes both the translation rate differences generated by translation of income statement items at a different exchange rate from the year-end rate, and those generated by translation of opening equity balances at a different exchange rate from the year-end rate.

In case of economies showing hyper-inflation under the definition set forth in IAS 29, the measurement provided in this standard shall apply.

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accrued depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the 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 are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or the improvement of facilities owned or used by third parties are capitalized exclusively within the limits in which they can meet the requirements for separate classification as an asset or part of an asset. Financial charges incurred are capitalised when the conditions set forth in IAS 23 are met.

The carrying amount of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of 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:

	<u>Years</u>
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 asset, depreciation is calculated separately for each of the components forming the asset, applying the component approach policy.

Profits and losses deriving from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant carrying amount.

Leased property, plant and equipment

Property, plant and equipment owned through finance leases, which basically transfer all the risks and benefits of ownership to the Group, are recognised in the financial statements at the effective date of the lease as Group assets at their current amount or, if lower, at the current amount of the minimum payments due for the lease, including the sum to be paid in the year for exercising the purchase option. The corresponding liabilities vis-à-vis the lessor are included under financial payables.

If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the lease, the finance leased assets are depreciated over a period equal to the duration of the lease 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 recognised in the income statement in the financial years of the duration of the lease.

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 them into operation, net of accrued amortisation (with the exception of assets with an indefinite useful life) and any impairment losses. Amortisation is calculated 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 losses accrued over time.

Amortization is performed starting from the financial year in which the rights for which ownership have been acquired make the asset available for use, and takes into account the useful life.

Licenses and similar rights are entered at cost net of amortisation and impairment losses accrued over time. Amortisation is calculated starting from the year in which the purchased right is available for use and takes into account the useful life.

Goodwill, if related to business combination transactions, is allocated to each cash generating unit identified and entered under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a business or a line of business and the acquired share in relation to the current amount of the assets and liabilities forming the capital of that business or line of business. Potential purchased assets and liabilities (including respective non-controlling interests) identified are entered at their current amount (fair value) at the purchase date. The negative difference, if any, is entered in the income statement at the time of purchase. After its initial identification, goodwill is not amortised but is tested for impairment.

In accordance with the provisions of IAS 36 (impairment of assets), goodwill is subjected to impairment tests annually or more often if specific events or changes in circumstances occur.

Please note in this regard that no goodwill items were recognised at 31 December 2011.

Business combinations

At the time of initial application of the IFRS-EU standards, the Group decided not to apply IFRS 3 (business combinations) retroactively with respect to acquisitions dating to before 1 January 2004.

The business combinations previous to 1 January 2010 and completed within that financial year are recognized in accordance with the provisions of IFRS 3 (2004). In particular, these combinations are recognised using the purchase method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition. This cost is allocated by entering the assets, liabilities and contingent liabilities identifiable for the acquisition relative to fair value. Any surplus of acquisition costs compared to fair value of the share in net assets attributable to owners of the parent is recorded as goodwill; if the difference is negative, it is taken to the profit or loss. When the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is entered by using these provisional amount. The amount of equity attributable to non-controlling interests is determined proportionally to the non-controlling share held in net assets. In business combinations undertaken in several phases, at the time of acquisition of the controlling share, the adjustments at fair value for the net assets previously owned by the purchaser are shown under equity. Any adjustments deriving of the completion of the valuation process are detected within twelve months from the acquisition date.

Business combinations after 1 January 2010 are recognised to the provisions of IFRS 3 (2008). In particular, these combinations are recognised using the purchase method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition, plus any capital instruments issued by the purchaser. The costs directly attributable to the acquisition are recorded in the income statement. The acquisition cost is allocated by entering the assets, liabilities and contingent liabilities for the purchase at fair value on the acquisition date. Any surplus between the amount of the assets transferred, and the amount of any non-controlling interests, compared to the net amount of assets and liabilities identifiable in the acquisition, measured at fair value, is recognised as goodwill; or, if the balance is negative, in the income statement. The amount of equity attributable to non-controlling interests is determined proportionally to the non-controlling interests share held in net assets identifiable in the acquisition, or their fair value on the acquisition date. When the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognised by using these provisional amount. Any adjustments deriving from the completion of the valuation process are detected within twelve months of the acquisition date, with adjustment of corresponding figures. In business combination undertaken in several phases, at the time of acquisition of the controlling share, the net assets previously owned by the purchaser are adjusted at fair value, and any differences (positive or negative) are shown in the income statement.

With regard to the following business combination, there follows a description of the acquisition transaction of the Turkish company MONDIAL MILAS A.S., Concessionaire company of the Milas-Bodrum Airport in Turkey. In April 2011, the Astaldi Group, through the associate Astaldi Concessioni, acquired an investment totalling 92.85% of this Turkish company; in accordance with the provisions of IFRS 3, the acquisition date was identified as 1 April 2011. It should be pointed out that the amount of revenue of said company, regarding the phase for the construction of the concession, starting from the acquisition date and up to the end of the year totalled EUR 68,289 thousand, and profit amounted to EUR 2,019.

The operation is based on a specific strategic intention to guarantee an extension of the range of offers by the Group in the concessions sector; by the acquisition of a green-field concession means a boosting of leadership in the airport sector thanks the synergies produced with the construction core business. In brief, the initiative consisted for 72.85% of the interest purchased in the entry of Astaldi Concessioni in the capital paid in and subscribed by one of the Concessionaire shareholders; the remaining 20% involved the acquisition of beneficial rights of the shares. On the whole, the amount of the operation totalling EUR 16,037 thousand corresponds to the carrying amount of the equity acquired on the acquisition date; this, in turn, equals the fair value of the assets acquired and the liabilities undertaken, and therefore with no goodwill entry (positive or negative). With reference to the measurement of equity attributable to non controlling interests, this was calculated with the same criteria used for calculating the fair value of the net assets attributable to owners of the parent.

Investment property

Investment property is recognised as an asset when it is 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 measured at purchase or production cost, increased by any additional costs, net of accrued depreciation and any impairment losses.

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 losses on intangible assets and property, plant and equipment

Assets with an indefinite useful life are not subject to amortization or depreciation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the amount recognised in the financial statements.

For assets subject to systematic amortisation and depreciation, the presence of any indicators leading to the possibility of impairment is assessed; consequently the realisable amount of the asset is estimated.

Such amount is defined as the greater between the fair value net of sale costs to sell and the asset's value in use, with any surplus recognised in the income statement.

Should the prerequisites for the previously performed impairment cease to exist, the carrying amount of the asset is restored within the limits of the carrying amount. Any reversal of impairment losses is recorded in the income statement. Conversely, the amount of previously amortised goodwill or an intangible asset with an indefinite useful life is never restored.

When the realisable amount of an individual asset cannot be estimated, the Group estimates the realisable amount of the cash generating unit to which it belongs.

It is pointed out that during 2011 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 realizable amount of individual assets may be easily calculated, the Group has not identified any impairment.

Agreements for concession activities

Agreements for concession activities, where the authority granting the concession is an entity of the public sector and the concessionaire is an entity of the private sector, falls under the application of IFRIC 12 if the following conditions occur:

- The authority granting the concession controls or regulates the services that the concessionaire must provide with the infrastructure, to whom it must supply them and at what price;
- 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.

In accordance with IFRIC 12, the right to use the infrastructure (asset under concession) to supply the service is recorded under property, plant and equipment but as:

- A financial asset, when there is an unconditioned right of the concessionaire to receive a payment regardless of the actual use of the infrastructure;
- An intangible asset, when there is a right to charge the users for the use of the public service;
- As both an intangible asset and a financial asset (so-called "mixed method") when the concessionaire is paid for the construction of the infrastructure with both of the above forms. In this case the intangible asset is calculated as the difference between the fair value of the investment made and the amount of the financial asset obtained by the discounting of cash flows deriving from the minimum guaranteed amount.

For the measurement of the current amount of the minimum guaranteed amounts, it is pointed out that the discount rates applied by the Group for concession agreements incorporate both the time value component and the counterpart risk. The current amount measured in this way (fair value of minimum

guaranteed amount) is then compared with the fair value of the construction service and, when higher, is entirely recorded at the current amount under financial assets and subsequently measured at amortised cost; when lower, the difference is recorded under intangible assets. The intangible asset is then amortised over the duration of the concession in accordance with the provisions of IAS 38. There follows a table summarising the concessions of the Astaldi Group in which IFRIC 12 is applied.

Concessions deriving from subsidiaries

Type of Concession: Car Parks			
Group Company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
Astaldi Concessioni S.r.L.	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 (ex-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: Airports			
MONDIAL	DHMI	Design, construction and management of the new international terminal of Bodrum Airport (Turkey)	Year: 2016

Concessions deriving from joint controlled entities

Type of Concession: Hospitals			
Associated company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
VENETA FINANZIARIA FINANZA DI PROGETTO S.P.A.	ULSS 12 Veneziana	Design, construction and management of non-core services of the Nuovo Ospedale in Mestre	Year: 2032

Concessions deriving from associates

Type of Concession: Hospitals			
Group company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
S.A.T. S.p.A.	ASL 1,2,3,4 Toscana	Design, construction and management of non-core services of 4 new Apuane, Lucca, Pistoia and Prato Hospitals (*)	Year: 2032
Type of Concession: Underground			
M 5 S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of new Line 5 of the Milan Underground, in the stretch Bignami—Garibaldi. The new line will be 4.9 km long with 9 stations.	Year: 2038
M 5 LILLA S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of the Milan Underground line, in the stretch Garibaldi—San Siro with a route 7 km long with 10 stations.	Year: 2040
Type of Concession: Motorways			
OTOYOL YATIRIM VE ISLETME ANONIM SİRKETİ	KGM	Design, construction and management of the Motorway between Gebze and Izmir (Turkey). The work is the most important project in the Motorway sector ever conducted in the country, and involved the construction of 421 km of new Motorway and a suspension bridge about 3 km long over the Marmara Sea.	Year: 2034

Investments

Investments in entities other than subsidiaries, associates and joint ventures, for which the consolidation scope should be referred to (generally with share of less than 20%) are classified, at the time of purchase, under “investments” and measured at cost if the calculation of fair value is not reliable; in this case the cost is adjusted for impairment losses in accordance with IAS 39.

Inventories

Inventories are recognised at cost or the net realizable amount, whichever is less. The amount of inventories is calculated at 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.

Construction contracts

Contract Work in progress is recognised in accordance with the percentage of completion method, calculated by applying the cost to cost criterion.

This measurement reflects the best estimate of works performed at the reporting date. Assumptions, underlying measurements, are periodically updated. Any income statement effects deriving therefrom are accounted for in the year in which such update is made

Contract revenue includes:

The contract amounts agreed, changes in works, price reviews and incentives, to the extent to which these are likely to be reliable, with application of the conditions set forth in IAS 11 “construction contracts”. In this regard the measurements are made with reference to:

- Specific legislation regarding public works and international legislation;
- Contract clauses;
- The status of negotiations with the customer and likelihood that these negotiations will have a positive result;
- When necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the measurements made are reliable.

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 financial charges, as allowed by the amendment to IAS 11 in connection with the new IAS 23, resulting from financing specifically referred to works carried out. Indeed, during the call for tenders, specific terms of payment are defined on the basis of legal conditions that require the Group to perform structured financing transactions on the contract’s invested capital with the the relative charges affecting the 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 amount 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 the reporting date occur after such date, the amounts recognised in the financial statements are adjusted to reflect the consequent income statement and financial statement of financial position.

Contract work in progress is presented net of any allowance for impairment and/or losses on contracts, as well as of any advances for the contract in progress.

In this regard, it is noted that invoiced amounts related to individual progress reports (Advances) reduce the gross contract amount, if the latter is higher, and any surplus is recognised 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 recognised 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 the allowance for losses on contracts, it is noted that if such allowance exceeds the contract amount recognised among assets, such excess is recorded under “Payables to customers”.

Such analyses are carried out on a contract-by-contract basis: if the differential is positive (due to work in progress being greater than the amount of advances), such amount is classified among assets under “Receivables from customers”; on the other hand, in case this differential is negative, the amount is classified among liabilities, under “Payables to customers”.

Receivables and financial assets

The Group classifies financial assets in the following categories:

- Assets at fair value through profit or loss;
- Receivables 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 at the purchase date.

All financial assets are initially measurement at fair value, increased by additional charges in the case of assets other than those classified at fair value through profit or loss.

The Group determines the classification of its own financial assets after initial recognition and, if appropriate and allowed, reviews such classification at the end of each financial year. In this regard, it is noted that during 2011, as in the previous year, the categories adopted were receivables and loans and assets at fair value through profit or loss; the latter includes derivatives and some securities of a minor amount.

Financial assets at fair value through profit or loss.

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 separated derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments. Gains or losses on assets held for trading are recorded in the income statement. Upon initial recognition, financial assets may be classified as financial assets at fair value through profit or loss, if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency of recognition which would arise by measuring the assets or entering gains 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 measured on the basis of their fair value, in accordance with a documented risk management strategy.

Receivables 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 measured at the amortised cost based on the effective interest rate method. Any impairment losses calculated through the impairment test are recognised 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

This category includes assets which are not derivatives, with a pre-set maturity and for which the Group has the intention and capacity to hold to maturity. Such assets are measured at the amortised cost based on the effective interest rate method. Assets with a contract maturity within the subsequent 12 months are included within under current assets. Any impairment calculated through the impairment test are recognised in the income statement.

Financial assets available for sale

This category includes financial assets which are not derivatives, have been designated as such or are not classified in any of the three previous categories. They are measured at fair value, with impairment losses shown against a specific equity reserve ("reserve for assets available for sale"). This reserve is recognised in the income statement only when the financial asset is effectively transferred, or if there is real evidence that it has undergone a significant impairment losses. Its classification as a current or non-current asset depends on the intentions of management and the real negotiability of the asset; items expected to be realised in the subsequent 12 months are recorded under current assets.

Impairment losses on financial assets

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

Assets measured 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 carrying amount of the asset and the current amount of estimated future cash flows (excluding losses on future bad debts 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 recognition). The carrying amount of the asset will be reduced by application of an allowance. The amount of the loss will be recognised in the income statement.

In particular, with reference to trade receivables, amortisation for impairment loss are recorded when there is evidence, largely based on the nature of the counterpart, that there is no possibility of collecting such receivables according to the original conditions. If, subsequently, the amount of impairment losses decreases, the decreased amount may be reversed. Any subsequent reversals of impairment losses are recognised in the income statement, to the extent in which the asset's carrying amount does not exceed the amortised cost at the date of reversal.

Financial assets available for sale

In the case of impairment losses on 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 recognised in the income statement, net of any impairment loss previously recognised in the income statement.

Reversals of impairment losses relating to investments classified as available for sale are not recognised in the income statement. Reversals of impairment losses relating to debt instruments are recognised in the income statement if the increase in the instrument's fair value may be objectively attributed to an event which occurred after the impairment losses were recognised 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 trading and measured at fair value through the profit or loss.

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). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recognised in a specific reserve charged to the statement of comprehensive income ("hedging reserve"), which is then recognised in the income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately recognised in the income statement for the year. If the derivative instrument is transferred or no longer qualifies 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 "hedging reserve" is immediately reversed to the income statement.

These derivatives are initially recognised at fair value at the stipulation date; subsequently, such amount is periodically adjusted. Derivative instruments are recognised as assets when the fair value is positive, and as liabilities when the fair value is negative. Possible gains or losses deriving from changes in the fair value of derivatives not suitable for hedge accounting are recognised directly in the income statement during the year. The effectiveness of hedging transaction 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 pointed out 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 flows from the asset have expired;
- The right to receive cash flows 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 flows 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 recognised 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 measured at the initial carrying amount 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 carrying amount are consequently recognised in the income statement.

Hierarchical levels for fair value measurement of financial instruments

With regard to the instruments measured at fair value recognised in equity, under IFRS 7 "Financial instruments: disclosures" such instruments must be classified on a hierarchy of levels reflecting the significance of the inputs used in calculating fair value.

The standard distinguishes the following levels for financial instruments valued at fair value:

- a) Level 1—when the prices are recorded on an active market;
- b) Level 2—when the amounts, different from the quoted prices in the previous point, can be observed directly (prices) or indirectly (derived from prices) on the market;
- c) Level 3—when the amount are not based on observable market data.

No transfers between different levels of the hierarchy of fair value have ever occurred.

Cash and cash equivalents

These include cash, deposits or other amounts with banks or other financial institution, 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 recognised 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 share issues are classified as reducing the share capital when such costs are directly attributable to the capital transaction.

Treasury shares

Treasury shares are recognised as a reduction of equity. Specifically, the nominal value of treasury shares is recognised 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 at the Shareholders' Meeting. Therefore, profits or losses relating to the purchase, sale, issue, or cancellation of treasury shares are not recognised in the income statement.

Retained earnings

This includes the profits or losses of the previous financial years for the part not distributed or allocated to reserves (in case of profit) or balanced (in case of loss).

Other reserves

These are reserves deriving from first application of international financial reporting standards and other equity reserves (such as stock grant reserve).

Other comprehensive income

The item includes the hedging reserve related to the fair value of hedging derivatives related to the effective component and the translation reserve.

Financial liabilities

Financial liabilities are initially recognised in the financial statements at fair value net of transaction costs, and are subsequently measured at their amortised cost.

Any difference between the sum received (net of transaction costs) and the nominal value of the payable is recognised 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 its obligations at least more than 12 months after the reporting date.

It is noted that the Group has not designated any financial liability at fair value through profit or loss.

Trade payables and other payables

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

Tax expense**Current taxes**

Current taxes for the year and those of previous years are recognised at the amount expected to be paid to the tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the reporting date 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 amount of assets and liabilities recognised in the financial statements and the taxable amount.

Deferred tax liabilities are recognised against all temporary taxable differences, except when:

- Deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which at the moment of the transaction does not affect the profit for the year, calculated for the purpose of the financial statements, or the profit or loss calculated for tax purposes;
- Temporary taxable differences related to interests in subsidiaries, associates and joint ventures, the 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 and for tax losses carried forward, to the extent to which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial recognition 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 amount of deferred tax assets to be recognised in the financial statements is reassessed at each reporting date 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 recognised are reassessed on an annual basis at the reporting date, and are recognised 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.

Tax expense (deferred and current) directly related to equity items are recognised under equity and not in the income statement.

Employee benefits

Post-employment benefits

Post-employment benefits as per IAS 19, represent a “defined contribution plan”, except for entities with less than 50 employees, for which the previous regulation for post-employment benefits still applies. In this case, a “defined benefit plan” is therefore implemented, accordance with IAS 19, and the corridor method is applied.

Cash-settled, share-based payments

The Parent has set up an incentives scheme for top management (CEO and general managers), linked to their achievement of specific 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 charge- of a package 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 recognised when at the reporting date there is a current obligation (legal or implicit) resulting from a past event, the out flow of resources to settle the obligation are likely and a reliable estimate of the obligation can be made.

The provisions are recognised at the amount representing the best estimate to settle the obligation or to transfer it to third parties at the reporting date. 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 recognised as a financial charge in the income statement.

Revenue other than contract work in progress

Revenue is measured at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.

Revenue related to the sale of goods is recognised 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.

Revenue from the supply of services is recognised, when it can be reliably estimated, on the basis of the percentage-of-completion method.

Government grants

Government grants are recognised 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 the income statement in such proportion that it offsets the corresponding costs.

In the case the grant is linked to an asset, the grant's fair value is recognised 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, and the relative amount is not included in the carrying amount of the asset.

Financial charges

Interest is recognised on an accrual basis in accordance with 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. Financial charges are capitalised according to provisions set out by IAS 23.

Dividends

Dividends are recognised when the right arises from shareholders to receive the payment that normally corresponds to the dividend distribution approved at 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 at the Shareholders' Meeting.

Costs

Costs are recognised on an accruals basis and on the Group companies ability to continue as a basis of going concern of the activity of the Group companies.

Earnings per share

Basic profits per share are calculated by dividing the share of the Group's profit attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares.

Diluted earnings are 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 carrying amounts of assets and liabilities and the disclosure regarding potential assets and liabilities. In the light of the Banca d'Italia/CONSOB/Isvap Joint Document No. 2 of 6 February 2009 it should be pointed out 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 allowance for impairment and provisions for contract revenue, amortisation and depreciation, impairment losses of assets, employee benefits, taxes, other accruals, 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.

Newly issued accounting standards and interpretations with EU approval effective at 1 January 2011.

EU REGULATION	CONTENTS
REG. (EU) 1293/2009 of 24 December 2009 . . .	Amendment to IAS 32—Classification of rights issues
REG. (EU) No. 574/2010 OF THE COMMISSION of 30 June 2010	Amendment to IFRS 1 limited Exemption from comparative IFRS 7 Disclosures for first-time adopters—Amendment of IFRS 7 Financial instruments: Disclosures
REG. (EU) No. 632/2010 OF THE COMMISSION of 19 July 2010	IAS 24 Related party disclosures—Amendment to IFRS 8 Operating segments
REG. (EU) No. 633/2010 OF THE COMMISSION of 19 July 2010	Amendments to IFRIC 14 Interpretation Prepayments of a minimum funding requirement
REG. (EU) No. 662/2010 OF THE COMMISSION of 23 July 2010	IFRIC 19 Interpretation Extinguishing financial liabilities with equity instruments—Amendment to IFRS 1 First time adoption of International Financial Reporting Standards
REG. (EU) No. 149/2011 OF THE COMMISSION of 18 February 2011	Improvements to International Financial Reporting Standards

The standards and interpretations approved with the regulations indicated have not had any special impact on the measurement and recognition of income statement and statement of financial position or on the financial statement disclosures.

It is also pointed out that EU REGULATION No. 1205/2011 OF THE COMMISSION was issued on 22 November 2011, and concerns amendments to IFRS 7 “Financial instruments: disclosures—Transfers of financial assets.” In this regard the Group is analysing the effects deriving from the amendments to IFRS 7 but an initial analysis shows that the impact will regard disclosure only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Revenue: EUR 2,265,284 Thousand (EUR 1,931,588 Thousand)

Revenue from works amounted to EUR 2,265,284 thousand with an increase of approximately 17% compared to 2010. This increase, in line with the plan objectives, is due to a general increase of the strategic areas where the Group operates, including the domestic area. Details are provided in the following table:

	2011	2010	Change
Revenue from sales and services	384,061	375,216	8,845
Changes in contract work in progress	1,881,223	1,556,373	324,850
Total	2,265,284	1,931,588	333,696

It should be pointed out that the item “Revenue from sales and services” includes amounts of works completed and approved by the respective customers and revenue deriving from the concessions, while the item “Changes in contract work in progress” represents the amount of works performed in the year, but not yet completed.

Revenue by geographical breakdown is shown below:

	2011	%	2010	%	Change
Italy	1,049,791	46.3%	875,343	45.3%	174,448
Europe	696,933	30.8%	471,891	24.4%	225,042
America	318,435	14.1%	421,055	21.8%	(102,620)
Africa	163,181	7.2%	140,498	7.3%	22,682
Asia	36,944	1.6%	22,800	1.2%	14,144
Total	2,265,284	100.0%	1,931,588	100.0%	333,696

In connection with the geographical breakdown of revenue, there was a significant increase in the Central and Eastern European area due in particular to the Romanian (Arad-Orodea National Road, Medgida-Costanza Motorway, Arad—Timisoara Motorway) and the Polish area (National Road NR-8, Line 2 of the Warsaw Underground), as well as the Russian area (Pulkovo Airport in St. Petersburg); the African and Asian areas provided their respective contribution, with the SMS Railway in Algeria and the construction of a Motorway stretch in Oman. In this regard, we can also recall the domestic area, where the increase was mainly due to the Jonica state highway, Line 5 of the Milan Underground, and the hospitals in Tuscany (Lucca, Massa, Pistoia, and Prato).

Finally, but equally important, we can cite the revenue from the concessions business (construction phase and management phase), worth EUR 91,186 thousand, with particular reference to the construction of the Milas-Bodrum Airport and the management of Mestre Hospital.

For further information on this item please refer to note 34 of segment reporting pursuant to IFRS 8.

2 Other Revenue: EUR 94,975 thousand (EUR 124,220 thousand)

Other revenue, totalling EUR 94,975 thousand, comprise items not directly related to the Group’s main production activity, but rather accessory to the core business and of a lasting nature. Details are provided in the following table:

	2011	2010	Change
Revenue from the sale of goods	37,984	41,261	(3,277)
Services to third parties	25,633	33,922	(8,289)
Services and activities to manage joint projects	6,933	2,618	4,314
Rent and lease receivable	4,507	2,751	1,756
Grants related to income	—	74	(74)
Net gains from disposal of property, plant and equipment	3,183	2,217	966
Other	16,735	41,377	(24,642)
Total	94,975	124,220	(29,245)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Other Revenue: EUR 94,975 thousand (EUR 124,220 thousand) (Continued)

In this regard we can observe a general decrease the significant components of this item, and in particular:

- EUR 3,277 thousand and EUR 8,289 thousand related above all to the Turkish market where in 2010 operations were undertaken with reference to agreements with subcontractors for individual contracts;
- EUR 24,642 thousand related to revenue from residual and marginal assets where the decrease, compared to the previous financial year, is mainly due to the amounts received following payment of insurance repayments and the use of surplus provisions. In particular, in relation 2011 the amount totalling EUR 16,735 thousand is mainly composed of: EUR 2,844 thousand from insurance repayments; EUR 3,222 thousand for the use of surplus provisions compared to the requirement of future resources to cover any obligations deriving from past events; EUR 5,483 thousand for prior year income and inexistant liability; EUR 3,771 thousand for other revenue related to ordinary services.

3 Purchase costs: EUR 458,640 thousand (EUR 366,906 thousand)

The costs for the purchase of raw materials, supplies and consumables, together with the change in inventories, totalled EUR 458,640 thousand with a net increase of approximately 25% compared to previous year.

Details are provided in the following table:

	2011	2010	Change
Purchase costs	479,538	362,870	116,668
Change in inventories of raw materials, supplies, consumables and goods	(20,898)	4,036	(24,934)
Total	458,640	366,906	91,734

With regard to the geographical composition of this item, we can observe a significant increase, mainly due to the rise in production in the year, in the Central-Eastern Europe area, especially Romania (Arad-Oradea National Road, Medgidia-Costanza Motorway, Arad—Timisoara Motorway) and the Polish area (National Road NR-8, Line 2 of the Warsaw Underground), as well as the African area (Algeria—SMS Railway); in this regard, there is also the domestic area, mainly from the increase in works on the Jonica State Highway, Line 5 of the Milan Underground, and the hospitals in Tuscany (Lucca, Massa, Pistoia, Prato).

The geographical breakdown of purchase costs is the following:

	2011	%	2010	%	Change
Italy	131,016	27.30%	112,455	31.00%	18,561
Europe	248,742	51.90%	145,380	40.00%	103,362
America	44,536	9.30%	62,761	17.30%	(18,225)
Africa	40,153	8.40%	28,931	8.00%	11,222
Asia	15,091	3.10%	13,343	3.70%	1,748
Total	479,538	100.00%	362,870	100.00%	116,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Service costs: EUR 1,349,308 thousand (EUR 1,180,715 thousand)

Service costs amounted to EUR 1,349,308 thousand and recorded a general increase of EUR 168,593 thousand compared to previous year. Details are provided in the following table:

	2011	2010	Change
Consortium costs	147,451	201,676	(54,225)
Subcontracts and other services	956,498	777,153	179,345
Technical, administrative and legal consulting	89,275	74,536	14,739
Remuneration of directors and statutory auditors	3,001	4,234	(1,234)
Utilities	12,679	12,013	665
Travel and transfers	4,338	4,700	(362)
Insurance	23,955	17,328	6,628
Rentals and other costs	86,150	56,970	29,180
Rent and condominium expenses	6,657	7,806	(1,149)
Maintenance costs for leased assets	835	767	68
Other	18,469	23,531	(5,062)
Total	<u>1,349,308</u>	<u>1,180,715</u>	<u>168,593</u>

Increases in service costs are basically due to costs for subcontracts and especially in the two main operational areas, where there was also a greater increase in production in the financial year and especially in Romania (Arad-Orodea National Road, Medgida-Costanza Motorway, Arad—Timisoara Motorway) and in Poland (NR-8 National Road, Line 2 of the Warsaw Underground). The increase is due to the construction of the Milas-Bodrum Airport in Turkey and domestic orders, in particular the Extension of Line 5 in Milan and the Jonica State Highway. The geographical breakdown of subcontracting costs is shown in the following table:

	2011	%	2010	%	Change
Italy	491,350	51.4%	369,756	47.6%	121,594
Europe	318,257	33.2%	218,485	28.1%	99,772
America	108,877	11.4%	149,032	19.2%	(40,155)
Africa	18,157	1.9%	29,555	3.8%	(11,398)
Asia	19,857	2.1%	10,325	1.3%	9,532
Total	<u>956,498</u>	<u>100.0%</u>	<u>777,153</u>	<u>100.0%</u>	<u>179,345</u>

We can also point out the increase in rental costs for the Romania, Poland and Algeria.

On the other hand, there was a decrease in consortium costs, related to the execution of works in association with other entities in the construction sector, above all due to lower revenue, compared to 2010, from some orders executed in Italy, and especially in the Rome Underground Line C.

With regard to “Other” costs, down compared to the previous year, it is pointed out that this is mainly due to custodian expenses.

5 Personnel expenses : EUR 262,492 thousand (EUR 244,102 thousand)

Personnel expenses costs totalling EUR 262,492 thousand increased compared to previous year by approximately 7.5% with a less than proportional growth compared to the change in revenue, due to the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Personnel expenses : EUR 262,492 thousand (EUR 244,102 thousand) (Continued)

impact of this item on total revenue, showing a decline compared 2010 (2011: 11.1%, 2010:11.9%). Details are provided in the following table:

	2011	2010	Change
Wages and salaries	177,266	161,639	15,627
Social security charges	41,737	37,677	4,060
Other costs	41,697	42,084	(387)
Other post-employment benefits	759	1,158	(399)
Cost of share-based payments	1,034	1,544	(510)
Total	<u>262,492</u>	<u>244,102</u>	<u>18,390</u>

With regard to this an increase was recorded due to the higher levels of production achieved in the financial year in Europe, Romania, Poland and Russia (Pulkovo Airport contract) and in Italy. The “Other costs” item, down slightly compared to the previous year, includes both the cost components related to personnel management (training, canteen, meals etc.) and the cost allocation of the post-employment benefits as a defined contribution plan as per in IAS 19. The component “Other post-employment benefits” represents the revaluation of post-employment benefits allocated up to the time when the new rules came into force. Refer to note 26 for details on changes in post-employment benefits.

The item “Cost of share-based payments” includes the valuation of an incentive scheme for top management linked to their achievement of specific financial targets. The main features of the scheme are defined 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 manner and under the conditions specified in the regulations.

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, measured 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Personnel expenses : EUR 262,492 thousand (EUR 244,102 thousand) (Continued)

In connection with what has been described up to this point, the plan has taken into account the hypothesis of the physical delivery of shares resulting in a cost of EUR 1,034 thousand with an equity reserve.

For further information in this regard please refer to the Corporate Governance and share holding structure report; actuarial assumptions with regard to the calculation for 2011 are, however, as follows:

- Dividend rate: 3.25%
- Volatility: 43%
- Probability of target achievement: 95%
- Risk free rate: 1.40%

The following tables show personnel expenses costs by geographical area:

	2011	%	2010	%	Change
Italy	109,408	41.7%	100,179	41.0%	9,229
Europe	58,305	22.2%	43,625	17.9%	14,680
America	59,771	22.8%	64,839	26.6%	(5,068)
Africa	22,102	8.4%	22,851	9.3%	(750)
Asia	12,906	4.9%	12,608	5.2%	298
Total	262,492	100.0%	244,102	100.0%	18,390

<u>Composition of personnel</u>	<u>31/12/2011</u>	<u>31/12/2010</u>	<u>Change</u>
Top management	173	144	29
Middle management	150	141	9
White collars	2,640	2,503	137
Workers	6,229	6,306	(78)
Total	9,192	9,094	98

6 Amortisation, depreciation and impairment losses : EUR 51,568 thousand (EUR 56,807 thousand)

Amortization, depreciation and impairment losses totalling EUR 51,568 thousand show a fall in absolute terms, compared to the previous year, of EUR 5,239 thousand. Details are provided in the following table:

	2011	2010	Change
Amortisation of intangible assets	7,259	1,147	6,112
Depreciation of property, plant and equipment and investment property	44,309	51,744	(7,435)
Impairment losses	—	3,916	(3,916)
Total	51,568	56,807	(5,239)

The item includes depreciation of investment property for a residual value; refer to note 15 for more details.

With regard to impairment losses of receivables, the amount calculated during the year takes into account their realizable value considering the nature of the counterpart.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Other operating costs: EUR 38,409 thousand (EUR 28,227 thousand)

Other operating costs totalling EUR 38,409 thousand show an increase attributable to all components of this item and in particular:

	2011	2010	Change
Provisions for risks and charges	7,962	791	7,171
Other operating costs	30,447	27,436	3,011
Total	<u>38,409</u>	<u>28,227</u>	<u>10,182</u>

This increase in provisions for risks and charges reflects the estimated cost for the Group in the business combinations set up with other General Contractors for undertaking initiatives in Italy for transportation infrastructures. The financial effect of these possible costs could occur at the time of the solution of complex contract and participation issues for specific situations, with effects in the coming financial years.

Other operating costs, also showing an increase compared to the previous year, are as follows:

	2011	2010	Change
Prior year expense and inexistant assets	1,351	2,795	(1,444)
Tax charges	10,405	7,648	2,757
Other administrative and sundry costs	18,691	16,993	1,698
Total	<u>30,447</u>	<u>27,436</u>	<u>3,011</u>

More specifically, the increase is mainly due to tax charges (customs duties, concession tax, etc.) above all in Venezuela and Turkey. The component "Other administrative and sundry costs" in particular regards cost for transactions with third parties and administrative expenses.

8 Capitalisation of internal construction costs: EUR 850 thousand (EUR 1,241 thousand)

Capitalisation of internal construction costs refers to activity carried out during 2011 under contracts not falling under the application of IFRIC 12.

9 Financial income: EUR 44,772 thousand (EUR 33,645 thousand)

Financial income increased compared to the previous year by EUR 11,127 thousand and consists of the following:

	2011	2010	Change
Income from associates	966	874	92
Income from other investees	—	115	(115)
Bank interest income and fee	4,370	2,201	2,169
sureties fees	2,150	558	1,592
Exchange rate gains	9,589	19,600	(10,011)
Income on derivatives	1,689	2,245	(556)
Other financial income	19,478	2,114	17,364
Interest income on financial accounts receivables from concessions . .	6,530	5,938	592
Total	<u>44,772</u>	<u>33,645</u>	<u>11,127</u>

In the analysis of the components of this item, the increase is basically due to interest on current accounts, sureties fees and to the component "Other financial income" showing an increase from interest agreed with customers and from liquidity management operations.

There was a decrease in some components, due to foreign exchange management which, despite the fall in the gains generated, recorded a significant decrease in exchange rate losses as shown below in the composition of financial charges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Financial charges: EUR 120,444 thousand (EUR 111,717 thousand)

This item recorded an increase compared to 2010, especially in relation to higher interest on borrowing mainly associated with investments in concessions. Nevertheless, it should be stressed that this item rose less than proportionally with respect to the change in revenue (2011: 5.10%; 2010: 5.43%).

The financial components of this item are shown below:

	2011	2010	Change
Sureties fees	22,849	18,775	4,074
Bank interest expense and fees	39,675	30,744	8,931
Exchange rate losses	17,746	29,117	(11,371)
Losses on derivatives	16,169	15,694	475
Financial charges on lease	322	678	(356)
Other financial charges	23,101	16,272	6,829
Total	119,862	111,280	8,582
Impairment losses of investments	8	12	(4)
Impairment losses of securities and receivables	574	425	149
Total	582	437	145
Total financial charges	120,444	111,717	8,727

The change in financial charges is mainly due to:

- Increases of EUR 4,074 thousand for sureties fees deriving from the higher average amount of projects of interest to the Group, in Italy and abroad, thus increasing the commitments for operating securities;
- Increases of EUR 8,931 thousand for higher interest payable related to the domestic area in particular;
- Increases of EUR 6,829 thousand mainly regarding the forecast charges deriving from the conclusion of financial transactions on specific borrowing positions in relation to the definitive transfer, pursuant to the law and the contract, of the related risks and benefits to the respective counterparts;
- Decreases of EUR 11,371 thousand due to lower exchange rate losses, also deriving from careful currency management.

With regard to the impairment losses on financial assets, calculated under the impairment test, trends were basically similar to the previous period.

11 Effects of accounting: EUR 401 thousand (EUR 262 thousand)

The effects of the equity accounting are not very significant for the income statement because: i) most of the Group entities are consortiums; ii) the change in the accounting standards for jointly controlled entities. Refer to Annex 2 for information on entities valued with the equity method.

12 Tax expense: EUR 53,496 thousand (EUR 38,960 thousand)

The total amount of taxes for the year is EUR 53,496 thousand. The tax rate of the financial year, including IRAP, is 43% (2010: 38%). This increase, compared to the previous year, reflects the different

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 Tax expense: EUR 53,496 thousand (EUR 38,960 thousand) (Continued)

geographical breakdown of the business and includes the taxation effect related to some countries where the Group operates. Details are provided in the following table:

	2011	2010	Change
Income statement			
Current income tax ^(*)	39,094	29,611	9,483
Deferred income tax ^(*)	4,362	3,636	726
Current taxes I.R.A.P.	7,976	6,949	1,027
Deferred tax I.R.A.P.	504	509	(5)
Substitute and other tax	1,560	(1,744)	3,304
Total	53,496	38,960	14,536

(*) Income tax refers to IRES for Italy and similar tax in the foreign areas

There follows a breakdown for deferred tax assets totalling EUR 3,361 thousand and for deferred tax liabilities totalling EUR 1,273 thousand.

	31/12/2011 Income Tax	31/12/2011 IRAP	31/12/2010 Income Tax	31/12/2010 IRAP
Statement of financial position				
a) Deferred tax assets deriving from:	26,543	2,024	26,380	2,098
—Taxed provisions for risks	10,819	562	11,307	684
—Taxed allowance for impairment—default interest	197		428	
—Exchange rate differences	5,169		5,525	
—IFRIC 12	8,359	1,462	8,618	1,413
—Other minor	1,999		502	1
b) Deferred tax liabilities deriving from:	(21,494)	(3,712)	(16,637)	(3,231)
—Buildings recognised at fair value in substitution of cost	(3,752)	(532)	(3,752)	(532)
—Default for deducted contract risks	(32)		(47)	
—Arrears interest to be collected	(2,371)		(1,330)	
—IFRIC 12	(18,180)	(3,180)	(16,456)	(2,699)
—Other + hedging reserve	2,841		4,948	
c) Net deferred tax assets a) – b)	5,049	(1,688)	9,743	(1,133)
d) Deferred tax for year recognised in profit or loss . .	4,362	504	3,636	509
	31/12/2011 Income Tax	31/12/2011 IRAP	31/12/2010 Income Tax	31/12/2010 IRAP
Deferred tax liabilities				
Statement of financial position				
a) Deferred tax assets deriving from:	1,190		581	
—cash flow hedge	1,190		581	
b) Deferred tax liabilities deriving from:	(2,463)		(2,168)	
—IFRIC 12	(1,984)		(1,425)	
—other	(479)		(743)	
c) Net deferred tax liabilities a) – b)	(1,273)		(1,587)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 Tax expense: EUR 53,496 thousand (EUR 38,960 thousand) (Continued)

Reconciliation, for ires tax purposes only, between the tax recognised in the accounts (current and deferred) and the theoretical tax resulting from the application of the current tax rate (27.5%) to the pre-tax profit is the following:

	2011	%	2010	%
Pre-tax profit	125,420		102,483	
Theoretical income tax	34,491	27.5%	28,183	27.5%
Net effect of permanent increases (decreases)	5,850	4.7%	3,278	3.2%
Net effect of deferred and current taxation of foreign entities and other adjustments	3,115	2.5%	41	0.0%
Substitute and other tax	1,560	1.2%	0	0.0%
IRAP (current and deferred)	8,480	6.8%	7,458	7.3%
Income tax recorded in the financial statements (current and deferred)	53,496	42.7%	38,960	38.0%

13 Earnings per share: Euro 0.73 (Euro 0.64)

Earnings per share are calculated as follows:

	31 December 2011	31 December 2010
Numerator		
Earnings attributable to owners of the parent	71,195	63,056
Denominator (in units)		
Weighted average number of shares (all ordinary)	98,424,900	98,424,900
Weighted average number of treasury shares	(668,467)	(765,884)
Weighted average number of shares to be used to calculate basic earnings per share	97,756,433	97,659,016
Basic earnings per share	0.728	0.645

In this respect, it can be pointed out that the stock grant scheme for key management personnel does not produce a significant dilution effect. Considering the effect of potential shares that could be assigned to beneficiaries, the earnings obtained are Euro 0.727.

14 Property, plant and equipment: EUR 192,278 thousand (EUR 301,429 thousand)

Property, plant and equipment decreased in terms of absolute value compared to the previous financial year. This is largely explained by the decrease in the domestic area, due to the effects of new contract scenarios in the concessions business, with the entering of the net investment value resulting from the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14 Property, plant and equipment: EUR 192,278 thousand (EUR 301,429 thousand) (Continued)

difference between the assets produced and the contribution received in previous years. The following table shows changes in property, plant and equipment in 2011.

	Land and Buildings	General and specific plant	Excavators, loaders and vehicles	Sundry equipment and machines	Assets under construction and payment on account	Total
Amount at 31/12/2010, net of depreciation(1)	44,841	81,091	36,821	31,305	107,371	301,429
<i>Increases resulting from acquisitions</i>	143	19,439	13,158	11,369	10,006	54,116
	44,985	100,530	49,980	42,674	117,377	355,545
<i>Depreciation</i>	(1,147)	(16,358)	(15,196)	(11,572)	0	(44,273)
<i>Other disposals</i>	(89)	(8,572)	(2,689)	(2,300)	(105,164)	(118,813)
<i>Reclassification and transfers</i> . .	(380)	359	293	462	(735)	0
<i>Exchange rate differences</i>	49	(160)	(10)	(28)	23	(126)
<i>Other changes</i>	0	(5,284)	637	(34)	4,625	(56)
Amount at 31.12.2011, net of depreciation(2)	43,418	70,516	33,016	29,203	16,126	192,278
(1) of which						
—Cost	52,072	148,995	116,658	84,077	107,371	509,172
—Accumulated depreciation . .	(7,231)	(67,904)	(79,837)	(52,771)	0	(207,743)
Net depreciation	44,841	81,091	36,821	31,305	107,371	301,429
(2) of which						
—Cost	51,649	139,942	119,801	86,880	16,126	414,398
—Accumulated depreciation . .	(8,231)	(69,426)	(86,785)	(57,677)	0	(222,120)
Net amount	43,418	70,516	33,016	29,203	16,126	192,278

The amount of property, plant and equipment included leased assets for an amount of EUR 12,682 thousand as shown below:

	General and specific plant	Excavators, loaders and vehicles	Sundry equipment and machines	Total
Amount at 31.12.2011, net of depreciation of which				
—Cost	7,789	6,010	4,247	18,047
—Accumulated depreciation	(2,230)	(2,281)	(854)	(5,365)
Net amount	5,559	3,730	3,393	12,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Investment property: EUR 1,141 thousand (EUR 1,178 thousand)

Investment property decreased compared to the previous financial year in relation to the ordinary depreciation cycle as shown in the following:

Amount at 31/12/2010, net of depreciation(1)	1,178
<i>Amortisation</i>	(37)
Amount at 31/12/2011, net of depreciation(2)	1,141
(1) of which	
—Cost	1,222
—Accumulated depreciation	(44)
Net amount	1,178
(2) of which	
—Cost	1,222
—Accumulated depreciation	(81)
Net amount	1,141

In relation to measurement of fair value, it is noted that since the indicators were not remarkably reliable and due to the minor significance of the investment in question, it was not deemed necessary to list a precise measurement or a range of fair values.

16 Intangible assets: EUR 44,132 thousand (EUR 3,739 thousand)

Intangible assets rose in connection with investment in the concessions business where investment recovery takes place through the rights of use of the concession facility, classified under intangible assets. This increase is especially due to the concession for the Milas-Bodrum Airport in Turkey where the investment will also be recovered through rights to receivables guaranteed by the authority granting the concession and included in financial assets. The following table shows changes in this item; it is pointed out that there are no leases involved.

	Intellectual property rights	Concessions, licenses, and trademarks	Other Intangible assets	Total
Amount at 31/12/2010, net of amortisation(1) .	594	659	2,486	3,739
<i>Increases</i>				
<i>deriving from acquisitions</i>	524	0	7,725	8,249
<i>Agreements for services under concession— construction phase</i>	0	39,402	0	39,402
	1,118	40,061	10,211	51,391
<i>Amortisation</i>	(439)	(64)	(6,755)	(7,259)
<i>Reclassification</i>	8	(8)	0	0
Amount at 31.12.2011, net of amortisation(2) .	686	39,989	3,456	44,132
(1) of which				
—Cost	2,085	695	4,022	6,802
—Accumulated <i>amortisation</i>	(1,491)	(36)	(1,535)	(3,063)
Net amount	594	659	2,486	3,739
(2) of which				
—Cost	2,219	40,073	11,720	54,013
—Accumulated <i>amortisation</i>	(1,533)	(84)	(8,264)	(9,881)
Net amount	686	39,989	3,456	44,132

17 Investments: EUR 195,964 thousand (EUR 84,830 thousand)

This increase recorded for this item totalling EUR 195,964 thousand is basically due to investments made during the year in the concessions sector.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Investments: EUR 195,964 thousand (EUR 84,830 thousand) (Continued)

The details are shown in the following table:

	31/12/2011	31/12/2010	Change
Equity-accounted investees	94,188	82,866	11,322
Investments measured at cost	101,776	1,964	99,812
Total	195,964	84,830	111,134

The amount of equity-accounted investees at EUR 94,188 thousand (31 december 2010: EUR 82,866 thousand) refers to investments in associates, and the increase is basically due to investments in concessions and in particular in Metro 5 S.p.A. and in the company registered under Turkish law Otoyol Yatirim Ve Isletme A.S, set up for the construction and management of the Gebze-Orhangazi-Izmir Motorway in Turkey. It should likewise be pointed out that the amount of the investments also takes into account interest rate hedges; in any case, for a summary of the main financial statement data of these investments including total assets, liabilities, revenue and the profit or loss for the year, refer to the corresponding annex.

The amount of investments measured at cost, totals EUR 101,776 thousand and is shown net of the allowance for impairment of EUR 7 thousand. The increase of EUR 99,812 thousand is due to the acquisition in 2011 by the Group, through Astaldi Concessioni S.r.l., of a 9.12% stake in the company A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), Concessionaire of the Serenissima Motorway in Northeastern Italy. It should likewise be pointed out that the investment in this company has a particular strategic role in the wider business development plans of the Astaldi Group, with entry into the sector of motorway infrastructures which is likely to guarantee a considerable degree of synergy between the construction sector and the concessions sector. At the reporting date of the financial statements, the impairment test was conducted with the estimate of the fair value of the investment, confirming the likelihood that the impairment losses can be reversed. The test for reversed was conducted on the basis of publicly available information as well as recent valuations made by A4 Holding on the associates. In particular, for the calculation of the realisable value of A4 Holding, the equity method was applied, in which the actuarial aspects correspond to the empirical approach used in net asset value, where it is assumed that the company is a divisible entity and the estimate of the company situation can be made equivalent to the sum of the estimates of the single items, each considered as if they were fully available. In the absence of an updated economic plan for 2011, the method using multiples of the company EBITDA was used. On the basis of the aforesaid, a pro-quota equity value of company was made in alignment with the carrying amount of the investment recognised in the consolidated financial statements.

Finally, it should be pointed out that this item, as in the previous year, is recorded net of payments yet to be made for quotas and/or shares subscribed.

18 Financial assets

Non-current financial assets: EUR 159,671 thousand (EUR 119,517 thousand)

This item includes approximately EUR 138,084 thousand (31 december 2010: EUR 97,948 thousand) in financial assets deriving from the concessions; the increase is due to the amount of EUR 37,681 thousand in relation to the Milas-Bodrum Airport concession in Turkey.

The residual part of this item totalling EUR 21,587 thousand (31 december 2010: EUR 21,569 thousand), of which EUR 15,030 thousand included in the net financial position in relation to the nature of this financial asset, basically refers to receivables due from third parties and associates. The receivables basically derive from financial allocations made by the Parent and its subsidiaries for the investment strategy in the concessions business. For detailed information on the operations with investees and jointly—controlled entities see the annex on related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial assets (Continued)

Current financial assets: EUR 6,248 thousand (EUR 28,276 thousand)

This item, showing a decrease mainly due to the changes in rights to receivables arising from to concessions, and refers to:

- Financial assets deriving from concessions equal to EUR 2,867 thousand;
- Securities in the portfolio, amounting to approximately EUR 1,889 thousand and connected with cash flow management;
- Derivatives related to hedging transaction of EUR 1,492 thousand.

19 Other assets

Other non-current assets: EUR 28,413 thousand (EUR 21,440 thousand)

This item increased compared to the previous year as shown below:

	31/12/11	31/12/10	Change
Tax assets	3,550	4,507	(957)
Other assets	24,863	16,933	7,930
Total other non-current assets	28,413	21,440	6,973

In relation to the tax assets, this item includes EUR 2,156 thousand (31 december 2010: EUR 3,103 thousand) for indirect tax credits for which refunds have been requested from the Tax Authorities, and EUR 1,393 thousand (31 december 2010: EUR 1,404 thousand) for direct taxes. With reference to the component "Other assets", this item includes:

- Receivables for advances to suppliers and subcontractors of EUR 925 thousand;
- Caution deposits of EUR 3,798 thousand;
- Prepayments on insurance premiums of EUR 11,245 thousand;
- Prepayments for sureties fees of EUR 2,254 thousand;
- Other prepayments of EUR 6,524 thousand.

Other Current assets: EUR 308,420 thousand (EUR 308,408 thousand)

Details are provided in the following table:

	31/12/11	31/12/2010	Change
Receivables from associates	24,921	27,985	(3,064)
Receivables from other companies	369	147	222
Other assets	283,130	280,276	2,854
Grand total	308,420	308,408	12

The item "Other current assets" includes:

- Receivables from related parties totalling EUR 24,921 thousand and for the residue receivables from other investees. For detailed information on transaction with related parties refer to the annexe on related parties;
- Other assets totalling EUR 283,130 thousand mainly consisting of: receivables for advances to subcontractors totalling approximately EUR 103,505 thousand and up by EUR 7,784 thousand in the European area (Russia and Turkey); other receivables from third parties for sales of goods and services of approximately EUR 122,318 thousand and up by approximately EUR 16,990 thousand above all in the Romanian area; prepayments for insurance policies of approximately EUR 4,075 thousand; prepayments for sureties of approximately EUR 1,770 thousand; the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Other assets (Continued)

difference between the nominal value of receivables factored before 31 December 2003 and the amounts collected. It should be pointed out that the realisable value of receivables from third parties has been adjusted as shown below:

	31/12/2010	Provisions	Uses		Other	31/12/2011
			Income	Equity		
Other current assets						
Allowance for impairment	(4,179)	(10)	0	318	(1)	(3,872)
Total	(4,179)	(10)	0	318	(1)	(3,872)

With reference to items coming to maturity refer to note 32 of these notes.

20 Inventories: EUR 93,369 thousand (EUR 93,624 thousand)

Inventories fell slightly compared to the previous year, mostly in the American area, and in particular in Venezuela. This item is as follows:

	31/12/11	31/12/10	Change
Raw materials, supplies and consumables	89,322	90,292	(970)
Finished products and goods	1,839	1,567	272
Goods and materials in transit	2,208	1,765	443
Total	93,369	93,624	(255)

The following table shows the geographical breakdown of this item:

	31/12/11	%	31/12/2010	%	Change
Italy	8,118	8.7%	7,523	8.0%	595
Europe	46,303	49.6%	35,685	38.1%	10,618
America	27,385	29.3%	42,661	45.6%	(15,276)
Africa	9,033	9.7%	5,760	6.2%	3,273
Asia	2,530	2.7%	1,995	2.1%	535
Total	93,369	100.0%	93,624	100.0%	(255)

21 Receivables from customers: EUR 1,010,416 thousand (EUR 845,877 thousand)

Payables due to customers: EUR 472,120 thousand (EUR 338,489 thousand)

These items are as follows:

	31/12/11	31/12/10	Change
CURRENT ASSETS			
Contract work in progress	6,449,734	4,933,795	1,515,939
Allowance for impairment losses on contract	(12,348)	(16,494)	4,146
Total contract work in progress	6,437,386	4,917,301	1,520,085
Payments on account from customers	(5,426,970)	(4,071,424)	(1,355,546)
Total receivables from customers	1,010,416	845,877	164,539
CURRENT LIABILITIES			
Contract work in progress	815,475	440,107	375,368
Payments on account from customers	(960,147)	(500,999)	(459,148)
Contract advances	(317,813)	(268,086)	(49,727)
Allowance for impairment losses on contract	(9,635)	(9,511)	(124)
Total payables to customers	(472,120)	(338,489)	(133,631)

This increase in work in progress, while general in all the business areas, is mainly due to orders in the European area and the domestic area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 Trade receivables: EUR 820,963 thousand (EUR 624,362 thousand)

Trade receivables increased compared to the previous financial year by approximately EUR 196,601 thousand and consist of the following:

	31/12/11	31/12/10	Change
Receivables from costumers	803,860	610,904	192,956
Receivables from associates	31,832	29,509	2,323
Receivables from parent	5	13	(8)
Receivables from other investees	1,059	940	119
Allowance for impairment	(15,793)	(17,004)	1,211
Total	<u>820,963</u>	<u>624,362</u>	<u>196,601</u>

This increase, compared to the previous year, is basically due to the domestic area (Line 5 in Milan, Line C in Rome, the Turin By-Pass), the European area (Romania: Medgidia-Costanza Motorway) and the African area (Algeria: SMS Railway). The following table shows the geographical breakdown of receivables:

	31/12/11	%	31/12/2010	%	Change
Italy	388,419	47.3%	216,504	34.7%	171,915
Europe	116,379	14.2%	94,931	15.2%	21,448
America	224,896	27.4%	256,180	41.0%	(31,284)
Africa	86,173	10.5%	53,239	8.5%	32,934
Asia	5,096	0.6%	3,508	0.6%	1,588
Total	<u>820,963</u>	<u>100.0%</u>	<u>624,362</u>	<u>100.0%</u>	<u>196,601</u>

The allowance for impairment decreased compared to the previous year and the changes are shown below:

	31/12/2010	Provisions	Use			31/12/2011
			Income	Equity	Other	
Allowance for impairment	(11,065)	0	0	12	18	(11,035)
Allowance for impairment-default interest	(5,939)	(271)	1,451	—	0	(4,759)
Total	<u>(17,004)</u>	<u>(271)</u>	<u>1,451</u>	<u>12</u>	<u>18</u>	<u>(15,794)</u>

23 Tax assets: EUR 116,981 thousand (EUR 101,523 thousand)

Tax assets, net of an allowance for impairment-default interest, totalling EUR 198 thousand, increased compared to the previous financial year by approximately EUR 15,458 thousand and are as follows, inclusive of the allowance:

- EUR 88,013 thousand (2010: EUR 81,528 thousand) for receivables for indirect taxes abroad foreign area, especially Algeria and Turkey.
- EUR 29,166 (2010: EUR 20,193 thousand) referring to direct taxes, recognised pursuant to of the provisions in force in the countries where the Group operates, especially in Italy, Turkey and Poland.

24 Cash and cash equivalents: EUR 456,210 thousand (EUR 415,259 thousand)

Cash and cash equivalents increased compared to 31 december 2010 and consist of the following:

	31/12/11	31/12/10	Change
Bank and post office deposits	454,843	414,553	40,290
Cash and cash equivalents	1,367	706	661
Total	<u>456,210</u>	<u>415,259</u>	<u>40,951</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24 Cash and cash equivalents: EUR 456,210 thousand (EUR 415,259 thousand) (Continued)

In terms of geographical breakdown this item is as follows:

	31/12/2011	31/12/2010	Change
Italy	274,998	270,913	4,085
Europe	138,221	89,503	48,718
Asia	695	4,123	(3,428)
America	19,661	30,506	(10,845)
Africa	22,635	20,214	2,421
Total	<u>456,210</u>	<u>415,259</u>	<u>40,951</u>

25 Equity: EUR 470,278 thousand (EUR 443,229 thousand)

The share capital, subscribed and fully paid in, comprises 98,424,900 ordinary shares with a nominal value of Euro 2, and amounts to EUR 196,850 thousand. Treasury shares held at the end of the year totalled 610,908 (821,979 shares in 2010), with the nominal value of EUR 1,222 thousand being recognised directly to reduce share capital. The share capital was reduced by a total of 1,038,300 treasury shares (799,800 shares in 2010) used for the stock grant scheme for a total of EUR 2,076 thousand. It should also be pointed out that there are no shares subject to encumbrances or capital increases under way subject to pre-emption option.

At 31 December 2011, according to the Shareholders' Register and other information in this respect obligatory by law (pursuant to Art. 120 of Legislative Decree 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 2% are shown below:

<u>DIRECT SHAREHOLDERS</u>	<u>Number of shares</u>	<u>% Shareholding</u>
Fin.Ast S.r.l.	39,290,495	39.919%
Finetupar International S.A.	12,327,967	12.525%
TOTAL Fin.Ast. S.r.l.	51,618,462	52.445%
Odin Forvaltning AS	4,841,885	4.919%
Pictet Asset Management Ltd	2,024,396	2.057%
TOTAL	<u>58,484,743</u>	<u>59.421%</u>
Market	<u>39,940,157</u>	<u>40.579%</u>
Total	<u>98,424,900</u>	<u>100%</u>

Equity reserves are shown in the following table:

	31/12/2011	31/12/2010	Change
Legal reserve	20,797	18,453	2,344
Extraordinary reserve	172,724	143,522	29,202
Retained earnings	40,493	27,581	12,912
Other reserves	3,611	4,380	(769)
Other comprehensive income	(37,151)	(25,611)	(11,540)
Total	<u>200,474</u>	<u>168,326</u>	<u>32,148</u>

The changes in items in the table above are due to the following:

- The legal reserve increased by EUR 2,344 thousand in relation to the provision of Art. 2430 of the Italian Civil Code.
- The extraordinary reserve increased over the previous financial year by EUR 29,202 thousand. This results from EUR 29,198 thousand as the remaining amount of the allocation of profit of the 2010 financial statements of the Parent; EUR 3 as a result of buy back operations, and finally other changes totalling EUR 1 thousand. With regard to buy back transaction, it should be pointed out

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 Equity: EUR 470,278 thousand (EUR 443,229 thousand) (Continued)

that the total of the provision for treasury shares held in the portfolio reducing the extraordinary reserve totalled EUR 5,027 thousand.

- Retained earnings amounting to EUR 40,493 thousand reflect the economic effects deriving from the consolidation of the shareholdings in the subsidiaries and jointly—controlled entities, and from the application of equity accounting plus other changes. With regard to the allocation of the 2010 profit, it should be pointed out that the dividend (EUR 14,645 thousand) approved at the Shareholders' Meeting of 18 April 2011 was Euro 0.15 per share (Euro 0.13 in 2010) and was paid on 5 May 2011 with coupon detachment on 2 May 2011; part of the profit for 2010, EUR 703 thousand, was allocated to the provision pursuant to Art. 27 of the Company's by-laws.
- There were changes in other reserves following the change in the stock grant reserve of EUR 1,194 thousand and for the effects of the buy back for EUR 67 thousand. This item mainly represented by:
 - The effects resulting from the first time adoption of International financial reporting Standards, which showed a positive value of EUR 1,093 thousand;
 - The effects resulting from the application of IFRIC 12 "Service concession Agreements", which showed a positive value of EUR 10,396 thousand;
 - The effects resulting from the transaction of the financial statements of companies abroad, as well as other investees, with reference to the transition date to the IFRS, which showed negative value of EUR 23,770 thousand;
 - The consolidation reserve which showed a positive value of EUR 9,303 thousand;
 - The effects of recognition of stock grants, which showed a positive value of EUR 6,894 thousand;
 - The effects of negotiation of treasury shares, which showed a positive value of EUR 1,590 thousand;
 - Other reserves with a negative value of EUR 1,896 thousand
- Other comprehensive income summarise the effects of the hedging reserve and the translation reserves of foreign companies. Changes are shown hereunder.

	The opening hedging reserve	Translation reserve	Reconciliation of equity changes
Opening balance 01/01/2010	(17,167)	(7,543)	(24,710)
Changes of previous year	(3,728)	2,827	(901)
Balance 01/01/2011	(20,894)	(4,716)	(25,610)
Changes for the year	(10,906)	(636)	(11,542)
Balance 31/12/2011	<u>(31,799)</u>	<u>(5,352)</u>	<u>(37,151)</u>

The hedging reserve is described below:

	31/12/2011	31/12/2010	Change
hedging reserve Parent /Subsidiaries	21,969	21,634	335
Tax effect	(5,718)	(5,529)	(189)
Amount net of the tax effect	16,251	16,105	146
Hedging reserve Associates	15,610	5,871	9,739
Total	<u>31,861</u>	<u>21,976</u>	<u>9,885</u>
Attributable to owners of the parent	31,799	20,893	10,906
Attributable to non-controlling interest	62	1,083	(1,021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 Equity: EUR 470,278 thousand (EUR 443,229 thousand) (Continued)

With reference to the reconciliation of outstanding shares at the start and the end of the financial year, refer to the table shown below:

Outstanding in 2011

01/01/2011	97,602,921
Out due to buy back	(420,767)
In due to buy back and for the stock grant scheme	631,838
31/12/2011	97,813,992

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 financial 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

Non-current financial liabilities: EUR 655,915 thousand (EUR 593,925 thousand)

Non-current financial liabilities show an increase and consist of the following:

	31/12/11	31/12/10	Change
Bank loans and borrowing ^(*)	645,438	584,486	60,952
Non-current share of loans ^(*)	4,033	4,308	(275)
Finance lease payables ^(*)	4,728	3,447	1,281
Financial payables to associates	1,716	1,683	32
Total	655,915	593,925	61,990

(*) Included in the NFP for an amount of 654,199 (31 december 2010: 592,242)

Non-current financial liabilities showed an increase compared to 31 december 2010, basically due to significant investments, especially in the concessions sector. With regard to the latter, it should be pointed out, however, that the liability connected with concessions is by nature self-liquidating, also taking into account rights to receivables guaranteed by the authority granting the concession. It should also be highlighted that the existing financial structure is ensured in terms of maturity by a recent transaction undertaken by the Group for refinancing the medium term instruments, thus ensuring financial resources to sustain the investments planned for the next 5-year period.

Current financial liabilities: EUR 469,723 thousand (EUR 354,007 thousand)

Current financial liabilities increased, and consist of the following:

	31/12/11	31/12/10	Change
Bank loans and borrowing	341,411	249,235	92,176
Current share of loans	114,659	93,516	21,143
Loans and borrowing from other financial backers	9,560	7,772	1,788
Finance lease payables	4,093	3,484	609
Total	469,723	354,007	115,716

It should be pointed out that the increase in current payables above all regards foreign areas (Romania and America). This item also includes EUR 26,263 thousand (31 december 2010: 23,087 thousand) for hedging derivatives; in this regard refer to note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26 Financial liabilities (Continued)

Finance lease payables: EUR 8,821 thousand (EUR 6,931 thousand)

Finance lease payables, having an average duration of 30-60 months, rose by EUR 1,890 thousand compared to the previous financial year.

Details of this item are shown below:

	31/12/11 Instalments	31/12/11 Current amount	31/12/10 Instalments	31/12/10 Current amount
Within 1 year	4,397	4,093	3,705	3,484
Over 1 year and within five years	4,945	4,728	3,578	3,447
Total lease instalments	9,342	8,821	7,283	6,931
Financial charges	521	—	352	—
Current amount	8,821	8,821	6,931	6,931

There follows the covenants and negative pledges related to the borrowing by the Group and the net financial position pursuant to CONSOB Communication No. 6064293 of 28 July 2006.

Covenants and negative pledges

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

- Ratio between net financial position and attributable to owners of the parent 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 (the “cure period”), 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;
- Loan amounting to EUR 110 million, entered into on 16 July 2009 with Banca Popolare di Milano, acting as Lead arranger 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 revenue of the branches in Venezuela and Salvador, recognised 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 revenue connected with Group operations abroad through its branches or joint ventures, recognised 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 10 million, recognised into with Cariparma on 13 December 2010, with a duration of 18 months: expiry in may 2012;
- Bilateral committed revolving credit facility for the sum of EUR 30 mln, entered into with BayernLB Italia on 5 October 2007: expiry in October 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26 Financial liabilities (Continued)

The same covenant levels also apply to the following loans agreements, entered into in connection with specific operational projects:

- Bilateral committed loan of EURO 18.5 million, entered into on 4 June 2009 with GE Capital (formerly Interbanca S.p.A) for covering design and construction costs of the Verona car park, duration 19 years, expiry in June 2027. The loan is supported by a mortgage on the land rights, transfer of receivables deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee-.
- The loan for US\$ 36 million, entered into on 5 August 2009 with Unicredit and MPS Capital Services as lending banks, to sustain investment in equity of “Chacayes Hydroelectric Project” in Chile. The beneficiary of the loan, with a duration of 7 years and final expiry on 8 August 2016, is Inversiones Assimco Limitada; loan repayment is 100% guaranteed by Astaldi SpA through a corporate guarantee and pledge issued on the shares (Astaldi stake) of the beneficiary company.

The same covenant levels also apply to a committed credit line for the issue of signature commitments (guarantees) for the sum of Euro 175 million, signed on 30 November 2006, duration 7 years, organized by Mediocredito Centrale (Unicredito Group) and the Royal Bank of Scotland and subscribed by a pool of banks: expiry November 2013.

In 2011 the following loans expired and were fully repaid:

- Stand-by credit line of Euro 40 million organised by BNL—BNP Paribas Group and a pool of banks for the subsidiary Co.meri SpA, guaranteed by Astaldi S.p.A.
- Bilateral committed revolving credit facility for the sum of EUR 15 million, recognised into with Dexia

Among the main transactions conducted in 2011 we can mention:

- Committed loan for Euro 35 million to sustain investment in the motorway concessions sector, entered into with Centrobanca and ING Bank in June, with a duration of 5 years and with two renewal options for one year each. Current expiry June 2016;
- Loan for Euro 80 million agreed in August 2011, between the special purpose vehicle Mondial AS, a subsidiary of Astaldi Concessioni, and the pool of banks consisting of HSBC and Türkiye Is Bankasi, to sustain investment in the concession in Turkey for the Bodrum Airport. Expiry July 2015; the loan is covered by a corporate guarantee of Astaldi S.p.A.
- Stand-by credit line agreed in August 2011, entered into in favour of the subsidiary Co.meri SpA, a special purpose vehicle, granted by a pool of banks led by BNL—BNP Paribas Group, guaranteed by Astaldi SpA, for an amount totalling Euro 32 million with expiry in August 2012.
- Forward Start Facility for Euro 325 mln, agreed on 2 December 2011: the loan, usable from April 2013 upon the expiry of the loan for the same amount granted on 18 July 2006, has a duration of 5 years from stipulation, and was organised by Unicredit S.p.A., BNP Paribas, Intesa Sanpaolo and The Royal Bank of Scotland and subscribed by a pool of Italian and international banks.

Furthermore, towards the end of the year, the Company negotiated with the banks for the revision of the repayment plan for the following bilateral loans in such a way as to extend the respective terms of final expiry:

- Bilateral committed revolving credit facility originally for Euro 30 million, remainder to be repaid Euro 20 million, recognised into with West LB on 7 August 2008: new final expiry in August 2015;
- Bilateral committed revolving credit facility for Euro 50 million, entered into with Efibanca on 14 July 2008: new final expiry in July 2016.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26 Financial liabilities (Continued)

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.

It should be pointed out that there was full compliance with above-mentioned covenants for the year of these financial statements.

This table shows the amount of net financial debt with details of the main components as required by CONSOB Communication DEM/6064293 of 28 July 2006.

EUR/000		31/12/2011	31/12/2010
A	Cash and cash equivalents	456,210	415,259
B	Securities held for trading	1,889	5,003
C	Available funds	(A + B) 458,099	420,262
—	Short term financial receivables	879	20,371
—	Current share part of receivables arising from in concessions business	2,867	1,924
D	Current financial receivables	3,746	22,295
E	Current bank loans and borrowings	(315,148)	(226,148)
F	Current share of non-current debt	(114,659)	(93,516)
G	Other current financial payables	(13,654)	(11,256)
H	Current financial debt	(E + F + G) (443,460)	(330,920)
I	Net current financial debt	(H + D + C) 18,385	111,638
J	Non-current bank loans and borrowings	(649,471)	(588,794)
K	Other non-current payables	(4,728)	(3,447)
L	Non-current financial debt	(K + J) (654,199)	(592,242)
M	Net financial debt	(L + I) (635,814)	(480,604)
—	Non-current financial receivables	15,030	16,100
	<i>of which related parties</i>	14,868	14,416
—	Non-current share of receivables arising from concessions	138,084	97,948
N	Non-current financial receivables	153,114	114,047
O	Total financial debt	(M + N) (482,701)	(366,557)

Total financial debt takes into account not only the net financial debt (letter M in the table) calculated in accordance with the CESR Recommendation of 10/02/2005, but also non-current financial receivables from associates set up for project financing activities and rights to receivables arising from concessions.

It should also be recalled that the Parent holds treasury shares in the portfolio totalling EUR 3,005 thousand included in the net financial debt set forth in the Management Report for the sum of EUR (479,696 thousand). Moreover it should be pointed out that the net financial position, also in comparative terms, does not include derivatives used for hedging purposes which by their very nature do not represent financial amount.

27 Other liabilities

Other non-current liabilities: EUR 13,716 thousand (EUR 98,223 thousand)

Other non-current liabilities, totalling EUR 13,716 thousand, show a decrease of EUR 84,507 thousand compared to the previous year due to the effect already mentioned in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27 Other liabilities (Continued)

Other Current liabilities: EUR 125,547 thousand (EUR 117,089 thousand)

Other current liabilities amount to EUR 125,547 thousand and consist of the following:

	31/12/11	31/12/10	Change
Payables to associates	362	113	249
Payables to other companies	33	33	(0)
Payables to personnel	28,552	24,561	3,991
Other liabilities	96,600	92,382	4,218
Total other current liabilities	125,547	117,089	8,458

The remaining component, other liabilities, is mainly composed as follows: sundry payables of EUR 96,108 thousand including payables to associates companies of EUR 22,845 thousand; memorandum accounts of EUR 2,582 thousand. With regard to relationships with the + Companies, please refer to the annex on related parties. We can also observe that payables to associates companies, for capital quotas to be paid and not yet cited by the single Boards of Directors, have been reclassified, as in the previous year, as a direct reduction of the respective carrying amounts of the investments.

28 Employee benefits: EUR 7,926 thousand (EUR 8,460 thousand)

This item concerns post-employment benefits pay and the changes were as follows:

	Amount at 31/12/2010	Increases of the financial year	Decreases of the financial year	Amount at 31/12/2011
Post-employment benefits	8,460	759	(1,293)	7,926

The liabilities recognised in the financial statements are as follows:

	31/12/11	31/12/10
Current amount of the obligation	7,650	7,949
Non-recognized actuarial Loss/(Gain)	276	511
Liabilities recorded in the financial statements	7,926	8,460

	Actuarial amount of the obligation
Opening balance	8,460
Costs for supply of services rendered	300
Interest	458
Benefits paid	(1,293)
Actuarial Loss/Gain	1
Closing balance	7,926

The cost for liabilities is as follows:

	31/12/11	31/12/10
Social security costs for current employment	300	639
Net interest payable (receivable)	458	516
Net actuarial Loss (Gain)	1	2
Total	759	1,157

For further clarification of such amount, the main actuarial assumptions are as follows:

- Annual discounting rate: 4.05%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28 Employee benefits: EUR 7,926 thousand (EUR 8,460 thousand) (Continued)

- Annual inflation rate: 2%
- Annual rate of wage increase:
 - Top management 2.50%;
 - Middle management/White collars/Workers: 1%;

29 Trade payables: EUR 1,118,769 thousand (EUR 922,346 thousand)

This item is as follows:

	31/12/11	31/12/10	Change
Payables to suppliers	1,001,328	791,395	209,933
Payables to associates	116,208	121,141	(4,933)
Payables to parents	2	0	2
Payables to other investees	1,231	9,810	(8,579)
Total	<u>1,118,769</u>	<u>922,346</u>	<u>196,423</u>

The item showed an increase compared to the previous year of EURO/000 196,423 and is closely related to the process of development and consolidation of Group business in the areas where it operates.

The change is due above all to the areas of Romania, Poland, Turkey, Algeria, Russia with regard to the foreign sector, and in the domestic sector to work on the extension of Line 5 in Milan, and to the construction of the High Speed Railway Station in Bologna.

30 Tax liabilities: EUR 73,142 thousand (EUR 58,942 thousand)

Tax liabilities rose by EUR 14,200 thousand and consist of the following:

- EUR 34,161 thousand (31 december 2010: EUR 23,937 thousand): indirect tax payables;
- EUR 33,446 (31 december 2010: EUR 30,881 thousand): direct tax payables;
- EUR 5,535 (31 december 2010: EUR 4,124 thousand): payables to Tax Authorities for employee withholding tax.

31 Provisions for risks and charges: EUR 29,159 thousand (EUR 21,777 thousand)

Provisions for risks and charges consist of the following:

	Provisions for contract obligations	Provisions for investment risks	Provision for legal commitments	Provision as per Art. 27 of Company by- laws	Total
Balance at 31/12/2010	<u>15,639</u>	<u>2,580</u>	<u>2,500</u>	<u>1,058</u>	<u>21,777</u>
Provisions	9,281	0	0	0	9,281
Use	(807)	0	(1,400)	(370)	(2,577)
Charges to accounts	0	0	0	0	0
Reclassification	0	0	0	0	0
Allocation of 2010 profit	0	0	0	703	703
Other	0	(25)	0	0	(25)
Balance at 31/12/2011	<u>24,113</u>	<u>2,555</u>	<u>1,100</u>	<u>1,391</u>	<u>29,159</u>

- 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Provisions for risks and charges: EUR 29,159 thousand (EUR 21,777 thousand) (Continued)

- Provisions for investment risks reflect the deficit, attributable to the owners of the parent, compared to the carrying amount of 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 in accordance with specific resolutions.

The Group is a party to civil and tax legal proceedings and lawsuits connected with the regular company activities. Based on information currently available, and taking account of existing provisions for risk, it is deemed that these proceedings and legal actions will not have any negative impact on the consolidated financial statements.

On 17 October 2011, Major Taxpayers' Office of the Lazio Regional Directorate sent a Notice of Assessment for items pertaining to 2006 in the Preliminary assessment report Assessment Notification served on 3 June 2010, following the general VAT, Ires and IRAP audit, started with access on 23 December 2009, concerning 2007, with the extension to 2006 as regards certain cases.

On the whole, the office found and challenged 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 2006 to 2007); the claimed tax relevance of the higher value of the amounts liquidated through the progress 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 IAS 11 (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 penalties and interest.

For 2006, the Office, confirming the Company's correct behaviour for the calculation of credit for tax paid abroad, previously certified for 2004 and 2005, only reported minor violations in the afore-mentioned Notice. In this respect, it should be pointed out that the assessment was concluded in February 2012 with the agreement to pay EUR 683 thousand including higher tax, penalties and interest.

With regard to matters not yet defined (claims for 2007), it is pointed out that the one concerning the claim for tax liability on the higher value of amounts paid out with respect to the valuation of long term works in progress with the cost to cost method commented on by the Tax Authorities in their recent Circular 7/E of 28 February 2011, in which they explicitly stated the tax relevance of IFRS compliance measurement of long term orders compared to the measurement based, in accordance with Art. 93 of the Consolidate Tax Act, on amounts paid out in the progress reports. In the light of this, as well as on the basis of specific opinions and prestigious external consultants, we believe the risk of tax assessment on these items for 2007 to be remote.

Moreover, on 3 November 2010, the Group Company COMERI S.p.A. received a preliminary assesment report from the Italian Tax Police of Rome following a general audit carried out on direct and indirect taxes.

The above-mentioned preliminary assesment report 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 accounts 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 tax authorities 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Provisions for risks and charges: EUR 29,159 thousand (EUR 21,777 thousand) (Continued)

Precisely because of the above and by clarifying precise observations on the cases in question, the company COMERI S.p.A. petitioned the tax authorities on 30 December 2010 to not issue notice of assessment regarding the observation in the Italian Tax Police's preliminary assessment report which was considered, on the other hand, as giving rise to double taxation of the same revenue. Up to now, there has been no reply to this application, and the Office has not issued any notification of assessment. Therefore, also with the support of the consultants, the risk of assessment is considered remote.

To complete the information provided regarding provisions for risks and charges, there follows a summary of the provisions recognised in the financial statements with indication of their nature and specific category.

		31/12/2011	31/12/2010	note
Allowances to directly decrease assets		32,220	37,883	
Allowance for impairment losses on investments	Investments	8	8	17
Allowance for impairment losses on contract	Receivables from Customers	12,348	16,494	21
Allowance for impairment	Trade receivables	11,035	11,065	22
Allowance for impairment default interest	Trade receivables	4,759	5,939	22
Allowance for impairment of other assets	Other current assets	3,872	4,179	19
Allowance for impairment-default interest to tax authorities	Tax assets	198	198	23
Provisions recognised under liabilities		38,794	31,288	
of which:				
For investment risks	Provisions for risks and charges	2,555	2,580	31
For contract losses	Provisions for risks and charges	24,113	15,639	31
For contract losses	Payables to Customers	9,635	9,511	21
Other funds for risks and charges	Provisions for risks and charges	2,491	3,558	31
Total provisions / allowances		71,014	69,171	

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 business activities, it funds itself with external sources of financing in Euro and foreign currencies.

The Group is therefore exposed to the following financial risks:

- *Market risk*: exposure of the Group to fluctuations in interest rates and exchange rates between the Euro and the other currencies in which it operates;
- *Liquidity risk*: the possibility that the Group might not be able to meet its financial commitments deriving from contracts and, more generally, from its financial liabilities;
- *Credit risk*: exposure of the Group to potential loss deriving from the failure to fulfil commitments undertaken by counterparts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

The various types of risk are monitored in such a way as to evaluate in advance their potential negative effects, and take suitable mitigating actions. The optimisation and reduction of risk levels is pursued by an adequate organisational structure, the adopting of rules and procedures, the implementation of targeted commercial and purchasing policies, and the use of insurance policies and hedging derivatives.

In order to maintain corporate value, the Astaldi 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.

With respect to these policies, the Group mainly uses cash flow hedging to cover exposure to fluctuations in cash flows especially due to risks identified and associated with assets or liabilities, or for a planned operation highly likely to have an effect on the income statement.

There follows the hedging derivatives transaction at 31 December 2011, with a distinction between hedge accounting, representing most of the Astaldi Group's operations, and non-hedge accounting transaction shown for each type of financial instrument reserves with fair value, notional value and the changes in the respective provisions and the income statement. For transaction in currencies other than the Euro, the corresponding amount are calculated at the exchange rate at the end of the year. The measurement of these instruments is conducted on the basis of specific pricing models and market data recorded at the end of the year. All the transaction in derivatives as at 31 December 2011 are in compliance with level 2 fair value. In this respect, it should be pointed out that compared to the previous year, there have not been any changes in the measurement model.

Interest rate risk

Exposure to the risk of changes in interest rates for the Group is mainly associated with floating rate borrowing. The Group, also taking into account contract obligations, duly assesses exposure to the risk of changes in interest rates and manages these risks by the use of non-speculative derivatives.

The Group's hedging policy, governed by a specific interest rate risk management policy, involved the definition of an ideal mix between fixed rate and floating rate borrowing in the borrowing structure in order to reduce borrowing costs and their volatility; the Group therefore undertakes hedging transaction through simple derivatives ("plain vanilla"), on a cash flow hedge basis, in order to convert the floating rate into a fixed rate (Interest Rate Swap), or to allow a limited interest rate fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk exposure level (Cap). These instruments are generally at zero cost.

At 31 December 2011 the notional value of derivatives hedging on the interest rate risk totalled Euro 591 million of which 35 million on a *forward basis* (April 2013). The hedging percentage of gross borrowing totalling EUR 1,109 thousand as specified in the paragraph on "liquidity risk" is approximately 50%.

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.

Type of instrument	Hedged item	Notional 2011	Fair Value 2011	Notional 2010	Fair value 2010
IRS	Financial assets	—	—	20,000	(323)
	Medium/long term debt	538,979	(21,811)	371,153	(740)
	Medium/long term debt	10,000	(518)	15,000	(15,016)
Total IRS		548,979	(22,329)	406,153	(16,079)
Options	Medium/long term debt	42,500	(1,007)	52,500	(1,680)
Total options		42,500	(1,007)	52,500	(1,680)
Grand total		591,479	(23,335)	458,653	(17,759)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

With reference to the aforesaid hedge accounting, the change in amounts above all affected equity attributable to owners of the parent, generating a final amount of the hedging reserve of Euro 23 million, together with the related effect for deferred tax of Euro 6 million.

There follows the changes in the hedging reserve during 2011:

<u>Hedging reserve—interest rate</u>	<u>31/12/11</u>	<u>31/12/10</u>
Initial reserve	(21,634)	(20,292)
Impact on hedging reserve net of transfer to income statement	(1,464)	(1,342)
Final reserve	(23,098)	(21,634)
Ineffectiveness	(378)	(412)

It is noted that the figure for ineffectiveness also includes the time value of hedges performed via options for which hedge accounting is applied.

With regard to transaction for which hedge accounting has not been applied, the changes in amounts of these financial instruments were recognised directly in the income statement.

<u>Type of instrument</u>	<u>Hedged item</u>	<u>Notional 2011</u>	<u>Fair Value 2011</u>	<u>Notional 2010</u>	<u>Fair value 2010</u>
IRS	Financial assets			55,904	(1,787)
	Medium/long term debt	6,717	(565)	8,766	(495)
Total IRS		<u>6,717</u>	<u>(565)</u>	<u>64,670</u>	<u>(2,282)</u>
Options	Financial assets			20,000	(324)
	Medium/long term debt	10,000	(6)	15,000	(104)
Total options		<u>10,000</u>	<u>(6)</u>	<u>35,000</u>	<u>(429)</u>
Grand total		<u>16,717</u>	<u>(571)</u>	<u>99,670</u>	<u>(2,711)</u>

Sensitivity analysis

The potential effects of a hypothetical increase or decrease in interest rates on the Group's Income Statement and statement of financial position are shown hereunder in terms of higher or lower interest expense payable over the entire remaining duration of floating rate financial payables.

The analysis was carried out based on market curves at 31 December 2011 and considers a parallel rate shock by 1% upwards (shock up) and 0.50% downwards (shock down) on interest rates.

<u>Interest rate risk—sensitivity analysis</u>	<u>Income statement</u>				<u>Equity</u>			
	<u>Shock up 31/12/11</u>	<u>31/12/10</u>	<u>Shock down 31/12/11</u>	<u>31/12/10</u>	<u>Shock up 31/12/11</u>	<u>31/12/10</u>	<u>Shock down 31/12/11</u>	<u>31/12/10</u>
Financial liabilities								
—cash flow	(11,092)	(8,592)	5,546	2,148				
Derivative hedging instruments								
—cash flow	3,756	4,835	(1,734)	(1,214)				
Total	<u>(7,336)</u>	<u>(3,757)</u>	<u>3,812</u>	<u>934</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
—fair value	565	949	(189)	(127)	14,540	11,793	(8,022)	(3,073)

With reference to 31/12/2011, the analysis shows how, considering a hypothetical 1% increase in interest rates, as a consequence of hedging through derivatives, financial charges would increase by Euro 7.3 million. In this hypothetical scenario the fair value of hedging recognised in the income statement, compared to the effective amount recorded at 31/12/2011, would have a positive effect worth Euro 0.6 million, while there would be positive effect of Euro 14.5 million on the equity reserve. Similarly,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

as shown in the table, a 0.50% shock down of interest rates would produce a Euro 3.7 million decrease in financial charges, while the equity reserve would show a negative effect of Euro 8 million.

Currency risk

With reference to the currency risk, the Astaldi Group performs cash flow hedges for specific foreign orders, in order to mitigate the effect of currency fluctuations on the related costs or revenue in terms of foreign currency.

The Group policy is aimed at hedging a percentage of exposure to exchange risk, depending on the characteristics of the business and the particular volatility of certain currencies, for the entire duration of the works regarding specific contracts, and when this is not possible, for a period of 12 months. Also in this case hedging is performed by the use of plain vanilla derivatives, forwards, zero-cost cylinders and cross currency interest rate swaps.

In those cases where, in connection with specific foreign currencies especially those of emerging countries, financial markets do not allow for mitigation of the currency through derivatives, the Group tends to protect the imbalance between trade receivables and payables in local currency through financial debt in the same currency (the so-called "natural hedge").

At 31 December 2011 the notional value of existing currency risk hedges amounted to a total of Euro 69 million.

Type of instrument	Notional	Fair Value	Income statement	hedging reserve
Forward				
Purchase EUR/PLN	10,350	1,005	(95)	1,100
Sale EUR/USD	10,690	9	21	30
Purchase EUR/USD	38,643	(827)	(827)	—
Total	59,683	187	(901)	1,130
CCS EUR/CLP	10,000	(476)	(476)	(476)
Grand total	69,683	(289)	(1,377)	653

A breakdown of the changes in the hedging reserve during 2011 due to hedges on exchange rates is shown below:

Hedging reserve—currency	31/12/11	31/12/10
Initial reserve	—	—
Impact on hedging reserve net of release to income statement	1,130	—
Final reserve	1,130	—
Ineffectiveness	(116)	—

Liquidity risk

The main factors determining the Group's liquidity risk are, on one hand, the financial resources generated by Group operating and investing activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.

The Group aims to maintain a sufficient cash margin to allow for coverage of financial requirements with the availability of committed and uncommitted credit lines.

Cash flows, the need for financing and the liquidity held by Group companies are monitored in an ongoing manner and managed by the Group with the aim of guaranteeing effective and efficient management of financial resources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

The following table shows the timeframe of the Group's financial liabilities that are exposed to interest rate risk:

Analysis of maturities as at 31 December 2011	Use	On sight	2012	2013	2014	2015	2016	Later
Short-term loans	(303,835)	238,546	65,289					
Medium/long-term loans	(805,399)	—	124,795	142,063	57,912	57,946	349,127	73,555
Total	(1,109,234)	238,546	190,084	142,063	57,912	57,946	349,127	73,555
Derivatives								
—Interest rate risk derivates			8,331	7,440	4,127	2,225	1,292	2,682
—Currency risk derivatives			1,822					
Total			10,153	7,440	4,127	2,225	1,292	2,682
EXPOSURE AT 31.12.2011		238,546	200,237	149,503	62,040	60,171	350,419	76,237

Note: The figures for floating rate financial liabilities shown in the table coincide with the nominal value of these liabilities, net of reclassification for valuation of borrowing at amortised cost and of the fair value of interest rate derivatives.

The Astaldi 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 centralised 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 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 implemented 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 2011 the percentage of overdue trade receivables amounted to 27% of which 16% for over 12 months. However, the analysis of exposure to credit risk on the basis of overdue receivables is not very significant insofar as receivables have to be measured with the other working capital items and, specifically, with payables to subcontractors and suppliers, which are typical of this sector, and the due

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Information on risk management, financial instruments and guarantees (Continued)

dates of which are generally aligned to receipt of payments by customers in relation to management of operating leverage.

GUARANTEES AND SURETIES

Personal guarantees

The total amount of the guarantees granted and stated in thousands of Euro is Eur 2,262,714 thousand and refers to the following cases:

- Sureties for opening credit facilities, to be used to ensure regular cash flow in relation to individual contracts, issued in favour of associates and other investees, set up for this purpose pursuant to current tax laws for the amount of EUR 61,812 thousand
- Sureties for works, issued in the Group's interest by banks and insurance companies, in favour of customers and in the interest of subsidiaries, associates and other investees, for the total amount of EUR 2,156,877 thousand;
- Other sureties issued for various purposes for a total of EUR 44,025 thousand.

Third party sureties in the group's favour

These refer to guarantees of EUR 267,895 thousand issued by Banks and Insurance Companies in the interests of Italian and foreign suppliers and subcontractors, in relation to contract obligations vis à vis the Group.

33 Information on transactions with related parties and fees payable to Directors, Statutory Auditors, General Managers and other key management personnel

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Annex 1 to these Notes shows the totals of existing transactions and balances resulting from financial and commercial relations with related parties. 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—recognised among Trade Receivables (note 22)—not summarised in the annex regarding transactions with related parties.

Information regarding fees due to Directors, Statutory Auditors, General Managers and key management personnel of the Parent is shown below in accordance with the provisions of the remuneration report as per Art. 123-ter of the Consolidated Finance Act.

Category	Fixed fees	Fees for committee meetings	Variable non-equity fees (bonuses and other incentives)	Non-monetary benefits	Total	Fair Value of equity benefits
Directors	4,479	30	—	38	4,547	455
Statutory Auditors	149	—	—	—	149	—
General Managers	1,393	—	150	17	1,561	519
Key Management Personnel	1,744	—	500	28	2,271	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34 Segment reporting

The operating segments 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 reporting set out in information as per IFRS 8.

Segment reporting 2011								
(thousands of Euro)	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
Revenue								
Revenue	1,486,936	769,640	315,277	162,161	36,944	(38)	(505,636)	2,265,284
Operating profit (loss)	147,278	6,293	47,886	38,245	(31,003)	(10,451)	2,443	200,691
Net financial charges								(75,672)
Shares of profit (loss) of equity-accounted investees								401
Profit/(loss) before tax and non-controlling interests								125,420
Tax expense								(53,496)
Profit for the year								71,195
Assets or liabilities								
Segment assets	1,895,821	1,028,932	1,037,773	362,739	84,161	1,229,180	(2,201,037)	3,437,569
of which Investments						582,020	(386,055)	195,964
Segment liabilities	(1,594,894)	(1,025,664)	(918,626)	(347,550)	(149,529)	(923,751)	1,992,723	(2,967,291)
Other segment reporting								
Property, plant and equipment	8,605	43,122	44,603	15,182	19,547	61,690	(470)	192,278
Intangible assets	7,598	36,060	8	—	69	397	—	44,132
Depreciation of property, plant and equipment	2,936	9,165	12,214	6,715	4,071	9,536	(364)	44,273
Provisions		—	—	—	—	7,960	—	7,960
Segment reporting 2010								
(thousands of Euro)	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
revenue								
Revenue	1,258,139	478,288	423,505	139,301	22,800	(96)	(390,349)	1,931,588
Operating profit (loss)	86,987	37,049	65,395	21,952	(24,338)	(15,222)	8,471	180,293
Net financial charges								(78,072)
Share of profit (loss) of equity-accounted investees								262
Profit/(loss) before tax and non controlling interests								102,483
Tax expense								(38,960)
Profit for the year								63,056
Assets or liabilities								
Segment assets	1,597,708	592,964	1,000,102	352,076	63,912	1,052,677	(1,701,365)	2,958,074
of which investments						379,789	(294,959)	84,830
Segment liabilities	(1,363,469)	(578,039)	(852,058)	(333,607)	(93,501)	(839,910)	1,545,739	(2,514,845)
Other segment reporting								
Property, plant and equipment	114,926	31,814	54,071	21,623	16,936	62,555	(495)	301,429
Intangible assets	3,133	102	0	(0)	6	498	—	3,739
Depreciation of property, plant and equipment	3,196	8,820	17,297	7,871	5,309	9,667	(437)	51,722
Provisions		—	—	—	—	790	—	790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 Other information

Non-recurring significant events and transaction

The Astaldi Group's financial position and results of operations were not affected in 2011 by non-recurring significant events and transaction as defined in CONSOB Communication no. DEM/6064293.

Positions or transactions deriving from atypical or unusual transaction

In 2011 the Astaldi Group did not undertake any atypical or unusual transaction as defined in CONSOB Communication n. DEM/6064293.

Subsequent events

The publication of the financial statements was authorised by the Parent's Company's Board of Directors on 16 March 2012. There follows a summary of subsequent events.

With reference to the order for the general contracting construction of Mega-Lot 3 of Jonica State Highway (SS-106) in Italy, it is pointed out that the formal procedure for the awarding of the contract ended in January 2012, after the provisional awarding in the early part of the previous year; shares pertaining to Astaldi have therefore been included in the valuation of the order backlog at 31 December 2011.

With reference to the order for the construction, under general contracting, of Line C of the Rome Underground, it is pointed out that the CIPE (Inter-Ministerial Committee for Economic Planning), on 20 January 2012, provided the definitive go-ahead for start-up of the works for the T3 stretch (San Giovanni-Colosseo). The delivery of the areas and the start-up of works for this new stretch are planned for the early months of 2012.

With reference to the order for the construction and management of Line 4 of the Milan Underground in Italy, it is pointed out that in January, the Lombardy TAR (Regional Administrative Court) agreed to the grouping of Astaldi associates, rejecting the claim advanced by the second ranking company in the tender procedure for concession of the construction and management of the works. Also taking into account the resolution of the Council of State on this claim, favourable to the group of Astaldi associates, initial activities started at the end of February for these works. The insertion of shares pertaining to Astaldi in the order backlog will be recorded in the coming months.

From the operational point of view, the activities were started for the Chuquicamata Project (constructions) and the Relaves Project (concession), previously inserted in the corporate portfolio at 31 December 2011. For the Relaves Project, the Special Purpose Vehicle Valle Aconcagua S.A. was set up. For more details on these initiatives, refer to the paragraph on the operating performance by sector and geographical area.

It is furthermore pointed out that Astaldi-Turkeler J.V. and Ankara Etlik Hastante A.S. were set up, both with a 51% stake of the Astaldi Group and respectively joint ventures for the execution of the EPC Construction Contract and SPV (Special Purpose Vehicle) for the execution of the concession contract for the design, construction and subsequent management of the Etlik Hospital Complex in Ankara, Turkey. Confirming the importance of that country for the Group activities in the concessions sector, the Turkish branch of Astaldi Concessioni (the Group Company dedicated to the concession business and 100% owned by Astaldi S.p.A.) was opened in January. The aim of the new branch is to guarantee more direct control over the major initiatives taking place in Turkey.

In March, Astaldi Canada Inc. was set up. This company is 100% owned by Astaldi S.p.A. and its purpose is the development and monitoring of initiatives and opportunities emerging on the Canadian market.

Finally, in March, the Astaldi Group exercised its option for the purchase of shares held in the company A4 Holding S.p.A. (formerly "Autostrada Brescia-Verona-Vicenza-Padova S.p.A."), which among other things is the 100% owner of the capital of the concessionaire of the Serenissima Motorway in north-eastern Italy, with stakes held by the Municipality of Vicenza and the Municipality of Padua. The formal

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 Other information (Continued)

transfer of shares will take place after the procedure for awarding and options set forth in that company's by-laws, due to take place in the coming months, and will bring the stake of the Astaldi Group from 9.12% to 9.8%. For further information, refer to the paragraph below on outlook.

Fees payable to the auditing firm KPMG and their network pursuant to Art. 149-duodecies of the Issuers Regulation

With the closing of 2010 and the audit of the Separate Report and the Consolidated Report for that financial year, the duration of the auditing engagement conferred on Reconta Ernst Young S.p.A. expired. Therefore after the conducting a tender for this engagement in which the top three companies on the market participated, i.e. KPMG, PWC and Deloitte, the at their Meeting of 18 April 2011, on the basis of the "most economically advantageous" method the shareholders, resolved to appoint the firm KPMG S.p.A. as the Group auditors for the years 2011-2019.

In relation to the aforesaid, there follows the fees paid to KPMG for 2011:

EUR/000 Type	KPMG Amount
Auditing services of which:	397
—For the Parent Astaldi S.p.A.(*)	96
—For subsidiaries	301
Other services(**)	8
Total fees	405
(*) Amount related to Parent Astaldi S.p.A. mainly for review of the condensed interim consolidated financial statements at 30 June 2011.	€ 96
(**) Of which to Parent Astaldi S.p.A.	€ 8

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ANNEX 1—RELATED PARTIES

Euro/ooo Company name	Other non-current financial assets	Receivables from customers	Trade receivables	Other current assets	Non-current financial liabilities	Payables to customers	Trade payables	Other current liabilities	Revenue
Adduttore Ponte Barca S.c.r.l. in liquidation . . .	0	0	6	0	0	0	0	0	0
Astaldi—UTI—Romairport Joint Venture	416	0	1,512	533	0	0	76	0	0
Astaldi Bayindir J.V.	0	0	350	5,984	0	0	1,272	0	0
Autostrada Nogara Mare Adriatico S.c.p.a.	0	0	0	0	0	0	39	0	0
Avola S.c.r.l. in liquidation	84	0	769	41	0	0	162	0	0
Blufi 1 S.c.r.l. in liquidation	0	0	0	48	0	0	0	0	0
C.F.M. S.c.r.l. in liquidation	0	0	71	113	0	0	124	0	0
Colli Albani S.c.r.l. in liquidation	5	0	815	5	0	0	343	0	0
Consorzio Astaldi-ICE	0	0	416	0	0	0	0	0	0
Consorzio Contuy Medio	0	0	440	575	0	0	1,223	24	0
Consorzio Grupo Contuy—Proyectos y Obras de Ferrocarriles	0	0	973	5,783	0	0	2,983	0	0
Consorzio A.F.T. in liquidation	354	0	562	801	0	0	446	226	0
Consorzio A.F.T. Kramis	560	0	2,572	417	0	0	0	0	0
Consorzio C.I.R.C. in liquidation	0	0	22	0	0	0	107	0	0
Consorzio Consarno	127	0	70	0	0	0	70	0	0
Consorzio Consavia S.c.n.c. in liquidation	0	0	5	1	0	0	0	0	0
Consorzio Dipenta S.p.A.—Ugo Vitolo in liquidation	0	0	0	0	0	0	2	0	0
Consorzio Europeo Armamento Alta Velocità— C.E.A.V.	90	0	0	0	0	0	41	0	0
Consorzio Ferrofir in liquidation	0	0	0	0	0	0	268	0	0
Consorzio Gi.It. in liquidation	0	0	0	0	0	0	220	0	0
Consorzio Iricav Due	0	0	25	0	0	0	362	0	0
Consorzio Iricav Uno	0	0	370	109	0	0	2,954	0	0
Consorzio Ital.Co.Cer.	0	0	0	0	0	0	1,560	0	0
Consorzio Italvenezina	0	0	0	0	0	0	131	0	0
Consorzio Novocen in liquidation	0	0	0	0	0	0	57	0	0
Consorzio Pedelombarda 2	0	0	0	0	0	0	7	0	0
Consorzio Ponte Stretto di Messina in liquidation	220	0	0	1	0	0	0	0	0
Consorzio Qalat	0	0	0	0	0	0	91	0	0
Diga di Blufi S.c.r.l. in liquidation	0	0	6,198	637	0	0	5,470	0	0
Ecosarno S.c.r.l.	0	0	0	0	0	0	198	0	0
FIN.AST S.r.l.	0	0	5	0	0	0	0	0	0
Fosso Canna S.c.r.l. in liquidation	205	0	247	6	0	0	83	0	0
FSC S.c.r.l. in liquidation	0	0	0	27	0	0	0	0	0
G.T.J Etude et Réalisation d'un Tunnel	0	0	0	26	0	0	0	0	0
GEI—Grupo Empresas Italianas	0	0	1,574	7,104	0	0	9,004	17	0
Groupement Eurolep	0	0	0	0	0	0	0	26	0
Groupement Italgisas	838	0	124	183	0	0	0	0	0
Infralegrea S.c.r.l. in liquidation	0	0	523	85	0	0	541	0	0
Italsagi Sp. Zo. O.	340	0	14	28	0	0	0	0	0

Euro/ooo Company name	Other non-current financial assets	Receivables from customers	Trade receivables	Other current assets	Non-current financial liabilities	Payables to customers	Trade payables	Other current liabilities	Revenue
M.N. Metropolitana di Napoli S.p.A.	0	0	29	0	0	0	9	0	0
Metro 5 Lilla S.r.l.	0	0	79	0	0	54,989	4	0	58,950
Metro 5 S.p.A.	1,565	35,877	65	53	0	0	700	1	47,567
METRO C S.c.p.a.	0	0	618	5	0	0	59,603	0	2,755
Metrogenova S.c.r.l.	0	0	151	89	0	0	1,334	32	0
Monte Vesuvio S.c.r.l. in liquidation	250	0	255	0	0	0	60	0	0
Mose-Treporti S.c.r.l.	0	0	744	0	0	0	11,322	0	0
N.P.F.—Nuovo Polo Fieristico S.c.r.l. in liquidation	0	0	6	679	0	0	0	0	0
Nova Metro S.c.r.l. in liquidation	0	0	0	0	0	0	33	0	0
Otoyol Yatirim Ve Isletme A.S.	0	0	21	0	0	0	6	0	0
Pacific Hydro Chacayes	13,303	19,824	101	0	0	274	46	0	47,714
Pedelombarda S.c.p.A.	0	0	4,859	9	0	0	8,345	0	0
Pegaso S.c.r.l.	0	0	435	724	0	0	498	0	0
Piana di Licata S.c.r.l. in liquidation	307	0	257	2	0	0	139	0	0
Pont Ventoux S.c.r.l. in liquidation	0	0	3,286	583	0	0	5,622	0	0
Principe Amedeo S.c.r.l. in liquidation	0	0	339	114	0	0	232	0	0
S. Leonardo S.c.r.l. in liquidation	5	0	2,628	2	0	0	698	0	0
S.A.C.E.S. S.r.l. in liquidation	0	0	0	0	1,645	0	0	0	0
S.E.I.S. S.p.A.	1,937	0	0	0	0	0	0	0	0
SA.T. S.p.A.	0	7,052	420	0	0	1,217	0	0	53,878
Tangenziale Seconda S.c.r.l. in liquidation	0	0	69	4	0	0	20	0	0
Viadotti di Courmayeur S.c.r.l. in liquidation	0	0	301	22	0	0	132	0	0
General Total	20,606	62,753	32,325	24,791	1,645	56,480	116,637	327	210,863
Percentage of incidence on transactions	12.91%	6.21%	3.94%	8.04%	0.25%	11.96%	10.43%	0.26%	9.31%

ANNEX 2 INFORMATION ON EQUITY-ACCOUNTED INVESTEEES AND PROPORTIONALLY CONSOLIDATED
EUR/000 amounts refer to income statement and statement of financial position figures shown at 100%

Equity-accounted investees

Company name	Carrying amount of the investment	Effects of equity accounting	Total Equity	Total Liabilities statement of financial position
Adduttore Ponte Barca S.C.R.L. In liquidation	11	0	14	5
Autostrada Nogara Mare Adriatico S.C.P.A.	28	0	120	1,1
Avola S.C.R.L. In liquidation	0	-46	-192	1,0
Blufi 1 S.C.R.L. In liquidation	0	0	-71	
C.F.M. S.C.R.L. In liquidation	21	0	41	9
Colli Albani S.C.R.L. In liquidation	0	-1	-7	8
Consorzio Contuy Medio	0	0	1	4,7
Consorzio A.F.T. In liquidation	15	0	46	3,3
Consorzio A.F.T. Kramis	0	0	-30	
Consorzio C.I.R.C. In liquidation	13	0	52	6
Consorzio Consarno	5	0	21	11,0
Consorzio Consavia S.C.N.C. In liquidation	5	-0	19	
Consorzio Europeo Armamento Alta Velocità—C.E.A.A.V.	52	0	207	5
Consorzio Ferrofir In liquidation	357	0	535	2,0
Consorzio Gi.It. In liquidation	1	0	3	4
Consorzio Iricav Due	171	0	455	50,9
Consorzio Iricav Uno	124	0	444	3,483,4
Consorzio Ital.Co.Cer.	15	0	52	2,2
Consorzio Italvenezia	19	0	77	4
Consorzio Metrofer In liquidation	9	0	26	1
Consorzio Novocen In liquidation	0	0	-140	2,5
Consorzio Pedelombarda 2	2	0	10	
Consorzio Ponte Stretto Di Messina In liquidation	52	0	76	8
Consorzio Qalat	-0	0	6	
Copenhagen Metro Construction Group J.V. (Comet)	0	-933	-131,475	7
Diga Di Blufi S.C.R.L. In liquidation	23	0	30	11,0
Ecosarno S.C.R.L.	17	0	51	9

Company name	Carrying amount of the investment	Effects of equity accounting	Total Equity	Total Liabilities statement of financial position
Fosso Canna S.C.R.L. In liquidation	0	– 1	– 70	5
Gei—Grupo Empresas Italianas	360	0	1,080	14,2
Groupement Italgisas	0	0	– 2,861	
Infraclegrea S.C.R.L. In liquidation	23	0	30	1,6
M.N. Metropolitana Di Napoli S.P.A.	6,379	472	28,202	1,383,5
Metro 5 S.P.A.	5,091	1	16,421	315,3
Metro C S.C.P.A.	12,771	0	37,018	341,5
Metrogenova S.C.R.L.	6	– 0	26	10,1
Monte Vesuvio S.C.R.L. In liquidation	0	– 4	– 517	4
Mose-Treporti S.C.R.L.	4	0	10	57,2
N.PF.—Nuovo Polo Fieristico S.C.R.L. In liquidation	20	0	40	1,4
Nomayg Gebze Izmir Otoyol Insaati Adi Ortakligi	0	0	0	55,3
Nova Metro S.C.R.L. In liquidation	10	0	41	4
Otoyol Yatirim Ve Isletme A.S.	11,468	0	61,395	77,8
Pacific Hydro Chacayes	35,766	1,375	129,879	355,7
Pedelombarda S.C.P.A.	4,800	0	20,000	49,0
Pegaso S.C.R.L.	114	0	260	8,5
Piana Di Licata S.C.R.L. In liquidation	0	– 39	– 347	3
Pont Ventoux S.C.R.L. In liquidation	29	0	52	9,9
Principe Amedeo S.C.R.L. In liquidation	0	1	0	9
S. Leonardo S.C.R.L. In liquidation	0	– 1	– 79	2,8
S.A.C.E.S. S.R.L. In liquidation	0	– 12	– 280	3,0
S.E.I.S. S.P.A.	15,414	– 393	31,893	31,8
Sa.T. S.P.A.	907	– 8	2,592	72,9
Sharaf—Astaldi Llc	52	0	631	6
Tangenziale Seconda S.C.R.L. In liquidation	23	0	45	1
Viadotti Di Courmayeur S.C.R.L. In liquidation	3	0	10	4
Yellow River Contractors	289	– 10	2,062	2,0
	94,468	401	197,478	6,379,1

Proportionally consolidated equities						
Company name	% holding	Total Non-current liabilities	Total Current liabilities	Total Equity	Total Non-current assets	Total Current assets
Avrasya Metro Grubu Srl	42%	0	16,849	1,924	3	18,77
CO.SAT Società Consortile a respon- sabilità limitata	50%	775	59,035	10	1,392	58,42
Consorzio Rio Urubamba	50%	0	7,814	5	25	7,79
Consorzio Cerro del Aguila	50%	435	10,324	– 276	2,560	7,92
Ic İctas—Astaldi Insaat A.S.	50%	0	160,587	7,280	47,786	120,08
Ica Astaldi -Ic İctas WHSD Insaat AS .	50%	0	2,381	– 1	0	2,38
M.O.MES S.c.r.l.	55%	0	1,310	10	0	1,32
Metro Brescia S.r.l.	50%	0	33	456	1	49
Veneta Sanitaria Finanza di Progetto S.p.A.—V.S.F.P. S.p.A. . . .	31%	106,423	37,141	27,996	126,102	45,45
		107,633	295,475	37,405	177,867	262,64

Informazioni Su Entità valutate Proporzionalmente

		Totale Passivo non corrente	Totale Passivo Corrente	Totale Patrimonio Netto	Totale Attivo non Corrente
9014	CO.SAT Società Consortile a responsabilità limitata	775	59,035	10	1,392
9019	Metro Brescia S.r.l.	0	33	456	1
9230	Avrasya Metro Grubu Srl	0	16,849	1,924	3
9429	Veneta Sanitaria Finanza di Progetto S.p.A.—V.S.F.P. S.p.A.	106,423	37,141	27,996	126,102
9434	M.O.MES S.c.r.l.	0	1,310	10	0
9201	Ic İctas—Astaldi Insaat A.S.	0	160,587	7,280	47,786
9251	Ica Astaldi -Ic İctas WHSD Insaat AS	0	2,381	– 1	0
9141	Consorzio Rio Urubamba	0	7,814	5	25
9254	Consorzio Cerro del Aguila	435	10,324	– 276	2,560

ANNEX 3—EXCHANGE RATES APPLIED TO TRANSLATE FINANCIAL STATEMENTS

IN FOREIGN CURRENCY Source: Banca d'Italia

COUNTRIES	CURRENCY	Exchange rates:→	December 2011 ▼	2011 average ▼	December 2010 ▼	2010 average ▼
Albania	Albanian Lek	ALL	139.036000	140.317083	138.860000	137.737583
Algeria	Algerian Dinar	DZD	97.466000	101.502808	99.261200	98.138417
Angola	Angolan Kwanza	AOA	122.618000	130.419583	123.790000	121.937250
Saudi Arabia	Saudi Arabian Riyal	SAR	4.852360	5.219397	5.010600	4.975708
Bolivia	Bolivian Boliviano	BOB	8.963850	9.741838	9.366760	9.314149
Bulgaria	Bulgarian Lev	BGN	1.955800	1.955800	1.955800	1.955800
Burundi	Burundian Franc	BIF	1,732.820000	1,746.570000	1,641.430000	1,632.734167
Caribbean	East Caribbean Dollar	XCD	3.493530	3.757618	3.607740	3.582360
Central African Republic C.F.A	West African CFA	XOF	655.957000	655.957000	655.957000	655.957000
Chile	Chilean Peso	CLP	671.997000	672.467500	625.275000	676.254833
Colombia	Colombian Peso	COP	2,510.570000	2,569.795000	2,571.380000	2,519.228333
Democratic Republic of Congo	Congolese Franc	CDF	1,182.470000	1,280.769167	1,222.800000	1,202.892500
Costa Rica	Costa Rica Colon	CRC	650.974000	699.944250	678.448000	693.257417
Croatia	Croatian Kuna	HRK	7.537000	7.438383	7.383000	7.288738
Denmark	Danish Krone	DKK	7.434200	7.450676	7.453500	7.447215
El Salvador	El Salvador Colon	SVC	11.321600	12.177483	11.691800	11.609500
United Arab Emirates	UAE Dirham	AED	4.752370	5.111683	4.907810	4.873223
Japan	Japanese Yen	JPY	100.200000	111.020833	108.650000	116.455167
Djibouti	Djiboutian Franc	DJF	229.953000	247.336083	237.471000	235.800083
Guatemala	Guatemalan Quetzal	GTQ	10.110700	10.834192	10.694800	10.701607
Guinea	Guinean Franc	GNF	9,072.600000	9,227.220000	8,129.370000	7,575.409167
Honduras	Honduran Lempira	HNL	24.566500	26.295842	25.247600	25.069883
Libya	Libyan Dinar	LYD	1.628230	1.713013	1.676060	1.679183
Malawi	Malawian Kwacha	MWK	212.023000	218.235750	202.955000	199.877083
Morocco	Moroccan Dirham	MAD	11.112900	11.260800	11.179800	11.157708
Mozambique	New Mozambican Metical	MZN	35.097000	40.500033	43.947600	43.619517
Nicaragua	Nicaraguan Cordoba	NIO	29.725500	31.203775	29.239400	28.332075
Norway	Norwegian Krone	NOK	7.754000	7.793318	7.800000	8.006036
Oman	Omani Rial	OMR	0.497949	0.535547	0.514030	0.510363
Pakistan	Pakistan Rupee	PKR	116.382000	120.131667	114.475000	113.002583
Panama	Panamanian Balboa	PAB	1.293900	1.391710	1.336200	1.326799
Peru	Peruvian Nuevo Sol	PEN	3.487470	3.833999	3.750860	3.748688
Poland	Polish Zloty	PLN	4.458000	4.118705	3.975000	3.994963
Qatar	Qatari Riyal	QAR	4.711640	5.067698	4.863750	4.829833
United Kingdom	UK Pound	GBP	0.835300	0.867768	0.860750	0.858238
Dominican Republic	Dominican Peso	DOP	50.021700	52.893150	50.003900	48.726858
Romania	Romanian Leu	RON	4.323300	4.238564	4.262000	4.210570
Russia	Russian Ruble	RUB	41.765000	40.879717	40.820000	40.277975
Rwanda	Rwandan Franc	RWF	780.559000	835.189250	793.703000	773.608583
Singapore	Singapore Dollar	SGD	1.681900	1.749067	1.713600	1.808008
United States	US Dollar	USD	1.293900	1.391710	1.336200	1.326799
South Africa	South African Rand	ZAR	10.483000	10.093000	8.862500	9.713545
Switzerland	Swiss Franc	CHF	1.215600	1.233984	1.250400	1.382265
Taiwan	New Taiwan Dollar	TWD	39.183500	40.885375	39.043800	41.775892
Tanzania	Tanzanian Shilling	TZS	2,052.380000	2,204.957500	1,991.010000	1,911.159167
Tunisia	Tunisian Dinar	TND	1.935650	1.956436	1.921480	1.896060
Turkey	Turkish Lira	TRY	2.443200	2.335055	2.069400	1.997310
European Monetary Union	Euro	EUR	1.000000	1.000000	1.000000	1.000000
Venezuela	Venezuelan Bolivar Fuerte	VEF	5.556850	5.976909	5.738510	5.620934
Zambia	Zambian Kwacha	ZMK	6,616.980000	6,760.063333	6,400.260000	6,354.305833

It must be noted that the exchange rate expresses the quantity of foreign currency needed to purchase 1 Euro.

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 2011 consolidated financial statements.

2. The administrative and accounting procedures used to formulate the consolidated financial statements at 31 December 2011 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 2012
Stefano Cerri
Chief Executive Officer

Paolo Citterio
*Executive appointed to draft
corporate accounts*

Independent auditors' report

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 31 December 2010 and for the year ended, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flows statement and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union is the responsibility of the Astaldi S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, 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.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 7 April 2010. These comparative figures have been restated for the first application of IFRIC 12 "Service Concession Arrangements", as described in the explanatory notes. We have examined such restatement and the related disclosures for the purpose of the issuance of our opinion on the current year financial statements.

3. In our opinion, the consolidated financial statements of the Astaldi Group at 31 December 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.

Rome, 25 March 2011

/s/Reconta Ernst & Young S.p.A.

Astaldi S.p.A. and subsidiaries
CONSOLIDATED INCOME STATEMENT^(*)
For the year ended 31 December 2010

	Notes	Year ended 31 December	
		2010	2009
		(in thousands of Euro)	
Revenue	(1)	1,918,969	1,802,775
<i>of which with related parties</i>		182,112	
Other operating revenue	(2)	125,799	69,312
<i>of which with related parties</i>		9,939	7,127
Total revenue		2,044,768	1,872,087
Purchase costs	(3)	(336,344)	(310,962)
Service costs	(4)	(1,215,891)	(1,085,135)
<i>of which with related parties</i>		309,967	164,947
Personnel expenses	(5)	(236,574)	(240,458)
Amortisation, depreciation and impairment losses	(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 profit		173,611	157,619
Financial income	(9)	26,025	40,465
<i>of which with related parties</i>		640	895
Financial charges	(10)	(103,746)	(107,819)
<i>of which with related parties</i>		284	799
Effects of equity accounting	(11)	4,429	530
TOTAL FINANCIAL AREA AND EQUITY ACCOUNTING		(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
Attributable to the Group		63,056	55,902
Attributable to minority interests		466	1,557
Basic earning per share	(13)	0.64	0.57
Diluted earning per share		0.64	0.57

(*) The application of the IFRIC interpretation No. 12, applying from 1 January 2010, entailed the restatement of the 2009 comparative figures. For further details regarding the analysis of the related effects, reference should be made to the paragraph "Changes in accounting standards".

Astaldi S.p.A. and subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	<u>Notes</u>	Year ended 31 December	
		2010	2009
		(in thousands of Euro)	
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 comprehensive income		61,964	50,250
Attributable to the Group		62,156	48,509
Attributable to minority interests		(191)	1,741

Astaldi S.p.A. and subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION^(*)
As of 31 December 2010

	Notes	31 December	
		2010	2009
		(in thousands of Euro)	
ASSETS			
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		521,138	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
LIABILITIES			
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
Non controlling interests		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

^(*) The application of the IFRIC interpretation No. 12, applying from 1 January 2010, entailed the restatement of the 2009 comparative figures. For further details regarding the analysis of the related effects, reference should be made to the paragraph "Changes in accounting standards".

Astaldi S.p.A. and subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010
(in thousands of Euro)

	Share capital	Legal reserve	Extraordinary reserve	Other items of comprehensive income	Other reserves	Retained earnings	Profit for the year	Total	Minority interests	Total equity
Balance at 1 January 2010	193,610	14,972	91,278	(24,710)	3,083	40,987	55,902	375,122	18,265	393,387
Profit of continued operations 2010							63,056	63,056	466	63,522
Cash flow hedge for the year				(3,728)				(3,728)	(1,737)	(5,465)
Conversion of foreign management for the year				2,827				2,827	1,080	3,907
Comprehensive income				(901)			63,056	62,155	(191)	61,964
Treasury shares	(4)		104		(109)			(9)		(9)
Dividends							(12,687)	(12,687)	(1,650)	(14,337)
Provision as per Art. 27							(1,044)	(1,044)		(1,044)
Allocation of profit 2009 of continued operations		3,481	52,408			(13,718)	(42,171)	—		—
Other changes			(268)		(39)	312		5	1,817	1,822
Stock grant allocation reserve					1,445			1,445		1,445
Balance at 31 December 2010	193,606	18,453	143,522	(25,610)	4,380	27,581	63,056	424,988	18,241	443,229

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).

Astaldi S.p.A. and subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009
(in thousands of Euro)

	Share capital	Legal reserve	Extraordinary reserve	Other items of comprehensive income	Other reserves	Retained earnings	Profit for the year	Total	Minority interests	Total equity
Balance as at 31 December 2008	193,554	13,542	76,710	(17,316)	(8,511)	25,248	42,101	325,328	6,547	331,874
IFRIC 12 reserve					14,854			14,854		14,854
IFRIC 12 deferred taxes					(4,458)			(4,458)		(4,458)
Balance at 1 January 2009	193,554	13,542	76,710	(17,316)	1,885	25,248	42,101	335,723	6,547	342,269
Profit of continued operations 2009							55,902	55,902 ^(*)	1,557	57,459
Cash flow hedge for the period				(5,974)				(5,974)	655	(5,319)
Conversion of foreign management for the period				(1,419)				(1,419)	(471)	(1,890)
Comprehensive income				(7,393)			55,902	48,509	1,741	50,250
FTA changes					8			8		8
Treasury shares	56		(281)		659			434		434
Dividends							(9,732)	(9,732)	(1,639)	(11,371)
Provision as per Art. 27							(429)	(429)		(429)
Allocation of profit of 2008 continued operations		1,430	14,727			15,783	(31,940)	—		—
Other changes			122		(563)	(44)		(485)	11,616	11,131
Stock grant allocation reserve					1,094			1,094		1,094
Balance at 31 December 2009	193,610	14,972	91,278	(24,710)	3,083	40,987	55,902	375,122	18,265	393,387

The effect of other items in comprehensive income generates a Cash flow hedge reserve at 31 December 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

Astaldi S.p.A. and subsidiaries
CONSOLIDATED CASH FLOWS STATEMENT
For the year ended 31 December 2010

	Year ended 31 December	
	2010	2009
	(in thousand of Euro)	
A—CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year	63,523	57,460
<i>Adjustments to reconcile net profit (loss) to cash flow generated (used) by operations:</i>		
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)
<i>Subtotal</i>	<i>58,573</i>	<i>52,286</i>
<i>Changes in operating assets and liabilities (working capital):</i>		
Trade receivables	93,236	(194,724)
<i>of which with related parties</i>	<i>(18,449)</i>	<i>5,376</i>
Inventories and accounts receivable from customers	(193,401)	(60,707)
<i>of which with related parties</i>	<i>(46,735)</i>	
Trade payables	136,716	100,069
<i>of which with related parties</i>	<i>59,823</i>	<i>23,822</i>
Provisions for risks and charges	(8,250)	(656)
Amounts due to customers	(56,538)	31,361
<i>of which with related parties</i>	<i>9,564</i>	
Other operating assets	(48,798)	42,449
<i>of which with related parties</i>	<i>(6,292)</i>	<i>14,962</i>
Other operating liabilities	40,267	45,411
<i>of which with related parties</i>	<i>(1,348)</i>	<i>15,872</i>
Payment of employee severance indemnity and defined benefit plans	(2,268)	(2,812)
<i>Subtotal</i>	<i>(39,037)</i>	<i>(39,609)</i>
Cash flows from operating activities	83,060	70,136
B—CASH FLOW FROM INVESTING ACTIVITIES:		
—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)
<i>of which with related parties</i>	<i>(2,915)</i>	<i>(563)</i>
<i>Subtotal of cash flow from Construction investments</i>	<i>(30,994)</i>	<i>(72,259)</i>
—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)
<i>of which with related parties</i>	<i>(8,555)</i>	<i>(5,910)</i>
Change in facility fees from concessions	(15,645)	(16,680)
<i>Subtotal of cash flow from Concession investments</i>	<i>(29,743)</i>	<i>(78,507)</i>
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
<i>of which with related parties</i>	<i>(4,483)</i>	<i>3,859</i>
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

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2010

GENERAL INFORMATION

Astaldi S.p.A. (the “Company”) and its subsidiaries (together with the Company, the “Astaldi Group” or the “Group”) has been operating for over eighty years in Italy and abroad in the design and construction of major civil engineering works. It is an international primary group operating in the construction sector and a leader in Italy in its capacity as general contractor and promoter of project finance initiatives.

The Group operates through the Parent, 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

The Astaldi Group consolidated financial statements at 31 December 2010 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union. 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. Income Statement;
2. Statement of Comprehensive Income;
3. Statement of Financial Position;
4. Cash Flows Statement;
5. Statement of Changes in Equity;
6. Explanatory Notes.

The Group presents the Statement of Comprehensive Income with two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit(loss) items for the period (*Income statement*) and a statement which starts from the profit(loss) for the period and arithmetically 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.

The 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.

As far as the Statement of financial position is concerned, it has been chosen to classify 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 flows statement shows cash flow for the year, divided by operating, investing and financial activities; cash flows from operations are presented using the indirect method.

The Statement of changes in equity was prepared in accordance with IAS 1.

Finally, with regard to segment information, 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 segments subject to disclosure were determined according to reporting used by senior 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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

BASIS OF PRESENTATION

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 the 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 applies to the Group Concessions regarding car parks and the concession agreements which several associates of the Group hold.

The major change 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.

In accordance with IFRIC 12, the right to use the infrastructure (asset under concession) to supply the service is not recorded under property, plant and equipment but as:

- A financial asset, when there is an unconditioned right of the concessionaire to receive a payment regardless of the actual use of the infrastructure;
- An intangible asset, when there is a right to charge the users for the use of the public service;
- As both an intangible asset and a financial asset (so-called "mixed method") when the concessionaire is paid for the construction of the infrastructure with both of the above forms. In this case the intangible asset is calculated as the difference between the fair value of the investment made and the amount of the financial asset obtained by the discounting of cash flows deriving from the minimum guaranteed amount.

After the analyses were completed, it was found that in most cases the mixed accounting model applies to the Group Concessions regarding the car parks and the concession agreements that several Group associates 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 ensures that the intangible asset component recorded is of an absolutely small amount.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

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 accounted for in its entirety and the difference was classified within intangible assets.

When the financial asset was accounted for (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 as 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 of 1 January 2009 and 31 December 2009, as well as the economic result for the year ended 31 December 2009, are presented below.

The restated income statement for the year ended 31 December 2009 and the restated statement of financial position at 31 December 2009 were obtained from the reconciliation statements reported below to be presented as comparative figures to the 31 December 2010 figures.

Reconciliation of net equity at 31 December 2009

(in thousands of Euro)	Equity as at		Change	Ref
	1 January 2009	31 December 2009		
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) Recognition of intangible assets	642	632	(10)	d)
III) Recognition 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		
Change	10,396	14,840	4,444	f)

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Reconciliation of net profit for the year ended 31 December 2009

(in thousands of Euro)	Profit for the year	
	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	b)
VII) Recognition of the fair value of the construction service	11,404	c)
VIII) Reversal of the revenues of the management activities	(1,551)	c)
IX) Recognition of the financial income	2,498	c)
X) Recognition of the amortisation of the intangible assets	(10)	d)
XI) Adjustment 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 associates: 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 associates, 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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Below is provided the comparison between the figures derived from the historical statement of financial position as of 31 December 2009 and the historical income statement for the year then ended the figures deriving from application of IFRIC 12.

	<u>31 December 2009</u> <u>IFRIC 12</u>	<u>31 December 2009</u>	<u>Change</u>
ASSETS			
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	
<i>of which:</i>			
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	<u>494,741</u>	<u>469,630</u>	<u>25,111</u>
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	<u>2,267,949</u>	<u>2,278,221</u>	<u>(10,272)</u>
Total assets	<u>2,762,690</u>	<u>2,747,850</u>	<u>14,840</u>
LIABILITIES			
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	<u>319,220</u>	<u>308,824</u>	<u>10,396</u>
Profit (loss) for the year	55,902	51,458	4,444
Total Group equity	<u>375,122</u>	<u>360,282</u>	<u>14,840</u>

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

	31 December 2009 IFRIC 12	31 December 2009	Change
Minority profit (loss)	1,557	1,557	
Other items of minority comprehensive income . . .	509	509	
Third party consolidation reserve	16,199	16,199	
Non controlling interests	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

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

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

	31 December 2009 IFRIC 12	31 December 2009	Change
INCOME STATEMENT			
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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Table: IFRIC 12 application framework

Grantor	Purpose of concession	Concession expiry
Type of Concession: Car parks^(*)		
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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consolidated companies and consolidation principles

The Group's consolidated financial statements comprise the financial statements of the Parent, 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 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 consolidation at 31 December 2010 showing the changes with respect to 2009.

Consolidated companies^(*)

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%

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Consolidated companies^(*)

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	Infralegrea 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 due to final liquidation: Silva S.r.l. in liquidation.
2. The following have been included in consolidation: Astaldi Concessioni S.r.l.
3. Increase of investment from 60.00% to 100% in Garbi Linea 5 S.c.r.l.
4. Increase of investment in Astur Construction and Trade A.S.CO.NO.CO.S.c.r.l., Portovesme S.c.r.l., Alstalrom S.A..

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'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'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 majority 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 fully consolidated 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 where 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 carrying amount of the investment is aligned with equity, adjusted where necessary to reflect the application of IFRSs, and includes goodwill (net of impairment) losses 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.

Astaldi S.p.A. and subsidiaries
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As far as investments in associates and companies under joint control are concerned, any losses of value exceeding the carrying amount are recognised into the provision for risks on investments, solely to the extent to which the associate has undertaken legal or implicit obligations or made payments on behalf of the companies.

Translation of items and translation of financial statements in foreign currency

The Astaldi Group financial statements have been prepared in Euro, which is the Parent's presentation and operating currency.

The balances included in each Group company's financial statements have been accounted for 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, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets etc.) are initially accounted for at the exchange rate in force on the transaction date. The monetary items are subsequently translated into the operating currency at the exchange rate on the closing date of the financial statements and the resulting differences are accounted for 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 accounted for (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 accounted for in financial statements are recognised at the exchange rate on the closing date of the financial year;
- costs and revenues, income and charges, recognised in financial statements, are translated at the average exchange rate for the year, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- equity items, excluding profit for the year, are translated at historic exchange rates;
- the "translation reserve" includes both the exchange rate differences generated by the translation 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

Property, plant and equipment are measured at purchase or production cost, net of accrued depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the 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.

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The carrying amount 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:

	<u>Years</u>
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 carrying amount.

Leased property, plant and equipment

Property, plant and equipment owned through financial leasing agreements, which basically transfer all the risks and benefits of ownership to the Group, are accounted for 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 accounted for 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 them into operation, net of accrued amortisation (with the exception of assets with an indefinite useful life) and any impairment losses. Amortisation is calculated 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 recognised for the first time.

Industrial patent and intellectual property rights are recorded at purchase cost, net of amortisation and impairment losses accrued over time.

Amortisation is calculated 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 recognised for at cost, net of amortisation and impairment accrued over time. Amortisation is calculated starting from the financial year in which ownership is acquired, in relation to its duration.

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Goodwill, if related to business combination transactions, is allocated to each cash-generating unit identified and recognised under intangible assets. It 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 accounted for at their current value (fair value) at purchase date. While the negative difference, if any, is accounted for in the income statement at the time of purchase. After its initial recognition, 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 impaired. 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 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 operations.

Investment property

Investment property is recognised as an asset when it is 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 measured at purchase or production cost, increased by any additional costs, net of accrued depreciation and any impairment losses.

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 losses on intangible assets and property, plant and equipment

Assets with an indefinite useful life are not subject to systematic amortisation or depreciation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the amount recognised for in the financial statements.

For assets subject to systematic amortisation and depreciation, the presence of any indicators leading to the possibility of impairment is assessed; consequently the recoverable amount of the asset is

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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 accounted for in the income statement.

Should the prerequisites for the previously performed impairment cease such impairment loss is reversed within the limits of the carrying amount of the asset had such impairment loss not been recognised. Any reversal of impairment loss is taken to profit or loss. Conversely, impairment losses on goodwill or an intangible asset with an indefinite useful life are never reversed.

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, associates and joint ventures, generally with a share of less than 20%, are classified, at 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 impairment losses 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 impairment losses according to the provisions set forth by IAS 39.

Inventories

Inventories are 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 accounted for in accordance with the percentage of completion method, according to which costs, revenues and the margin are accounted for 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 reliably. Specifically, the relative valuations are performed 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.

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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).

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 accounted for 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 accounted for 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 accounted for 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 accounted for 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*".

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.

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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. Gain or losses on assets held for trading are recorded in the income statement. Upon initial recognition, 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 gain 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.

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 losses calculated through the impairment test is accounted for 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

This category includes assets which are not derivatives, with a pre-established maturity and are the assets for which 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 losses calculated through the impairment test is accounted for 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 losses 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 accounted for 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.

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Assets valued at amortised cost

If there is actual evidence that financing or a receivable accounted for 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 accounted for 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 losses decreases, the decreased value may be restored. Any subsequent restorations of value are accounted for 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 the case of impairment losses on 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 accounted for in the income statement, net of any impairment losses previously accounted for in the income statement.

Reversal of impairment losses relating to investments classified as available for sale is not recognised in the income statement. Reversal of impairment losses relating to debt instruments is recognised in the income statement if the increase in instrument's fair value may be objectively attributed to an event which occurred after impairment losses were accounted for 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 accounted for in a specific reserve charged to the statement of comprehensive income ("cash flow hedge reserve"), which is then accounted for 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 accounted for 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 accounted for at fair value at the stipulation date; subsequently, such value is periodically adjusted. Derivative instruments are accounted for as assets when the fair value is positive, and as liabilities 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 accounted for 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 accounted for according to the rules of hedge accounting.

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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. 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 these currencies.

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 flows from the asset have expired;
- the right to receive cash flows 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 flows 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 accounted for 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 accounted for in the income statement.

Cash and cash equivalents

These include cash, deposits or other amounts with banks or other financial institutions, 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 accounted for at fair value, which normally corresponds to their nominal value.

Equity

Share capital

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

Treasury shares

Treasury shares are accounted for as a reduction of equity. Specifically, the nominal value of treasury shares is accounted for 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 accounted for in the income statement.

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Retained earnings

This includes profit or losses 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 financial reporting 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 accounted for 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 accounted for 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 accounted for at cost (identified by their nominal value).

Income taxes

Current income taxes

Current taxes for the year and for the previous years are accounted for 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 reporting date in the individual countries where the Group operates.

Deferred income taxes

Deferred taxes are calculated by adopting the so-called liability method, applied to the temporary taxable or deductible differences between the amount of assets and liabilities accounted for in the financial statements and the taxable amount.

Deferred tax liabilities are accounted for against all temporary taxable differences, except when:

- deferred tax liabilities are the result of initial recognition 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, associates 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 accounted for against all deductible temporary differences and for tax losses carried forward, to the extent to which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial recognition 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

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the profit for the year, calculated for the purpose of financial statements, or the profit or loss calculated for tax purposes.

The amount of deferred tax assets to be accounted for 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 accounted for are reassessed on an annual basis at the closing date of the financial statements, and are accounted for to the extent to 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 accounted for 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 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 accounted for 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 accounted for at the amount 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 accounted for as a financial charge in the income statement.

Revenues other than from contracts in progress

Revenue are measured 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

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transferring ownership or possession to the buyer, and the value of the revenue may be reliably calculated.

Revenues from services rendered are accounted for, when they can be reliably estimated, on the basis of the percentage-of-completion method.

Government grants

Government grants are accounted for 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 accounted for 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 carrying amount of the asset.

Borrowing costs

Interest is accounted for on 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 accounted for 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 accounted for on an accrual basis and on the basis of going concern of the activity of the Group companies.

Earnings per share

Basic earnings per share are 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.

Diluted earnings are 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 carrying amount of assets and liabilities and the disclosures regarding potential assets and liabilities. In respect to the recently issued document by Banca d'Italia/ CONSOB and ISVAP no. 2 dated February 6, 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.

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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.

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

Revenues 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:

	Year ended 31 December		Change
	2010	2009	
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:

	Year ended 31 December				Change
	2010	%	2009	%	
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

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Note 1 Revenues: EUR 1,918,969 (EUR 1,802,775) (Continued)

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

Note 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:

	Year ended 31 December		Change
	2010	2009	
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.

Note 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.

	Year ended 31 December		Change
	2010	2009	
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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 3 Purchase costs: EUR 336,344 (EUR 310,962) (Continued)

The geographical breakdown of purchase costs is as follows:

	Year ended 31 December				Change
	2010	%	2009	%	
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

Note 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. Details are provided in the table below:

	Year ended 31 December		Change
	2010	2009	
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, particularly 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

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

advantageous production combinations were awarded that favoured the granting of subcontracts for certain works.

	Year ended 31 December				Change
	2010	%	2009	%	
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.

Note 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%. Details are provided in the table below:

	Year ended 31 December		Change
	2010	2009	
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 "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

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

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:

<u>Mixed plans</u>	<u>Stock grant value</u>	<u>Financial liability value</u>	<u>Total</u>
Plan 1	314	99	413
Plan 2	808	324	1,131
Total	<u>1,122</u>	<u>422</u>	<u>1,544</u>

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%

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

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

	Year ended 31 December				Change
	2010	%	2009	%	
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	Year ended 31 December		Change
	2010	2009	
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.

Note 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. Details are provided in the table below:

	Year ended 31 December		Change
	2010	2009	
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 losses 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.

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Note 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 and the table below shows their breakdown:

	Year ended 31 December		Change
	2010	2009	
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:

	Year ended 31 December		Change
	2010	2009	
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.

Note 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 resolutive effects were temporarily suspended by express agreement between the parties, and therefore outside the field of application of IFRIC 12.

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Note 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.

	Year ended 31 December		Change
	2010	2009	
Income from associates	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.

Note 10 Interest expenses: 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:

	Year ended 31 December		Change
	2010	2009	
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 interest expenses	103,746	107,819	(4,073)

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Note 10 Interest expenses: EUR 103,746 (EUR 107,819) (Continued)

The decrease in interest expenses 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).

Note 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 (associates and companies subject to joint control) is shown in the following table:

	Year ended 31 December		
	2010	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	(1,878)	(2,540)	662
Total effects of valuation using equity method	4,429	530	3,899

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

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

	Year ended 31 December		Change
	2010	2009	
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.

Note 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 table below shows their breakdown:

Income Statement	Year ended 31 December		Change
	2010	2009	
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

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Note 12 Taxes: EUR 36,796 (EUR 33,337) (Continued)

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:

<u>Balance Sheet</u>	<u>31 December</u>			
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	<u>Income taxes</u>	<u>IRAP</u>	<u>Income taxes</u>	<u>IRAP</u>
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 accounted for 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 accounted for 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:

	<u>Year ended 31 December</u>			
	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>
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 accounted for in financial statements (current and deferred)	36,796	36.7%	33,336	36.7%

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Note 13 Earnings per share: EUR 0.64 (EUR 0.57)

Earnings per share are calculated as follows:

Numerator	Year ended 31 December	
	2010	2009
Profit of Parent'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 earnings 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.

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

Property, plant and machinery 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.

	Land and buildings	Special plants and general plants	Excavators, loaders vehicles	Sundry equipment and machinery	Work in progress and advances	Total
Value at 31 December 2009, net of depreciation⁽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
Depreciation	(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 December 2010, net of depreciation⁽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 depreciation	(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 depreciation	(7,231)	(67,285)	(79,578)	(52,074)		(206,167)
Net value	44,841	80,231	36,604	29,633	107,371	298,680

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

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

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

Note 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 December 2009, net of amortisation⁽¹⁾	179
Increases	1,018
Depreciation	(20)
Value at 31 December 2010, net of amortisation⁽²⁾	1,178
(1) of which	
—Cost	204
—Accumulated depreciation	(24)
Net value	179
(2) of which	
—Cost	1,222
—Accumulated depreciation	(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 this investment, it was not deemed necessary to list a precise measurement nor a range of fair values.

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

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

	Intellectual property rights	Concessions, licenses, trademarks and rights	Other intangible assets	Total
Value at 31 December 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 December 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

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

Equity investments, equal to EUR 95,874 increased in connection with the valuation of the associates and companies under joint control pertaining to both constructions and concessions.

The changes are shown hereunder:

	31 December		
	2010	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

Equity investments are 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 associates 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 accounted for 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.

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Note 18 Financial assets

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

Non-current financial assets include 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 associates and companies under joint control. It mainly consists of receivables, basically coming from financial contributions made by the Parent, and that express the investment strategy specifically in the concession business. Refer to the attachment on related parties for more information about transactions with associates 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.

Note 19 Other assets

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

Other non-current assets increased with respect to the previous year as per the following:

	31 December		Change
	2010	2009	
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.

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Note 19 Other assets (Continued)

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

The table below shows the breakdown of other current assets:

	31 December		Change
	2010	2009	
Receivables from associates	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 associates, 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:

	31 December 2009	Accruals	Uses	Other	31 December 2010
Provision for bad debts	(4,176)			(3)	(4,179)

Note 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 breakdown of inventories is as follows:

	31 December		Change
	2010	2009	
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 inventories:

	31 December				Change
	2010	%	2009	%	
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)

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

The table below shows a breakdown of the amounts due from customers and the amounts due to customers:

	31 December		Change
	2010	2009	
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	<u>5,201,992</u>	<u>3,839,143</u>	<u>1,362,849</u>
advances from customers	<u>(4,356,115)</u>	<u>(3,190,517)</u>	<u>(1,165,598)</u>
Total amount due from customers	<u>845,877</u>	<u>648,626</u>	<u>197,251</u>
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	<u>(326,366)</u>	<u>(382,905)</u>	<u>56,539</u>

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.

Note 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:

	31 December		Change
	2010	2009	
Accounts receivable	599,681	694,302	(94,621)
Receivables from associates	34,176	29,216	4,959
Accounts receivable from Parent	13	18	(5)
Accounts receivable from other investee companies	958	372	586
Provisions for bad debts	<u>(16,987)</u>	<u>(12,831)</u>	<u>(4,155)</u>
Total	<u>617,841</u>	<u>711,076</u>	<u>(93,236)</u>

The significant decrease of the trade payables 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.

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

The following table shows the geographic breakdown of the receivables:

	31 December		2009	%	Change
	2010	%			
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:

	31 December 2009	Provisions	Uses			31 December 2010
			Economic	Equity	Other	
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)

Note 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, accounted for in accordance with and for all effects and purposes of the laws and regulations of the countries where the Group operates, particularly in Turkey.

Note 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:

	31 December		Change
	2010	2009	
Bank and post office deposits	390,834	443,353	(52,519)
Cash on hand	692	785	(92)
Total	391,527	444,138	(52,611)

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

In geographical terms, cash and cash equivalents are detailed as follows:

	31 December		Change
	2010	2009	
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)

Note 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 accounted for 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	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:

	31 December		Change
	2010	2009	
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 above is 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.

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Note 25 Equity: EUR 443,229 (EUR 393,387) (Continued)

- 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; 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 associates 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, 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:

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

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 25 Equity: EUR 443,229 (EUR 393,387) (Continued)

The cash flow hedge reserve is shown in detail below:

	31 December		Change
	2010	2009	
RCFH Parent/Subsidiaries	18,909	18,991	(82)
Tax effect	(4,948)	(5,222)	273
Value after tax effect	13,961	13,769	191
RCFH Associated	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.

Note 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:

	31 December		Change
	2010	2009	
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 associates	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:

	31 December		Change
	2010	2009	
Bank payables ^(*)	241,582	355,819	(114,237)
Current share of loans	202	1,119	(917)
Payables to other financiers	98,137	19,311	78,826
Financial leasing payables	3,354	11,111	(7,756)
Total	343,275	387,359	(44,084)

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 26 Financial liabilities (Continued)

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. Financial leasing payables are as follows:

	31 December			
	2010	2010	2009	2009
	Instalments	Current value	Instalments	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 into on 16 July 2009 with Banca Popolare di Milano, acting as Lead Arranger of a pool of banks, with a duration of 5 years with final expiry in June 2014;

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 26 Financial liabilities (Continued)

- 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 Srl, 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 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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 26 Financial liabilities (Continued)

Net financial position

		31 December	
		2010	2009
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	Short-term financial receivables	38,889	24,461
E	Current bank loans and borrowings	(220,615)	(334,442)
F	Current share of non-current debt	(90,615)	(20,430)
G	Other current financial payables	(11,078)	(11,111)
H	Current financial debt (E+F+G)	(322,308)	(365,983)
I	Net current financial debt (H+D+C)	113,111	106,790
J	Non-current bank loans and borrowings	(558,779)	(571,450)
K	Other non-current payables	(3,155)	(4,950)
L	Non-current financial debt (K+J)	(561,934)	(576,400)
M	Net financial debt (L+I)	(448,824)	(469,610)
N	Rights to receivables arising from concessions	60,363	43,046
O	Total financial debt (M+N)	(388,461)	(426,564)

Moreover, it is mentioned that the Parent 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.

Note 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 resolutive 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:

		31 December		
		2010	2009	Change
	Payables to associates	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 in the other current liabilities basically relates to the activities carried out in temporary association of companies for unitary execution of works.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 27 Other liabilities (Continued)

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 associates 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 associates, 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.

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

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

Value at 31 December 2009	Increases for the period	Decreases for the period	Value at 31 December 2010
9.554	1.099	(2.271)	8.382

The liability accounted for in the financial statements is as follows:

	31 December	
	2010	2009
Total amount obligation	7,871	9,474
Non-recognised actuarial loss/(profit)	511	80
Current value of the obligation	8,382	9,554
	Actuarial Value of undertaking	
Initial balance	9,554	
Costs for services rendered	581	
Interest	516	
Benefits paid	(2,271)	
Actuarial losses/profit	2	
Closing balance	8,382	

The cost relating to the liability is as follows

	31 December	
	2010	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%;

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

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

The table below shows the breakdown of the trade payables:

	31 December		Change
	2010	2009	
Payables to suppliers	723,771	654,902	68,869
Payables to associates	148,066	87,761	60,305
Payables to other investee companies	9,815	2,273	7,542
Total	881,651	744,936	136,716

Trade payables 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.

Note 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.

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

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

	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 December					
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 December					
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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

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

- 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 corporate 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 as 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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

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

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 these cases, 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 accounted for in the financial statements are summarised below, with information regarding their nature and specific allocation.

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

Note 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 Collars on interest rates; and Forwards and Cylinders on exchange rates.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 32 Information on risk management, financial instruments and guarantees (Continued)

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	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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 32 Information on risk management, financial instruments and guarantees (Continued)

A breakdown of the changes in the cash flow hedge reserve during 2010 is shown below:

<u>Cash flow hedge reserve—interest rate</u>	31 December	
	2010	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 December 2010, the Group estimates it must incur in relation to financial liabilities hedged by cash flow hedges, net of the contractually agreed spreads:

<u>Period of realization of flows and their recognition in income statement</u>	Hedged items	
	31 December	
	2010	2009
	Recognition	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 accounted for directly in the income statement as at 31 December 2010.

No Hedge Accounting hedges table:

<u>INSTRUMENT</u>	<u>HEDGED ITEM</u>	<u>REMAINING NOTIONAL</u>	<u>FAIR VALUE 2010</u>	<u>FAIR VALUE 2009</u>
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)

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 32 Information on risk management, financial instruments and guarantees (Continued)

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	Income Statement				Equity			
	Shock up		Shock down		Shock up		Shock down	
	31 December							
	2010	2009	2010	2009	2010	2009	2010	2009
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 December 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 accounted for in the income statement compared to the fair value at 31 December 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").

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 32 Information on risk management, financial instruments and guarantees (Continued)

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.

<u>INSTRUMENT</u>	<u>HEDGED ITEM</u>	<u>REMAINING NOTIONAL</u>	<u>FAIR VALUE 2010</u>
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:

<u>Cash flow hedge reserve—interest rate</u>	<u>31 December</u>	
	<u>2010</u>	<u>2009</u>
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 December 2010:

<u>Analysis of maturities as at 31 December 2010</u>	<u>Uses</u>	<u>On sight</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>beyond</u>
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

Note: 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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 32 Information on risk management, financial instruments and guarantees (Continued)

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 implemented 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 associates 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, associates 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.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 32 Information on risk management, financial instruments and guarantees (Continued)

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.

Note 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—accounted for 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 and information on stock options assigned to Directors of the Parent are shown below.

FEES PAID TO DIRECTORS, AUDITORS, GENERAL MANAGERS AND DEPUTY GENERAL MANAGERS (Amounts in EUR\000)

INDIVIDUAL SURNAME AND NAME	DESCRIPTION OF OFFICE		FEES			
	OFFICE HELD	TERM OF THE OFFICE	EMOLUMENTS FOR THE OFFICE	BENEFITS NON MONETARY	BONUSES AND OTHER INCENTIVES	OTHER FEES
Di Paola Vittorio	Honorary Chairman	31/12/2012	50,000—(1)(a) 600,000—(8)(a)		7,521	
Astaldi Paolo	Chairman	31/12/2012	50,000—(1)(a) 366,667—(8)(a)		6,960	428,010(2)(a) 32,873(6)(b)
Monti Ernesto	Deputy Chairman	31/12/2012	50,000—(1)(a) 243,333—(8)(a) 2,800—(3)(a)		2,512	
Cafiero Giuseppe	Deputy Chairman	31/12/2012	50,000—(1)(a) 1,116,849—(8)(a)	381,759	7,192	
Cerri Stefano	CEO	31/12/2012	50,000—(1)(a) 251,253—(8)(a)	265,275	7,644	377,164(2)(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 and General Manager	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

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 33 Information on transactions with related parties and fees due to directors, auditors and general managers (Continued)

- (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 DECEMBER 2009 (Amounts in EUR\000)

Oliva Nicola*	Director	31 December 2009	140,928—(8)(a)	265,275	7,109
Grassini Franco**	Director	31 December 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, it is noted that the fees paid to these parties amount to EUR 4,584,006.

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

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

(A) Name and Surname	(B) Office held	Options held at the beginning of the year			Options assigned during the year			Options exercised during the year		
		(1) No. of options	(2) Average exercise price	(3) Average maturity term	(4) No. of options	(5) Average exercise price	(6) Average maturity term	(7) No. of options	(8) Average exercise price	(9) Average market price at time of exercise
Giuseppe Cafiero	CEO	0	0	—	50,000 ^(a)	0	^(b)	50,000	0	5.68 ^(c)
Stefano Cerri	CEO	0	0	—	50,000 ^(a)	0	^(b)	50,000	0	5.68 ^(c)
Nicola Oliva	Director and General Manager	0	0	—	50,000 ^(a)	0	^(b)	50,000	0	5.68 ^(c)

Notes

- (a) *Stock grants* assigned in 2010 pursuant to the Company's Incentive Scheme approved during the Shareholders' Meeting of June 27, 2009. 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 this scheme 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).

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 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 SEGMENT INFORMATION

	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 associates						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 SEGMENT INFORMATION

	Italy	Europe	Americas	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated 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 associates						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

Astaldi S.p.A. and subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31 December 2010

Note 35 Other information

Non-recurring Significant events and operations

The 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'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 auditing firm Reconta Ernst & Young S.p.A. and its network pursuant to Art. 149-duodecies of the Issuers Regulations

<u>Type</u>	<u>Fees</u>
Auditing services	821
—Referred to the Parent Astaldi S.p.A. ^(*)	522
—Referred to subsidiaries	299
Other services ^(**)	197
Total fees	1,018

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

(*) of which to the Parent Astaldi S.p.A. for EUR 197

ANNEX 1—RELATED PARTIES

	Other non-current financial assets	Amounts due from customers	Trade receivables	Other current assets	Non-current financial liabilities	Amounts due to Customers	Trade payables	Other current liabilities
Adduttore Ponte Barca S.c.r.l. in liquidation	0	0	0	0	0	0	(123)	0
Asociera FCC Contruccion S.A./Astaldi S.p.A. JV . . .	0	0	1,721	13	0	0	(5,693)	(5,626)
Asociera JV FCC Contruccion S.A.- Astaldi S.p.A. . .	0	0	2,109	36	0	0	(12,154)	(3,442)
Asocierea JV Astaldi S.p.A.-Max Bogl	0	0	4,005	0	(38)	0	(65)	(4,989)
Astaldi-UTI-Romairport Joint Venture	377	0	873	35	0	0	(77)	(38)
Astaldi Bayindir J.V.	0	0	204	5,935	0	0	(358)	0
Astaldi-FCC Joint Venture (J.V. Basarab Overpass) . .	300	0	3,048	0	0	0	(115)	(1,303)
Avola S.c.r.l. in liquidation	84	0	665	41	0	0	(162)	0
Avrasya Metro Grubu Srl	0	0	7	0	0	0	0	0
Blufi 1 S.c.r.l. in liquidation	0	0	0	48	0	0	0	0
C.F.M. S.c.r.l. in liquidation	0	0	65	113	0	0	(124)	0
CO.SAT Societa Consortile a responsabilita limitata	0	0	229	3	0	0	(6,930)	0
Colli Albani S.c.r.l. in liquidation	5	0	815	5	0	0	(343)	0
Consorcio Astaldi-ICE	0	0	416	1	0	0	0	0
Consorcio Contuy Medio	0	0	451	736	0	0	(1,236)	(24)
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocariles	0	0	697	5,047	0	0	(3,150)	0
Consorzio A.F.T. in liquidation	354	0	601	364	0	0	(285)	(285)
Consorzio A.F.T. Kramis	410	0	2,064	814	0	0	0	0
Consorzio C.I.R.C. in liquidation	0	0	22	0	0	0	(97)	0
Consorzio Consarno	127	0	71	0	0	0	0	0
Consorzio Consavia S.c.n.c. in liquidation	0	0	22	1	0	0	(17)	0
Consorzio Dipenta S.p.A.-Ugo Vitolo in liquidation .	0	0	0	0	0	0	(2)	0
Consorzio Europeo Armamento Alta Velocita- C.E.A.A.V.	90	0	0	0	0	0	(36)	0
Consorzio Ferrofir in liquidation	0	0	0	0	0	0	(453)	0
Consorzio Gi.It. in liquidation	0	0	0	0	0	0	(220)	0
Consorzio Iricav Due	0	0	12	0	0	0	(454)	0
Consorzio Iricav Uno	0	0	333	6,144	0	0	(8,666)	0
Consorzio Ital.Co.Cer.	0	0	0	0	0	0	(228)	0
Consorzio Italvenezia	0	0	0	0	0	0	(125)	0
Consorzio Novocen in liquidation	0	0	0	0	0	0	(57)	(0)
Consorzio Ponte Stretto di Messina in liquidation . .	222	0	0	1	0	0	(2)	0
Consorzio Qalat	0	0	0	0	0	0	(91)	0
Constructora Astaldi Fe Grande Limitata Ltda	0	0	0	0	0	0	0	0
Diga di Blufi S.c.r.l. in liquidation	0	0	6,198	637	0	0	(5,469)	0
Ecosarno S.c.r.l.	0	0	0	238	0	0	(147)	0
Fin.Ast. S.p.A.	0	0	13	0	0	0	0	0
Fosso Canna S.c.r.l. in liquidation	205	0	247	6	0	0	(83)	0
G.R.B.K. Barrage de Kerrada et Adduction Chelif- Kerrada du Transfert M.A.O	0	0	0	707	0	0	0	0

ANNEX 1—RELATED PARTIES (Continued)

	Other non-current financial assets	Amounts due from customers	Trade receivables	Other current assets	Non-current financial liabilities	Amounts due to Customers	Trade payables	Other current liabilities
G.T.J Etude et Realisation d'un Tunnel	0	0	0	11	0	0	0	0
GEI-Grupo Empresas Italianas	0	0	1,671	4,152	0	0	(7,353)	(17)
Groupement Eurolep	0	0	0	0	0	0	0	(26)
Groupement GR-RDM	0	0	0	0	0	0	0	(35)
Groupement Italgisas	838	0	123	16	0	0	0	0
Infralegrea S.c.r.l. in liquidation	0	0	523	9	0	0	(979)	0
Italsagi Sp. Zo. O.	340	0	14	28	0	0	0	0
M.N. Metropolitana di Napoli S.p.A.	0	0	28	0	0	0	(5)	0
M.O.MES S.c.r.l.	0	0	90	0	0	0	(391)	0
Max Boegl-Astaldi J.V.	0	0	9,713	0	0	0	(8,204)	(879)
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	347	0	403	0	0	0	(136)	0
Metro 5 S.p.A.	1,535	22,808	79	2	0	0	(294)	0
METRO C S.c.p.a.	0	0	53	5	0	0	(52,917)	0
Metrogenova S.c.r.l.	0	0	70	446	0	0	(90)	(5)
Monte Vesuvio S.c.r.l. in liquidation	250	0	255	0	0	0	(60)	0
Mose-Treporti S.c.r.l.	0	0	803	0	0	0	(19,670)	0
N.P.F.-Nuovo Polo Fieristico S.c.r.l.	0	0	60	811	0	0	0	0
Nova Metro S.c.r.l. in liquidation	0	0	0	0	0	0	(30)	0
Pacific Hydro Chacayes	12,882	19,133	52	0	0	(9,003)	(64)	(36)
Pedelombarda S.c.p.A.	0	0	1,254	0	0	0	(5,476)	0
Pegaso S.c.r.l.	0	0	285	1,237	0	0	(505)	0
Piana di Licata S.c.r.l. in liquidation	307	0	179	2	0	0	(139)	0
Pont Ventoux S.c.r.l. in liquidation	0	0	3,432	583	0	0	(5,931)	0
Principe Amedeo S.c.r.l. in liquidation	0	0	339	114	0	0	(232)	0
S. Leonardo S.c.r.l. in liquidation	5	0	2,628	2	0	0	(698)	0
S.A.C.E.S. S.r.l. in liquidation	0	0	0	0	(1,645)	0	0	0
S.E.I.S. S.p.A.	1,309	0	10	0	0	0	0	0
SAT. S.p.A.	0	4,795	64	0	0	(561)	0	0
Tangenziale Seconda S.c.r.l. in liquidation	0	0	68	4	0	0	(19)	0
Truncu Reale S.c.r.l. in liquidation	0	0	199	1	0	0	(2)	0
Veneta Sanitaria Finanza di Progetto S.p.A.-V.S.F.P. S.p.A.	2,466	0	132	1	0	0	0	0
Vesuviana Strade S.c.r.l. in liquidation	0	0	137	15	0	0	(56)	0
Viadotti di Courmayeur S.c.r.l. in liquidation	0	0	503	22	0	0	(109)	0
Grand Total	22,452	46,735	48,055	28,385	(1,683)	(9,564)	(150,321)	(16,704)
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impact percentage on transactions	27.12%	5.53%	7.78%	9.53%	0.30%	2.93%	17.05%	12.86%

ANNEX 2—INFORMATION ON ASSOCIATED AND JOINT CONTROL ENTITIES

Company Name	Book value of the holding	Effects of holdings on valuation at equity	TOTAL EQUITY	TOTAL LIABILITIES IN BALANCE SHEET	TOTAL ASSETS IN BALANCE SHEET
Adduttore Ponte Barca S.c.r.l. in liquidation	7	0	14	14	14
Avola S.c.r.l. in liquidation	0	(1)	(100)	0	0
Avrasya Metro Grubu Srl	2,193	2,188	5,222	35,331	35,331
Blufi 1 S.c.r.l. in liquidation	0	0	(71)	0	0
C.F.M. S.c.r.l. in liquidation	21	0	41	41	41
CO.SAT Società Consortile a responsabilità limitata . .	5	0	10	25,142	25,142
Colli Albani S.c.r.l. in liquidation	0	(1)	(6)	0	0
Comet JV	0	(630)	(124,916)	1,458	1,458
Consorzio Contuy Medio	0	0	1	1	1
Consorzio A.F.T. in liquidation	15	0	46	46	46
Consorzio A.F.T. Kramis	0	0	(30)	0	0
Consorzio C.I.R.C. in liquidation	13	0	52	52	52
Consorzio Consarno	5	0	21	21	21
Consorzio Consavia S.c.n.c. in liquidation	5	(1)	19	19	19
Consorzio Europeo Armamento Alta Velocità— C.E.A.A.V.	52	0	207	207	207
Consorzio Ferrofir in liquidation	357	0	535	535	535
Consorzio Gi.It. in liquidation	1	0	3	3	3
Consorzio Iricav Uno	124	0	444	444	444
Consorzio Iricav Due	170	0	516	516	516
Consorzio Ital.Co.Cer.	15	0	52	52	52
Consorzio Italvenezia	19	0	77	77	77
Consorzio Metrofer in liquidation	9	0	26	26	26
Consorzio Novocen in liquidation	0	(167)	(140)	0	0
Consorzio Ponte Stretto di Messina in liquidation . .	52	0	76	76	76
Consorzio Qalat	(0)	0	6	6	6
Diga di Blufi S.c.r.l. in liquidation	23	0	30	30	30
Ecosarno S.c.r.l.	17	0	51	51	51
Fosso Canna S.c.r.l. in liquidation	0	(0)	(68)	0	0
GEI—Grupo Empresas Italianas	349	0	0	0	0
Groupement Eurolep	8	0	0	0	0
Groupement Italgisas	0	0	(2,844)	0	0
Infralegrea S.c.r.l. in liquidation	23	0	30	30	30

ANNEX 2—INFORMATION ON ASSOCIATED AND JOINT CONTROL ENTITIES

Company Name	Book value of the holding	Effects of holdings on valuation at equity	TOTAL EQUITY	TOTAL LIABILITIES IN BALANCE SHEET	TOTAL ASSETS IN BALANCE SHEET
Italsagi Sp. Zo. O.	1	0	0	0	0
M.N. Metropolitana di Napoli S.p.A.	5,907	989	26,114	26,114	26,114
M.O.MES S.c.r.l.	6	0	10	1,172	1,172
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	0	(954)	(427)	0	0
Metro 5 S.p.A.	1,126	44	4,833	32,613	32,613
METRO C S.c.p.a.	12,771	0	37,018	37,018	37,018
Metrogenova S.c.r.l.	6	0	26	7,170	7,170
Monte Vesuvio S.c.r.l. in liquidation	0	(94)	(509)	0	0
Mose-Treporti S.c.r.l.	4	0	10	10	10
N.P.F.—Nuovo Polo Fieristico S.c.r.l.	20	(0)	40	1,836	1,836
Nova Metro S.c.r.l. in liquidation	10	0	41	41	41
Otoyol Yatirim Ve Isletme A.S	1,006	0	6,390	0	0
Pacific Hydro Chacayes	37,076	38	134,431	134,431	134,431
Pedelombarda S.c.p.A.	4,800	0	20,000	20,000	20,000
Pegaso S.c.r.l.	114	0	260	260	260
Piana di Licata S.c.r.l. in liquidation	0	(0)	(259)	0	0
Pont Ventoux S.c.r.l. in liquidation	29	0	52	10,799	10,799
Principe Amedeo S.c.r.l. in liquidation	0	(1)	(3)	0	0
S. Leonardo S.c.r.l. in liquidation	0	(2)	(78)	0	0
S.A.C.E.S. S.r.l. in liquidation	0	1,060	(248)	0	0
S.E.I.S. S.p.A.	17,703	0	36,629	36,629	36,629
SA.T. S.p.A.	916	10	2,616	2,616	2,616
Sharaf—Astaldi LLC	42	0	611	611	611
Tangenziale Seconda S.c.r.l. in liquidation	23	0	45	45	45
Truncu Reale S.c.r.l. in liquidation	11	0	31	31	31
Veneta Sanitaria Finanza di Progetto S.p.A.—					
V.S.F.P. S.p.A.	8,841	1,979	28,519	28,519	28,519
Vesuviana Strade S.c.r.l. in liquidation	14	0	46	302	302
Viadotti di Courmayeur S.c.r.l. in liquidation	3	0	10	10	10
Yellow River Contractors	0	(28)	2,074	2,866	2,866
Total	93,912	4,429	177,588	407,273	407,273

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